



“Fairness Opinion”

Fairness opinion according to the provisions of article 101 of L.4548/2018

23 June 2020



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To the shareholders of
Piraeus Bank S.A..
Amerikis 4,Athens
P.C 10564

adl/EVA (1098340)

23 June 2020

Dear Sirs/Madams,

In accordance with the terms of our engagement letter signed by Piraeus Bank S.A., we provide you on behalf of our Firm a copy of our fairness report issued in accordance with the provisions of article 101, of L.4548/2018, expressing our view as to whether the Contracts, as defined in detail in the “Introduction” section of this report, are fair and reasonable for Piraeus Bank S.A. and its non-affiliated shareholders, including the minority shareholders.

Our work was carried out by our experienced specialists, according to the terms of our engagement letter dated 19 June 2020.

Our report has been compiled only for the purpose described in this report and therefore cannot be used for any other purpose.

Yours sincerely,

Evaggelos Apostolakis
President, Chief Executive Officer



Definitions of terms

Acronym or Abbreviation	Definition
KPMG	KPMG Consultants Single S.A.
Client or Bank	Piraeus Bank S.A.
Contracts	The mandate contracts that the Bank intends to sign with members of its Board of Directors regarding the positions of the Chief Executive Officer and the Chairman of the Board of Directors (Non-Executive Member)
BoD	Board of Directors

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Introduction

Introduction (1/3)

Purpose of the project

- KPMG Consultants Single S.A (hereafter “KPMG”) was appointed by Piraeus Bank S.A. (hereafter the “Client” or “Bank”) to issue a fairness opinion report (hereafter “Fairness Opinion” or “Evaluation”) based on the provisions of article 101 of L.4548/2018, regarding the mandate contracts that the Bank intends to sign with senior members of its Board of Directors regarding the positions of Chief Executive Officer (“CEO”) and the Chairman of the Board (hereafter “Contracts”).
- Since the contracts are concluded between related parties, the Client has requested, as required by the provisions of Article 101 of L.4548/2018, a Fairness opinion report from KPMG as to whether the contracts are considered reasonable and fair for the Client and its shareholders (who are not related parties), including minority shareholders.
- The Fairness Opinion Report (hereafter “Report”) was based on the following information and documents (hereafter “Information” which was provided from the Client to KPMG:
 - i. The terms of the Contracts will be the same with those of the existing contracts for the above positions of CEO and the Chairman of the Board of Directors of the Bank which were approved by the Annual Shareholders Meeting of 28/6/2017, except for the duration which will be 3 years, and will be extended until the date of the Annual Shareholders Meeting, which will be convened in the year in which the three-year term expires. The contract will not be converted to a contract of an indefinite period duration after the end of the 3-year period. In addition, the Contracts will take into consideration the Bank’s Directors’ Remuneration Policy.
 - ii. Published annual financial statements of the Bank for the year ended 2019 issued in accordance with International Financial Reporting Standards.
 - iii. Published Remuneration Report of the Bank for 2019.
 - iv. Published Directors’ Remuneration Policy of the Bank, posted on the Bank’s website.
 - v. The Representation Letter received from the Bank’s Management to KPMG, dated June 23 which is the date confirming the information provided by Management to KPMG and which is described and taken into account in this Report regarding the Contracts.

Introduction (2/3)

Restrictions

- We assume that all the information above provided by the Bank is accurate and complete. None of this information has been nor could be, verified or confirmed by us. KPMG does not express any opinion or any other form of assurance as for the accuracy or reasonableness of the information provided to us and which formed the basis for the issuance of our Report and the consequences that may arise if this information would change. KPMG has not verified the accuracy of the Information it has received from the Client and has relied on a written statement from the Client that the Information contained in this Report is accurate, complete and a reliable basis for our work.
- It is mentioned that KPMG does not express any opinion on the legal basis of the Contracts. In addition, KPMG did not perform a legal audit of the Contracts, or any other document or Information referred herein.
- KPMG did not have any direct access to the Bank's accounting books and records as this is not provided for the purpose of the project described in the relevant agreement signed with the Client. As a result, KPMG did not confirm or analyze information included in the Bank's financial statements
- KPMG's work does not constitute a full-scope audit of the Bank's financial statements. In this context, KPMG does not express an opinion or any other form of assurance as to whether the financial data provided to us has been prepared in accordance with the generally accepted accounting principles.
- All Information included in this Report is provided to KPMG by the Client. We do not assume any responsibility for any third party to whom this Report may be published or a copy of this Report may be received, who has not accepted the terms and conditions set forth in the letter of commitment.
- It is mentioned that our Report is based on the current Information available to us until the date of publication of this Report, including financial, legal, regulatory, market and other terms and conditions notified to us on that date.

Introduction (3/3)

Restrictions

- Any decision of the Client or the Client's Management regarding whether or not to proceed with any transaction/agreement is entirely the responsibility of the Client.
- It should be mentioned that if our Services include advice for which the Council of Europe (EU) Directive 2018/822 is required to be notified to the tax authorities, we may need to disclose to them information that is included in our advice, which may be considered confidential. This information may be further exchanged between the tax authorities of other EU Member States. The determination and scope of the information to be disclosed will be decided by us within the framework of the law, but every effort will be made in order to inform you in advance of any disclosure we need to make in relation to our services and, in any case, we will provide you with a copy of the notification. To the extent permitted by law, we are not liable to you for any consequences that may arise from or due to notification. In certain cases, such disclosure may impose additional obligations on you (such as disclosure of relevant information in your tax return) and non-compliance with those obligations may result in penalties.
- This Report should be taken into account with the above limitations, and in view of the fact that if any changes to our conclusions arise as a result of any revisions, then these changes could be material.



Legal Framework - article 101 of L. 4548/2018

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Legal Framework- article 101 - L. 4548/2018

According to article 101 of L.4548/2018, paragraph 1 *“In a company with shares listed on a regulated market, the decision of the Board of Directors or the General Assembly of the previous article takes into account the report issued by a certified public accountant or audit firm or another third party independent of the company, which assesses whether the transaction is fair and reasonable, for the company and the non-affiliated shareholders, including the company's minority shareholders, and explains the assumptions used, together with the methods applied”.*



Summary of Contracts

Summary of Contracts

Summary of Contracts

The Bank intends to proceed in concluding two mandate contracts (“Contracts”) with members of its Board of Directors as follows :

- One contract with the Chief Executive Officer (“CEO”) (hereafter «Contract 1»)
- One contract with the Chairman of the Board of Directors of the Bank (hereafter “Contract 2”)

The terms of the Contracts will be the same with those of the existing contracts for the above positions of CEO and the Chairman of the Board of Directors of the Bank, except for the duration, which will be 3 years, and will be extended until the Annual Shareholders Meeting, which will be convened the year in which the three-year term expires. The contract will not be converted to a contract of an indefinite duration after the end of the 3-year period. It will also take into account the Bank’s Directors’ Remuneration Policy.

The main terms of the Contracts are summarized below:

- The duties of those persons are described in Article 3 of each Contract.
- The remuneration of the above persons is described in detail in Article 4 of each Contract and the other benefits in Articles 5 to 7, as specifically described below for each Contract separately.
- The Bank may terminate the contracts for good reason, as explicitly stated in each Contract. In case of termination of any Contract by the Bank without good reason, the Bank is obliged to pay severance redress equal to 2 years aggregate remuneration.

Summary of Contracts

Summary of Contracts (Cont.)

Contract 1 - Mandate contract of the Chief Executive Officer («CEO»)

According to the proposed mandate contract of the CEO, the CEO receives a total annual gross fixed salary of EUR 318,000, which will be paid on a monthly basis.

The senior executive will receive other benefits which include, among others, his participation in the Bank's group programs and the coverage of his professional expenses.

Contract 1 will have a duration of 3 years, and will be extended until the Annual Shareholders Meeting, which will be convened the year in which the three-year term expires and will not be converted to a contract of an indefinite duration after the expiration of 3 years.

Contract 2 - Mandate contract of the Chairman of the Board of Directors of the Bank (Non-Executive Member)

According to the proposed mandate contract of the Chairman of the Board of Directors of the Bank, the remuneration of the Chairman of the Board of Directors consists of a total annual gross fixed salary of EUR 253,800, which will be paid on a monthly basis.

The Chairman will receive other benefits which include, among others, his participation in the Bank's group programs, and the coverage of his professional expenses.

Contract 2 shall have a duration of 3 years, and shall be extended until the Annual Shareholders Meeting, which shall be convened the year in which the three-year term expires and shall not be converted to a contract of an indefinite duration after the expiration of 3 years.



Information of the Directors' Remuneration Policy of the Bank

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Below are in summary the main points of the Approved Directors' Remuneration Policy applied to the members of the Board of Directors of the Bank. The full text of the Approved Directors' Remuneration Policy applying to the members of the Board of Directors of the Bank is available on the official website of the Bank.

Non-executive BoD members fees

Non-Executive BoD members, including the Chairman, receive an annual fee provided for the members of the BoD and additional remuneration for their participation in Committees of the Board of Directors in the capacity of member or Chairman. Remuneration is paid in cash and is subject to regular review in order to ensure they are able to attract high-potential individuals, with the appropriate level of qualifications and experience, which allow them to have the required contribution, commitment and time to the BoD.

Fixed Remuneration for Executive Board Members

Executive Members of the BoD receive a fixed salary, paid in cash on a monthly basis. The Bank has developed a stable earnings framework, which defines the structure and scope of earnings, with the aim of attracting and retaining talent, with reference to (i) their seniority level, as evidenced by the position they hold and (ii) external factors, based on market research.

Benefits

The Bank aspires to offer competitive and fair packages of salaries and benefits to the Executive Members of the Board (including insurance programs) and covers professional expenses, in full alignment with the relevant market practices. Benefits may include (but are not limited to) medical programs, life / accident programs, child support programs, retirement plans, which are provided to all staff, optional retirement benefits, company car. The Bank will offer pension benefits to all employees, through a defined contribution scheme, in addition to the legally required social security contribution plan. The Chairman and the Executive Members of the Board may participate in them.

The Bank covers the Non-Executive Boards of the Board of Directors expenses from business travel, accommodation, and other expenses incurred within reasonable limits as part of the Bank's operations.

Information of the Directors' remuneration policy of the Bank

Information of the Directors' Remuneration Policy of the Bank

Variable Remuneration

As a general rule, variable remuneration is an important part of the remuneration of the Executive Members of the BoD, as they provide incentives for the promotion of the Bank in achieving the strategic plan adopted by the Board and in line with shareholders' interests. Non-Executive Members of the Board do not receive variable remuneration.

Subject to the existence / removal of the applicable restrictions that prohibit the granting of variable remuneration to members of the Board of Directors for the period during which the Bank is in a state aid program, variable remuneration schemes may be in the form of an annualized bonus or to reward long-term stable performance, focusing on achieving excellent long-term returns to shareholders.

Remuneration Cap

In any case, during the period of participation of the Bank in the state aid program, the fees of the Members of the Board of Directors cannot exceed the total remuneration of the Governor of the Bank of Greece.

Contractual Terms

The Non-Executive Members of the Board of Directors are elected by the General Meeting of Shareholders, for a three-year term in accordance with the current framework (and are linked to the Bank with a direct relationship). No other obligations are provided that could lead to payment of wages or payments due to loss of position.

Contracts with BoD members, which are considered on a case-by-case basis, may include special terms that provide for specific redundancy allowances approved by the General Meeting of Shareholders. In addition, contracts of Board Members may be terminated for good reason, without obligation to pay compensation and without prior notice.



Financial analysis of the terms of the contract

Methodology (1/2)

Methodology

The Financial Analysis of the terms of the transactions in question was conducted in order to assess whether the terms of the Contracts are considered fair and reasonable. The methodology used to document intra-group pricing is used as a basis for evaluating Contracts under review in order to examine whether the terms of Contracts differ from those applied in a free market.

Methodology of examining intra group transactions

The guidelines of the Organization for Economic Co-operation and Development (OECD) adopt the arms length principle as the international criterion for evaluating intra-group pricing. Transactions are carried out in accordance with the arms length principle when the terms applicable to transactions between related parties are comparable to the terms applicable to transactions between independent parties under similar conditions. The guidelines mentioned in this report are those issued by the OECD in July 1995 and include subsequent additions and modifications covering the period up to and including 2017.

The OECD guidelines provide a detailed description of the methods used to apply the arms length principle, which is described below. These methods fall into two categories: "traditional methods" and "profit-based trading methods."

The arms length principle

The arms length principle is the international criterion for documenting intragroup transactions, which OECD member states have agreed to be used for tax purposes by multinational corporations and tax administrations. The definition of the arms length rule, as given in Article 9, paragraph 1 of the Model Convention of the OECD, states that:

"(when) conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly".

Methodology (2/2)

Method of comparable uncontrollable prices and available market data

The Comparable Uncontrollable Price (CUP) method is one of the traditional methods of documenting intragroup transactions. According to paragraphs 2.2 - 2.3 of the OECD Directives (2017), the OECD supports the application of the CUP method as long as sufficiently comparable internal or external data can be identified.

For the implementation of the CUP method, the availability of internal and external comparable prices was examined in order to evaluate the Contracts for the purposes of our work and more specifically due to the nature of the Contracts external comparative data were used.

External comparative data

Comparative data from publicly available sources and specialized studies conducted in the context of labor market analysis were sought in order to identify the remuneration of senior executives who hold positions that are comparable with the positions examined, namely the CEO and the Chairman of the Board of Directors, which have been agreed in the free market and which have comparable characteristics with the fees as described in the above Summary of Contracts.

Overview of external comparative data

Overview of available external comparative data

Search for comparable fees for the position of CEO

— *Comparative data from the annual Remuneration & Benefits survey conducted by KPMG Greece*

In the context of our work, data was collected from the salaries of senior executives working in various sectors in Greece from the annual survey of Remuneration & Salaries, conducted by KPMG Greece for 2019. The data are collected anonymously through a specially designed online platform and their design and implementation shall be in accordance with the provisions of the General Regulation on the Protection of Personal Data.

Taking into account the expanded duties and obligations of a CEO, the fees for the position of CEO under the category "TOP1 CEO" were considered comparable by the annual Remuneration & Benefit survey conducted by KPMG Greece for 2019. A description of the duties for the position of Chief Executive Officer under the category "TOP1 CEO" is included in the analysis of these comparative data listed as Annex 1.

Regarding the salaries of senior executives who hold the position of CEO in Greece, the comparative data found show that the annual fixed gross earnings (which do not include variable earnings and benefits) amount to an average of EUR 315,000 and the Annual Remuneration (which includes fixed remuneration and variable remuneration) show a median range of EURO 447,394.

— *Comparative data from publicly available sources*

In addition, the annual fixed gross earnings 2019 of the CEO of two Greek banks, in particular the National Bank and Attica Bank, were identified as comparative data from publicly available sources, ie their relevant websites.

More specifically, the annual fixed gross earnings of the CEO of the National Bank for 2019 amounted to EUR 335,000 and the annual fixed gross earnings of the CEO of Attica Bank for 2019 amounted to EUR 259,162.

Based on the above, the annual fixed gross earnings of the Chief Executive Officer taking into account the annual earnings & benefits survey of KPMG Greece show an average annual gross fixed earnings of EUR 315,000, while publicly available fixed-income sources show a minimum value of EUR 259,162 and a maximum value of EUR 335,000.

Overview of external comparative data

Overview of available external comparative data

Search for comparable salaries for the position of Chairman of the Board of Directors

As comparative data, the publicly available sources identified the salaries for 2019 of the Chairman of the Board of Directors of four systemic Greek banks, namely the National Bank, Alpha Bank, Eurobank and Attica Bank (non systemic) and are presented in detail in Annex 1.

In the light of the above, the annual fixed gross earnings of the Chairmen of the Boards of Directors of the above four Greek banks result in a range of fees with a minimum value of EUR 196,000 and a maximum value of EUR 285,000.

Summary of results

Summary of results

From the analysis of all the available external comparative data listed above, the following conclusions can be drawn regarding the fees that the Bank intends to agree on in the Contracts under consideration with its senior executives:

- Regarding the remuneration of a senior executive who holds the position of CEO, according to the comparative data identified by the Remuneration & Supplies survey conducted by KPMG Greece and publicly available sources, the annual gross fixed remuneration paid by the Bank for the position of Chief Executive Officer, which amounts to EUR 318,000, is considered reasonable.
- Regarding the remuneration of a senior executive holding the position of Chairman of the Board of Directors (Non-Executive Member), according to the comparative data identified by publicly available sources, the annual gross fixed remuneration that the Bank will pay for the position of Chairman of the Board of Directors, which amounts to EUR 253,800, is considered reasonable.
- Finally, the other benefits to these senior executives of the Bank are common benefits granted to senior executives in the banking industry and are therefore considered reasonable.



Evaluation of Contracts

Evaluation of Contracts

Evaluation of Contracts

Taking into account a) our above analysis, b) the information and clarifications we received from the Bank's Management and c) the limitations of our work, as they are listed in detail in the Introduction of this Report and in accordance with our professional judgment, we consider that the terms of the Contracts that the Bank intends to sign with members of its Board of Directors regarding the positions of CEO and Chairman of the Board of Directors are fair and reasonable for the Bank and its non-affiliated shareholders, including the minority shareholders, based on the provisions of article 101 par. 1 of Law 4548/2018.

It is noted that our Evaluation is based on the current information available to us until the date of publication of this Report, including financial, legal, regulatory, market and other terms and conditions notified to us by that date.



Appendix 1

Comparative Data



CEO and Chairman of Board of Directors

Market remuneration data

—

23 June 2020

Source of data

Source of data provided for the position of CEO:

I. KPMG 2019 Top Executive - Compensation & Benefits Survey

The Top Executive Survey includes compensation & benefits data for top positions of companies in the Greek market, with a turnover of over 25 million EUR (for this specific project 7 companies have been selected from the following sectors: Insurance, Technology, Retail and Banking).

The position of CEO has been matched with the position of the survey codenamed TOP1 Managing Director, taking into account the characteristics of the position of CEO in a bank. More specifically, the position was matched at the "Greater" level, which suggests that the duties and specifications of this position are increased in relation to the description of TOP1 in the survey (presented on p. 5). The position of Chief Executive Officer at the "Greater" level, has an overall managerial experience of more than 18 years, reports to the Board of Directors and has direct subordinates at the level of General Manager. In the appendix (p.5), you may find in detail the general description of the TOP1 position and the sample of the companies that provided data for this position at the "Greater" level.

II. Published data of 2 banks in Greece (Attica Bank, National Bank of Greece – the related *links are presented below*)

Source of data provided for the position of BoD Chairman (non executive):

I. Published data of banks in Greece (*links below*)

Eurobank (<https://www.eurobankholdings.gr/el/enimerosi-ependuton/enimerosi-metoxon-eurobank-holdings/genikes-suneleuseis-pages/taktiki-geniki-suneleusi-metoxon-24-07-19>)

Alpha Bank (<https://www.alpha.gr/el/omilos/enimerosi-ependuton/oikonomika-stoixeia/oikonomikes-katastaseis-trapezis-kai-omilou?listfilter=69E67FC5E858437E93548A94BEF66974>)

National Bank of Greece (<https://www.nbg.gr/el/the-group/investor-relations/general-assemblies>)

Attica Bank (<https://www.atticabank.gr/el/investors/useful-info/general-meetings?folder=2020\04062020>)

Remuneration data

Position	Annual Gross Base Salary	Annual Gross Total Compensation	Piraeus Bank S.A.
CEO (KPMG Surveys)	315 000* (median)	447 394** (median)	293 000 (annual gross base salary 2019)
CEO (Attica Bank)	259 162	259 162	
CEO (NBG)	335 000	335 000	

* Base Salary does not include variable payments or benefits.

** Total Compensation includes base salary and variable payments given in 2019 for 2018 results.

Position	Bank	Annual gross fixed remuneration for 2019	Piraeus Bank S.A.
Chairman of BoD (non executive) (Published data)	Eurobank	285 000***	253 800 (annual gross fixed remuneration 2019)
	Alpha Bank	259 000	
	NBG	256 000	
	Attica Bank	196 000	

*** EUR 10 000 compensation has been deducted from the amount for participation in BoD committees.

Note: all amounts are in EUR



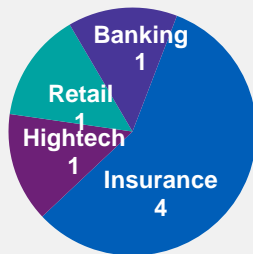
Appendix

KPMG Top Executive Survey 2019

Managing Director (TOP1)

TOP1 (Greater)_Sample of companies

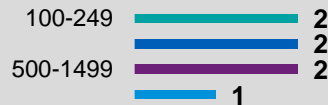
Sectors



Sales Turnover (2018)



Number of Employees



TOP1_ Job Description

Duties:

- Reports to the Board of Directors and is one of the board members.
- Full responsibility for the design, planning and implementation of the company's strategy.
- Directs and has full responsibility for company's overall activities.
- Represents organization to the financial community, major customers, government agencies, shareholders and the public.

Typically reports to:

Board of Directors or superior in parent company

Usually supervises:

5-8 directors and their personnel (commercial/services: 200-300, industrial: 300-500).

Specifications:

- University degree often at postgraduate level and extensive professional training.
- Usually more than 18 years experience, of which at least 10 years in top managerial positions.
- In-depth knowledge of the economic and the market environment.
- Fluency in English and often in a second language.

Alternative Title(s):

CEO., Executive Chairman



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