

PIRAEUS  
FINANCIAL HOLDINGS



**EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

**APRIL 7th, 2021**



**PIRAEUS FINANCIAL HOLDINGS S.A.**

**EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

on **Wednesday, April 7<sup>th</sup>, 2021 at 16:00**

**EXPLANATORY NOTES ON THE AGENDA – DRAFT RESOLUTIONS**

The Board of Directors (BoD) invites the shareholders of Piraeus Financial Holdings S.A. to discuss and resolve upon the following items of the EGM agenda:

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*Item 1 Grant of authorization to the Board of Directors to increase the share capital of the Company, including the authority to limit or cancel the pre-emptive right of the existing shareholders, in accordance with articles 24 para.1 and 27 para.4 of L.4548/2018*

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| <b>Required quorum:</b>                               | <b>1/2 of the paid-up share capital</b> |
| <b>Required quorum of Repetitive General Meeting:</b> | <b>1/5 of the paid-up share capital</b> |
| <b>Required majority :</b>                            | <b>2/3 of represented votes</b>         |

*The voting rights attached to the shares acquired by the HFSF in the context of the capital increase decided by the Second Iterative General Meeting of Shareholders dated 23.04.2013 shall be taken into consideration for the purposes of calculating quorum and majority.*

The Board of Directors proposes the grant of authorization by the General Meeting, according to article 24 par. 1 Law 4548/2018, to the Board of Directors to resolve, with the quorum and majority required by law, the increase of the share capital of the Company by an amount that may not exceed three times the paid up capital on the date of the delegation of these powers to the Board of Directors, namely up to €14.959.064.952, by issuing new common registered voting shares and to determine the specific terms and time plan of the increase in accordance with the applicable provisions of Law 4548/2018, including indicatively the structure of the share capital increase, the offering price of the new shares and the power to limit or cancel the pre-emptive right of existing shareholders in accordance with the provisions of article 27 par. 4 of Law. 4548/2018, the categories of investors eligible to participate in it, the criteria of allocation between the various categories of investors in Greece and / or abroad, the conclusion of the necessary contracts or agreements with foreign and / or domestic intermediaries, organizers, coordinators or managers. and / or other investment services companies, and in general to proceed to any necessary, requisite or expedient act, action and legal act for the implementation of the increase, including the relevant amendment of the Company's Articles of Association. The Board of Directors may exercise the above power once or partially in several transactions. The above



authorizations are proposed to be granted in order to facilitate the raising of funds by the Company in the future in an accelerated and flexible manner, if required, and will be valid for three (3) years.

With respect to the proposed authorization to the Board of Directors to limit or cancel the pre-emption right of existing shareholders in future share capital increases of the Company with the issuance of new ordinary shares, it is noted that the cancellation of the pre-emptive right is deemed, under the present conditions, to be justified and in the interest of the Company, since, in view of the announced Capital Enhancement Plan and the Non Performing Exposures Reduction Plan of the Group:

- it will enable the Company to act quickly for the implementation of the Capital Enhancement Plan by expediting the respective procedures for the accelerated completion of the share capital increase whilst providing it with the maximum possible flexibility,
- It will facilitate the determination of the offer price of the new shares on the basis of procedures and practices that are acknowledged and followed both internationally and domestically, such as the book building process, and in any case in a transparent, expeditious and competitive manner, thus reducing the time between the initiation of the offer and the completion of the share capital increase, noting, however, that the offer price will not be lower than the nominal value of the Company's shares to be determined following the corporate actions included in this agenda, and
- It will facilitate the expansion of its shareholder base and the consequent increase of the share's free float.

In addition, it is noted that, the Board will consider the priority allocation of new shares to existing shareholders of the Company, who will participate in a future share capital increase on the basis of the above.

It is noted that, in an eventual share capital increase to be decided by the Board of Directors on the basis of the authorization sought from the General Meeting, and to the extent that the HFSF decides to participate in said share capital increase, the pertinent provisions of Law 3864/2010 as in force at the time, will also be applicable.

#### **DRAFT PROPOSED RESOLUTION ON ITEM 1**

The General Meeting, with a quorum and majority exceeding the minimum required by law:

Authorizes, according to article 24 par. 1 of Law 4548/2018, the Board of Directors to resolve, with the quorum and majority required by law, the increase of the share capital of the Company by an amount that cannot exceed three times the paid up capital on the date of delegation of these powers to the Board of Directors, namely up to €14.959.064.952, with the issuance of new common registered voting shares, and to determine the specific terms and time plan of the increase in accordance with the applicable provisions of Law 4548/2018, including indicatively the structure of the increase, the offering price of the new shares, the power to limit or cancel the pre-emptive right of the existing shareholders, in accordance with the provisions of article 27 par. 4 of Law 4548/2018, the categories of investors eligible to participate in it, the criteria of allocation between the various categories of investors in Greece and / or abroad, the conclusion of the necessary contracts or agreements with foreign and / or domestic intermediaries, organizers, coordinators or managers and / or other investment services



companies, and in general to proceed to any necessary, requisite or expedient act, action or legal act for the implementation of the increase, including the relevant amendment of the Company's Articles of Association. The Board of Directors may exercise the above power once or partially in several transactions. The above authorisations will be valid for three (3) years.

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**Item 2** *Increase of the nominal value of each existing ordinary share and simultaneous reduction of the total number of existing ordinary shares of the Company (reverse split) and, if necessary for the purposes of achieving an integral number of shares, a concurrent share capital increase via capitalization of part of the existing "Share premium" reserve. Respective amendment of Articles 5 and 25 of the Articles of Association and grant of relevant authorizations to the Company's Board of Directors*

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| <b>Required quorum:</b>                               | <b>1/5 of the paid-up share capital</b> |
| <b>Required quorum of Repetitive General Meeting:</b> | <b>No minimum required quorum</b>       |
| <b>Required majority :</b>                            | <b>50%+1 of represented votes</b>       |

*The voting rights attached to the shares acquired by the HFSF in the context of the capital increase decided by the Second Iterative General Meeting of Shareholders dated 23.04.2013 shall not be taken into consideration for the purposes of calculating quorum and majority.*

The Board of Directors proposes to the General Meeting the increase of the nominal value of each existing ordinary voting share of the Company from six euro (€6.00) to ninety-nine euro (€99.00) and the simultaneous reduction of the total number of the Company's ordinary shares (reverse split) from eight hundred thirty one million fifty nine thousand one hundred sixty four (831.059.164) shares to fifty million three hundred sixty seven thousand two hundred twenty three (50.367.223) new shares of nominal value ninety-nine euro (€99.00) each, i.e. merger of sixteen and half (16.5) existing common shares into one (1) new share of the Company (reverse split).

The Board of Directors further proposes, for the purposes of achieving an integral number of new shares, the increase of the share capital of the Company by the amount of ninety-three Euros (€93.00) via capitalization of part of the existing "share premium" reserve.

It is noted that no fractions of shares will be issued and the respective fractional balances of shares which will result from the reverse split will be liquidated by the Company and the proceeds of the liquidation will be returned to the beneficiaries shareholders.

The aforementioned merger of shares (reverse split) does not result in the reduction of the share capital of the Company and is proposed as a necessary technical prerequisite for facilitating the implementation of the future capital increase of the Company based on the authorization included in



item 1 of the agenda, taking into consideration the restrictions which ensue from corporate law and the interconnection between the offer price and the price of the share on the Athens Exchange.

It is also proposed that the Board of Directors be authorised to implement the respective resolution of the General Meeting, and, if required, to detail and finalise the terms and procedure of the reverse split and the capitalization of the aforementioned reserve to achieve an integral number of new shares.

Due to the change of the nominal value per share, articles 5 and 25 of the Articles of Association of the Company will be amended. In particular, the Board of Directors proposes the amendment of article 5 and the inclusion of a new para. 45 to article 25 of the Articles of Association of the Company, as follows:

**“ARTICLE 5**

**SHARE CAPITAL**

Today, following successive corporate actions which are set out in detail in article 25 “Historical evolution of the share capital” of the present Articles of Association, the total share capital of the Company amounts to four billion, nine hundred and eighty-six million, three hundred and fifty five thousand, seventy seven euro (€4.986.355.077) divided into fifty million three hundred sixty seven thousand two hundred twenty three (50.367.223) ordinary registered voting shares with a nominal value of ninety-nine euro (€99.00) each.

**“ARTICLE 25**

**HISTORICAL EVOLUTION OF THE SHARE CAPITAL**

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**45.** The Extraordinary General Meeting of Shareholders dated 07.04.2021 approved the increase of the nominal value of each existing common share from six euros (€6.00) to ninety-nine Euro (€99.00), the simultaneous reduction, due to merger, of the total number of existing common shares of the Company from eighty thirty one million fifty nine thousand one hundred sixty four (831.059.164) to fifty million three hundred sixty seven thousands two hundred twenty two (50.367.223) (reverse split) and the concurrent share capital increase by the amount of ninety-three euros (€93.00), via capitalization of part of the existing “share premium” reserve for the purposes of achieving an integral number of shares.

**DRAFT PROPOSED RESOLUTION ON ITEM 2**

The General Meeting, with a quorum and majority exceeding the minimum required by law:

1. Approves the increase of the nominal value of each existing common voting share of the Company from six euros (€6.00) to ninety-nine euros (€99.00) by reducing the total number of existing common registered shares of the Company from eight hundred thirty one million fifty nine thousand one hundred sixty four (831,059,164) shares to fifty million three hundred sixty seven thousand two hundred twenty three (50.367.223) new common registered voting shares with a nominal value of ninety-nine euros each, by merging sixteen and a half (16.5) existing shares into one (1) new share of the Company (reverse split).



2. Approves the increase of the share capital of the Company by the amount of ninety-three euros (€93.00) by capitalizing part of the existing “share premium” reserve, with the purpose of achieving an integer number of new shares.
3. Grants authorization to the Board of Directors of the Company for the implementation of the decision of the General Meeting, and, if necessary, for the specialization and finalization of the terms and procedure of the reverse split, and the capitalization of part of the above reserve, for the purpose of achieving an integer number of shares, as well as for any related issue. In addition, the Board is empowered to decide and regulate any fractional rights in shares, to combine (if it deems appropriate) the decision on the current item on the agenda with the decision on item 3, so that a single approval be obtained from the competent authorities; as well as to supplement / modify the relevant figures in the following amendment of the Articles of Association.
4. Approves the respective amendment of articles 5 and 25 of the Articles of Association of the Company regarding the share capital, as follows, and authorizes the Board of Directors to take any decision and to take any action of adaptation and / or supplementation of these articles, with the appropriate relevant amounts and sizes, in accordance with the above decisions of the General Meeting for the completion of the amendment of the Articles of Association.

#### **“ARTICLE 5**

##### **SHARE CAPITAL**

Today, following successive corporate actions which are set out in detail in article 25 “Historical evolution of the share capital” of the present Articles of Association, the total share capital of the Company amounts to four billion, nine hundred and eighty-six million, three hundred and fifty five thousand, seventy seven euro (€4.986.355.077) divided into fifty million three hundred sixty seven thousand two hundred twenty three (50.367.223) ordinary registered voting shares with a nominal value of ninety-nine euro (€99.00) each.

#### **“ARTICLE 25**

##### **HISTORICAL EVOLUTION OF THE SHARE CAPITAL**

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45. The Extraordinary General Meeting dated 07.04.2021, approved the increase of the nominal value of each common share from six euros (€6.00) to ninety-nine Euro (€99.00), the simultaneous reduction, due to merger, of the total number of existing common shares of the Company from eight hundred and thirty one million fifty nine thousand one hundred sixty four (831.059.164) to fifty million three hundred sixty seven thousand two hundred twenty two (50.367.223) (reverse split) and the concurrent share capital increase by the amount of ninety-three euros (€93.00), via capitalization of part of the existing “share premium” reserve for the purposes of achieving an integral number of shares.




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**Item 3** *Reduction of the share capital of the Company through the decrease of the nominal value of each ordinary share without altering the total number of ordinary shares (as such figures will have been determined following the corporate actions included in Item 3 of the agenda) in order to form a special reserve, pursuant to article 31 para. 2 of L. 4548/2018. Respective amendment of Articles 5 and 25 of the Articles of Association of the Company*

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| <b>Required quorum:</b>                               | <b>1/2 of the paid-up share capital</b> |
| <b>Required quorum of Repetitive General Meeting:</b> | <b>1/5 of the paid-up share capital</b> |
| <b>Required majority :</b>                            | <b>2/3 of the represented votes</b>     |

*The voting rights attached to the shares acquired by the HFSF in the context of the capital increase decided by the Second Iterative General Meeting of Shareholders dated 23.04.2013 shall be taken into consideration for the purposes of calculating quorum and majority.*

The Board of Directors proposes to the General Meeting, provided a positive decision is reached on the Item 2 of the agenda, the reduction of the share capital of the Company through the decrease of the nominal value of each ordinary share, without the refunding of monies or the alteration of the total number of ordinary shares, as such nominal value and such number of shares will have been determined pursuant to the decision on the Item 2 of the agenda, in order to form a special reserve of an equivalent amount, in accordance with article 31 par. 2 of L. 4548/2018, as currently in force.

In particular, the Board of Directors proposes to the General Meeting the reduction of the nominal value of each common registered voting share of the Company from ninety-nine (€99.00) euros to one euro (€1.00) with an equivalent reduction of the share capital of the Company, i.e. by the amount of Euros four billion nine hundred thirty five million nine hundred eighty seven thousand eight hundred fifty four (€4.935.987.854) without altering the total number of common shares, as such number will have been determined following the corporate actions included in Item 2 of the agenda, in order to form a special reserve of an equivalent amount to the above reduction.

It is noted that the formation of the special reserve via the proposed reduction of share capital through the decrease of the nominal value of the ordinary shares is directly connected to the aforesaid prerequisite actions for facilitating the implementation by the Board of Directors of a future share capital increase of the Company based on the authorization included in Item 1 of the agenda, is of a purely technical nature and does not affect the Company's own and regulatory funds, nor does it imply any payment or refunding of monies; it is proposed in order for the successful completion of the share capital increase of the Company to be technically feasible in view of the aforementioned restrictions and taking into account that the stock price of the share is currently lower than its nominal value.

Further to the above, it is also proposed that the Board of Directors be authorised to implement the respective resolution of the General Meeting, and, if required, to detail and finalise the terms and procedure of the reduction.



Following the abovementioned decrease, Articles 5 and 25 of the Articles of Association will be respectively amended to reflect the changes to the share capital of the Company. In particular, the Board of Directors proposes the amendment of article 5 and the inclusion of a new para. 46 to article 25 of the Articles of Association of the Company, as follows:

**“ARTICLE 5**

**SHARE CAPITAL**

Today, following successive corporate actions which are set out in detail in article 25 “Historical evolution of the share capital” of the present Articles of Association, the total share capital of the Company amounts to fifty million three hundred sixty seven thousand two hundred twenty three euros (€50,367,223.00) divided into fifty million three hundred sixty seven thousand two hundred twenty three (50,367,223) ordinary registered voting shares with a nominal value of one euro (€1.00) each.

**“ARTICLE 25**

**HISTORICAL EVOLUTION OF THE SHARE CAPITAL**

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46. The Extraordinary General Shareholders’ Meeting dated 07.04.2021 approved the reduction by the amount of four billion nine hundred thirty five million nine hundred eighty seven thousands eight hundred fifty four euros (€4,935,987,854.00) of the share capital of the Company, by reducing the nominal value of each common share from ninety-nine Euros (€99.00) to one Euro (€1.00) without altering the total number of common shares in order to form an equivalent special reserve of article 31 para. 2 of L. 4548/2018.

**DRAFT PROPOSED RESOLUTION ON ITEM 3**

The General Meeting, with a quorum and majority exceeding the minimum required by law:

1. Approves the reduction of the share capital of the Company by the amount of four billion nine hundred thirty five million nine hundred eighty seven thousand eight hundred fifty four euros (€4,935,987,854.00) by reducing the nominal value of each common share from ninety-nine euros (€99.00) to one euro (€1.00), without altering the total number of common registered voting shares of the Company, as such figure will have been determined following the corporate actions included in Item 2 of the agenda, and the formation of an equivalent special reserve of article 31 par. 2 of Law 4548/2018.
2. Grants authorization to the Board of Directors for the implementation of the relevant decision of the General Meeting and, if required, for the specialization and finalization of the terms and procedure of the above reduction.
3. Approves the amendment of articles 5 and 25 of the Articles of Association of the Company as follows, as a consequence of the above reduction of the share capital, and authorizes the Board of Directors to take any decision and to take any action of adaptation and / or supplementation of these articles, with the appropriate relevant amounts and sizes, in accordance with the above decisions of the General meeting for the completion of the amendment of the Articles of Association.





**“ARTICLE 5**

**SHARE CAPITAL**

Today, following successive corporate actions which are set out in detail in article 25 “Historical evolution of the share capital” of the present Articles of Association, the total share capital of the Company amounts to fifty million three hundred sixty seven thousand two hundred twenty three euros (€50,367,223.00) divided into fifty million three hundred sixty seven thousand two hundred twenty three (50,367,223) ordinary registered voting shares with a nominal value of one euro (€1.00) each.

**“ARTICLE 25**

**HISTORICAL EVOLUTION OF THE SHARE CAPITAL**

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46. The Extraordinary General Shareholders’ Meeting dated 07.04.2021 approved the reduction of the share capital of the Company by the amount of four billion nine hundred thirty five million nine hundred eighty seven thousand eight hundred fifty four euros (€4,935,987,854.00) of the share capital of the Company, by reducing the nominal value of each common share from ninety-nine Euros (€99.00) to one Euro (€1.00) without altering the total number of common shares in order to form an equivalent special reserve of article 31 para. 2 of L. 4548/2018.

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*Item 4 Grant of authorization to the Board of Directors to establish a plan to award stocks in accordance with the provisions of article 113 par.4 of law 4548/2018 to executives and employees of the Group and its affiliated companies, within the meaning of article 32 of Law 4308/2014, in the form of stock option rights (stock options)*

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| <b>Required quorum:</b>                               | <b>1/2 of the paid-up share capital</b> |
| <b>Required quorum of Repetitive General Meeting:</b> | <b>1/5 of the paid-up share capital</b> |
| <b>Required majority :</b>                            | <b>2/3 of the represented votes</b>     |

*The voting rights attached to the shares acquired by the HFSF in the context of the capital increase decided by the Second Iterative General Meeting of Shareholders dated 23.04.2013 shall be taken into consideration for the purposes of calculating quorum and majority.*

Taking into consideration the legal and regulatory framework related to the variable elements of the remuneration, international best practices, the Remuneration Committee’s respective recommendation as well as the Company’s commitment to the corporate governance principles, it is proposed to the General Meeting to grant authorization to the Board of Directors for the establishment of a five (5) year stock options plan by way of granting stock option rights in accordance with the provisions of article 113 of Law 4548/2018 to executives and employees of the Group and its affiliated



companies, according to article 32 of Law 4308/2014, and without prejudice to the provisions of Law 3864/2010.

Through its recommendation, the Company aims on a long-term basis:

- a) to acknowledge the management and other employees' contribution in the increase of the Company and Group's value
- b) to create an "ownership interest" that is intended to connect of the performance of each participating executive/employee to the Company's performance or/and its affiliated companies, according to article 32 of Law 4308/2014
- c) to align the interests of the Company's executives and staff to those of its shareholders as well as
- d) to attract, retain and motivate senior executives and Company's staff as well as those of its affiliated companies, ensuring proper corporate governance and promoting its values, through the implementation of the applicable Company's remuneration policies

The maximum nominal value of all shares that may be awarded through the plan will correspond to 1.5% of the paid-up share capital of the Company on the date of the adoption of the plan by the Board of Directors. The Company will proceed with a corresponding share capital increase in accordance with a respective Board of Directors' resolution and with the issuance of new shares, in order to satisfy the stock options that will be exercised.

The granting of authorization to the Board of Directors is proposed to be valid for 5 years from the day of the respective resolution of the General Meeting.

#### **DRAFT PROPOSED RESOLUTION ON ITEM 4**

The General Meeting, with a quorum and majority exceeding the minimum required by law:

1. Grants authorization to the Board of Directors of the Company to establish a five (5) year stock option plan in accordance with the provisions of article 113 par.4 of Law 4548/2018 to executives and employees of the Company and its affiliated companies, within the meaning of article 32 of law 4308/2014, in the form of stock option rights (stock options), by increasing the share capital with the issuance of new shares and to determine, without prejudice to the provisions of the Law 3864/2010, the terms of the stock options, at its discretion, in accordance with the provisions of article 113 of Law 4548/2018. The authorization is valid for five (5) years from the resolution of the General Meeting.

Decides that the maximum nominal value of all shares that may be awarded through the plan which will be established by the Board of Directors will correspond to 1.5% of the paid-up share capital of the Company on the date of the establishment of the plan by the Board of Directors of the Company.

