ΠΕΙΡΑΙΩΣ
FINANCIAL HOLDINGS

DIRECTORS'
REMUNERATION POLICY

Contents

1. PURPOSE

Piraeus Group's ability to implement a comprehensive human capital strategy to attract, retain, reward and motivate highly skilled individuals is important for the Group's continued success.

Whilst being consistent with the wider human capital strategy of the Group and the principles of the Group Remuneration Policy, the Directors' Remuneration Policy (hereinafter "Remuneration Policy") applies to the members of the Board of Directors (BoD) (hereinafter "Directors") of Piraeus Financial Holdings S.A. (hereinafter the "Company") as per the requirements of Articles 110-111 of Law 4548/2018.

The Remuneration Policy lays out the general framework of remuneration currently paid as well as any future remuneration that may be offered to current and/or new Directors.

Remuneration paid to the Board of Directors takes into consideration banking regulatory provisions on categories of staff whose professional activities have a material impact on the Group's risk profile ("Material Risk Takers"), which are a wide group of employees of the Group identified using qualitative and quantitative criteria prescribed by regulators.

The Remuneration Policy aims to:

- Attract, retain and motivate high caliber executives who achieve the expected results by following corporate values and culture
- Support a performance driven culture that is based on excellence and on creating sustainable growth, taking into account Environmental, Social and Governance aspects
- Embrace equal pay policy for male and female executives for equal work or work of equal value supporting a culture of fairness
- Align remuneration with profitability, capital adequacy, and liquidity whilst reflecting risk appetite
- Promote a culture of compliance and effective risk controls
- Enhance internal and external transparency

Contribution to business strategy, long-term interests and sustainability

With regard to current restrictions, the Remuneration Policy contributes to the Company's business strategy and long-term interests by:

- Not relying on variable pay and risk taking, thus encouraging Executive Directors to focus on sustained long-term value creation incorporating environmental, social and governance (ESG) risk-related objectives
- Offering competitive and fair levels of remuneration and benefits for Directors that incentivize their dedication to the Company, the creation of long-term value and the achievement of long-term goals
- Creating a work environment which is comprehensive in its diversity, fostering and unlocking individual potential and creating competitive advantage
- Making adherence to the Group's values, business principles and risk-related policies key considerations when determining remuneration
- Not posing a detriment to the objective of orderly and timely payback of the capital support

Employment conditions and Remuneration Policy

The Remuneration Policy follows the same fundamental principles of the Group Remuneration Policy, applicable to all staff, while at the same time acknowledging that the structure of remuneration for Directors is necessarily different to that of less senior employees as a result of their role, responsibility and ability to impact the performance of the business.

The Remuneration Committee and the Board of Directors approve the Group Remuneration Policy and receive periodic updates on the wider staff remuneration structure, practices and trends, which are considered when establishing and reviewing the present, in order to ensure alignment and consistency across the Group, the equal treatment and that any remuneration practice does not take into account gender, age, ethnicity, disability or any other characteristic.

Remuneration components of Executive Directors and other Executive Committee members follow a common framework and principles with variation on levels of pay targeting to reflect diverse individual performance and potential as well as organizational structures.

2. REMUNERATION POLICY GOVERNANCE

The Remuneration Committee, assisted by all relevant departments and external consultants (if deemed necessary) and in cooperation with other Board Committees, where needed, designs the remuneration policy and respective practices, by taking into consideration the Company's long term targets and values, the long-term interests of the shareholders, investors and other stakeholders. The Remuneration Committee then develops its proposals to ensure remuneration fairness and competitiveness as well as the long-term prudent and sound management of the Company and the prevention or the elimination of any conflicts of interests. Finally, the proposals are submitted to the Non-Executive Directors of the Board for approval. A detailed description of Remuneration Committee's responsibilities is included in the Committee's Terms of Reference.

The Remuneration Policy is submitted for approval by the General Meeting of shareholders. Subject to obtaining approval, it remains effective for up to four (4) years thereof unless there is a material change. In this case, the Policy is submitted to the General Meeting for approval.

The Remuneration Policy is reviewed on a regular basis by the Remuneration Committee to ensure its continued alignment with its principles. The review takes into consideration, among others, the advisory vote of the General Meeting of Shareholders on the Remuneration Report.

In respect of conflicts of interest:

- Directors have to avoid situations where their interests may come into conflict with the interests of the Company and with their duties to the Company.
- Directors must report the existence of conflicts of interest to the Board of Directors and abstain from participating and intervening in deliberations and voting on resolutions or decisions in which they have a conflict of interest. Therefore, Directors abstain from voting on resolutions of the Board concerning their own remuneration.
- In any case, situations of conflict of interest to which the Directors are subject to, have to be reported in the Annual Report on Corporate Governance and in the notes to the financial statements.

In addition, the Conflicts of Interest Policy, which constitutes part of the Group Compliance Policy and is applicable to all staff, Directors included, provides guidance on how conflicts of interests are defined, how they can be identified and what procedures should be followed when a conflict of interest arises.

The participation in a stock option plan or in any other performance-related pay scheme are presumed to be "significant remuneration or benefit" for independence assessment purposes.

Derogation – Management of Exceptions

The Non-Executive Directors of the Board should approve any subsequent material exception/deviation made for an Executive Director and changes to the remuneration policy and carefully consider and monitor their aspects. Any exemptions/deviations should not be based on gender considerations, should be well reasoned and in line with the remuneration requirements under national law.

Disclosure of the Remuneration Policy

The approved Remuneration Policy, together with the date and results of the vote of the General Meeting of Shareholders on it, shall be available on the website of the Company, as long as it is applicable.

The Group annually discloses both quantitative and qualitative information related to the remuneration of Directors, in line with all applicable legal requirements.

Remuneration paid by Piraeus Bank to Directors will be specified in the Company's Remuneration Report to be published annually from 2020 onwards. This is also made available internally.

3. REMUNERATION COMPONENTS

The Remuneration structure that applies to Directors includes the following components:

I. Fees for Non-Executive Directors of the Board

Non-Executive Directors (NEDs), including the Chairman, receive annual Board fees and additional fees for membership and chairmanship of a Board Committee. The fees are paid in cash and are subject to periodic review in order to ensure that they remain sufficient to attract high-caliber individuals with the appropriate level of skills and experience and enable them to make the required contribution, commitment and time devoted to the Board.

The fee structure for the Non-Executive Directors is shown in the table below:

Table 1: NEDs' fee structure

Capacity
Chairman of the Board fee
Non-Executive Director base fee
Vice Chairman of the Board fee
Chairman fee of Audit or Risk Committees
Member fee of Audit Committee or Risk Committees
Chairman fee of Remuneration Committee or Nomination Committee or Strategy Committee
Member fee of Remuneration Committee or Nomination Committee or Strategy Committee
Member fee of any other BoD Committee not stated above

Main principles of the NED's fee structure are described below:

- The Chairman of the Board does not receive the Non-Executive Director base fee, or any other additional fees.
- An additional fee is paid for membership or chairmanship of a Board Committee.
- Chairmen of Committees do not receive the committee member fee.
- For Chairmen of Committees relevant caps apply to their total fees.
- Directors do not receive additional fees for attendance to the Board and/or its Committees.
- Fees are paid proportionally for as long as each member holds the corresponding position.

II. Fixed Salary for Executive Directors of the Board

Executive Directors of the Board receive a fixed salary, paid in cash on a monthly basis. The Company has developed a fixed gender - neutral remuneration framework, which defines the salary structure and ranges, in order to attract and retain talented individuals by reference to:

- their relative seniority, as established by job evaluation
- external relativities, via market rate surveys

Criteria that are taken into consideration when determining fixed remuneration include: the degree and immediacy of the position's requirements' fulfillment, the academic background, the previous professional experience, the criticality of the role, the degree of difficulty for tracing abilities/skills required for the specific position etc.

The fixed remuneration policy of Executives Directors is reviewed by the Remuneration Committee in order to ensure salaries' alignment with the Remuneration Policy principles.

III. Benefits

The Company aspires to offer competitive and fair rates of pay and benefits to Executive Directors (including insurance programs) and coverage of professional expenses, all in line with relevant market practice. This may include (but is not limited to) medical plan, life/accident plan, children's aid plans, pension schemes provided to employees, optional retirement benefits, company car[1].

Piraeus Group has established an Institution for Occupational Retirement Provision (hereinafter "IORP") through which a Defined Contribution Pension Plan covering all employees has been introduced. Executive Directors and the Chairman of the BoD may participate to the aforementioned scheme. The IORP is governed by its Board of Directors and operates under the supervision of the following regulatory authorities: The Department of Occupational Insurance at the Ministry of Labor and Social Affairs, the National Actuarial Authority and the Hellenic Capital Market Commission.

As specified in the IORP's statute, the Defined Contribution Pension Plan provides for regular and non-regular contributions by the employer as well as the participant. Regular employer's contributions are defined as a percentage of the individual's monthly gross salary, which is the same for all participants. Individuals may also participate in the plan on a voluntary basis, contributing up to a specified ceiling of their monthly gross salary. Members are able to change their contribution twice every year. Insured members are entitled to receive a lump sum that equals with the total amount of both the employer's and participant's contributions, upon fulfillment of a set of criteria related to their age and years of insurance in the IORP. In case of member's resignation or voluntary termination of insurance in the IORP and prior to the fulfillment of the specific conditions set, the insured member receives only its own contributions.

The Company covers travel, accommodation and other expenses reasonably incurred by Non-Executive Directors in the course of the Company's business.

IV. Variable Remuneration

As a matter of principle, variable remuneration is an important part of pay for Executive Directors as it enhances incentivisation to promote the Company along the strategic direction endorsed by the Board and in alignment with shareholders. Non-Executive Directors do not receive any variable remuneration.

Subject to the existence/lifting of current restrictions prohibiting the award of any variable remuneration to Directors, variable remuneration schemes may have the form of an annual variable remuneration scheme or reward long-term consistent performance by providing focus on delivering superior long-term returns to shareholders.

On exceptional basis, variable schemes may also have the form of sign on bonus or retention bonus in order to attract and retain executives with strong capability, necessary for the business plan achievement. Exceptional payments will only be awarded when the Remuneration Committee determines they are in the long-term interest of shareholders, following the procedure under section "2. Remuneration Policy Governance" and will be disclosed in the Remuneration Report submitted to the General Meeting of Shareholders.

For Directors to be entitled to profit participation rights, a respective resolution of the General Meeting of Shareholders is required. Same applies for stock option plans.

In all cases, variable remuneration should be approved by the General Meeting of Shareholders.

Variable remuneration amounts are calculated as a percentage of fixed component. The desired percentages - based on x% targets achievement rate are defined by reference to the banking market practice, the current economic situation and the Group's margins following the recommendation and the approval process described under the section "2. Remuneration Policy Governance".

The variable component cannot exceed 100% of the fixed component of the total remuneration of each individual. The General Meeting of Shareholders may approve a higher maximum level of the ratio between fixed and variable components provided that it does not exceed 200% of the fixed component for each individual.

[1] Benefits are aligned with the Group Remuneration Policy covering all employees and are included in the Company's Remuneration Report.

a. *Risk Alignment, Deferral & Restrictions*

Currently any variable remuneration for Directors is subject to the limitations of Law 3864/2010.

As per current regulatory framework, apart the aforementioned restriction, variable remuneration will be paid to Executive Directors only if it is sustainable according to the financial situation of the Company (and Group) and does not put at risk the soundness of the Group's capital base.

In all cases, the Group does not have a binding obligation to pay variable remuneration. If the conditions are not favorable, e.g. increased liquidity needs, spending budget overruns, the Group may decide not to pay variable remuneration, even if its financial performance permits it.

In order to connect variable payment with long-term achievements and at the same time discourage Executive Directors from undertaking excessive risk, a significant part of their payment (should this be awarded) is deferred at or above the minimum proportion of 40% or respectively 60% for particularly high amounts. In addition, at least half of their payment is given in instruments instead of cash. This is applied equally to the non-deferred and to the deferred part.

In respect of the awarded instruments, a retention period of at least one year is set. The deferral period cannot be shorter than 5 years or otherwise defined by the existing legislative and regulatory framework.

The above requirements on deferring and payout allocation of variable remuneration in shares or other instruments are not implemented to those Directors, whose annual variable remuneration does not exceed the amount of € 50,000 and does not represent more than one third of their total annual remuneration.

b. *Malus & Clawback provisions*

Without prejudice to the general principles of national contract and labour law, the total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Group occurs, taking into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements.

In case of violations of regulations/procedures, misconduct, failure to meet appropriate standards of fitness and propriety, or other equally serious cause, participation in or responsibility for conduct which resulted in significant losses, the Group shall be entitled to use any and all legal means available to claim the return of such amounts from the employee.

Malus and clawback provisions/arrangements for up to 100 % of the total variable remuneration are in place for the Executive Directors, in accordance with the existing legislative and regulatory framework.

V. *Severance Policy*

Executive Directors are entitled to severance payments under the terms and conditions of the Company’s Severance Policy.

VI. *Remuneration Cap*

While Piraeus is subject to the limitations of Law 3864/2010 regarding remuneration, Directors’ fixed remuneration cannot exceed the total remuneration of the Governor of the Bank of Greece.

VII. Contract Provisions

Non-Executive Directors are elected by the General Meeting of the Shareholders, currently with a three-year tenure (and are linked to the Company with a relationship of mandate). There are no further obligations that could give rise to remuneration payments or payments for loss of office. For certain key non-executive positions, such as the Chairman of the Board, the Company may opt to formalize their mandate into a written contract.

Executive Directors sign mandate contracts with the Company, with a term which does not exceed the tenure of the Board but may contain renewal clauses in case of reelection not connected with any additional payment.

Contracts with BoD members, reviewed on a case by case basis, may enclose explicit clauses for the provision of specific severance payments approved by the General Meeting of Shareholders. Moreover, contracts with BoD members may be terminated for good reason, without any severance payment due and with no minimum prior notice.

In all cases, severance payments should be in compliance with regulatory restrictions.

There are no contractually agreed change-in-control clauses.

Contracts assigning specific ad hoc tasks to Directors, beyond their normal duties, are approved as prescribed by the related party transactions framework of law.

APPENDIX

Annual Variable Incentive Scheme

Annual variable remuneration in Piraeus Group consists of distinct incentive schemes, addressing distinct employee perimeters. Executive Directors participate in the Senior Management Scheme.

The Senior Management Scheme is an overarching scheme aiming to incentive the Group's leadership towards the achievement of specific KPIs, including BAU (Business-As-Usual) and transformational objectives, and strengthening alignment with shareholder interests; the scheme includes both short and long-term components.

General principles

The variable scheme is designed by taking several key principles into consideration:

- In order to distribute variable remuneration, Piraeus Group must be solvent, with capital levels above requirements.
- The scheme needs to be fully aligned with shareholders' interests, both short-term and long-term, promotes sound and effective risk management and discourages excessive risk-taking.
- The design of the scheme is aligned to market reality, taking into account remuneration practices among Greek banks, and benchmarks on variable remuneration from European peers.
- The scheme must be consistent with the most recent national and international regulatory requirements (4799/2021, 4340/2015, 3864/2010, 3723/2008, CRD V) and EBA guidelines.
- Rewards should be based on the individual performance, while fostering collaboration and delivery of the Group's strategic priorities, and adhering to the Group's risk appetite.
- The payout mechanism should leverage the performance evaluation system used by the Group (Become & Achieve).
- Variable remuneration reflects performance without any bias (e.g. gender-related).

Based on these principles, variable pay amount is influenced by the following factors:

- Fixed remuneration is used as starting point to ensure variable remuneration is relatively substantial and scales properly.
- Individual annual performance evaluation influences the bonus amount to drive individual performance; Piraeus uses "Become & Achieve" as its performance evaluation system; the evaluation is based on relevant KPIs per role; reflecting Group strategic objectives that are cascaded at individual manager level; KPIs relate to business, risk, efficiency and other objectives; for risk-taking areas, KPIs include at least one risk metric (e.g., cost of risk, NPE formation, Expected Credit Loss); open Internal Audit findings of high importance are also taken into consideration; basic performance KPIs are disclosed in the Company's Remuneration Report.
- Employee grade influences bonus amount; senior employees have a higher payout on average compared to junior ones, in line with common practice.
- Unit or pillar performance is a key component defining the amount of variable pay; unit/pillar performance is measured by specific KPIs per area, and have targets which are agreed at the beginning of the measurement period; Mix of KPIs per area includes business, risk, efficiency, people and other metrics; KPIs are used either as adjustment factors for the variable pay amount (upward or downward), or as gate openers.
- Group performance influences the variable pay amount received by senior management, as an adjustment factor (upward or downward); Group performance is measured by a set of specific KPIs reflecting the Group's strategic targets.

The bonus pool sizing method is bottom up with top-down validation. Specifically, the sizing involves three key steps:

1. Calculation of individual bonuses based on performance & position, based on allocation matrices that define base bonus as a percentage of fixed salary; percentages are defined in line with benchmarks and given constraints (where relevant).
2. Calculation of bonus pool as sum of individual bonuses.
3. Validation of final pool as percentage of net profit adjusted for extraordinary items.

The BoD can apply a positive or negative discretionary adjustment to the total bonus pool, which is applied pro-rata to all individual bonuses; this discretionary adjustment has an implied cap, since variable remuneration for each employee is capped at 100% of fixed remuneration for all employees according to EBA guidelines. This cap can be increased to 200% only through General Meeting's approval.

Individuals who are under investigation by IA/Ethics Committee for fraud cases are excluded from the perimeter of the bonus schemes until the investigation is completed.

Risk considerations

Among the key objectives of this variable incentive scheme is to ensure prudency in risk taking, to dis-incentivize overly risky decisions, and to cultivate a healthy risk mindset in the Group.

Piraeus has recently strengthened its three (3) lines of defense model in credit risk, with clear & distinct Roles, Responsibilities, Processes, Monitoring & Controls, which is formed as such:

- The first line of defense owns day-to-day operational decision-making. The first line of defense is, therefore, formed by Business and Group Credit.
- The second line of defense sets the risk framework, sets or approves or endorses the risk policies and monitors their implementation by the first line. The second line is formed by Group Risk Management.
- The third line performs regular ex-post checks on the first and second lines. The third line is formed by Group Internal Audit.

Structure

As the variable pay of Executive Directors is subject to constraints resulting from Greek legislation and the applicable regulatory framework (incl. EBA guidelines on sound remuneration policies), certain design elements of this scheme (e.g. deferral period) are largely dictated by regulation, in addition to best practices and benchmarks.

The payout mechanism for the senior management scheme has the following key steps:

- Gate conditions: Bonus pool for senior management is unlocked only if Group net profit (adjusted for extraordinary items) is positive, and capital levels are above requirements.
- Individual base bonus calculation: Variable pay is defined as a percentage of fixed salary and individual performance evaluation based on achievement of specific KPIs in the "Become and Achieve" platform; each individual needs to achieve at a minimum 80% of their KPIs, in order to receive bonus; for overachievement of target, an additional amount is granted; up to 20% of the total pool can be re-allocated.
- Payout: The payout mechanism of the scheme is in line with the most recent regulations, common market practices and the Group's strategic objectives. Specifically:
    - Bonus cap: Maximum variable pay for any year is 100% of fixed pay for Executive Directors.
    - Deferral period: 40% of variable pay deferred over 5 years as per the applicable regulatory framework (incl. EBA guidelines on sound remuneration policies).
    - Payout mix: 40% cash, 60% instruments; all instruments have a one-year retention period or as defined by the applicable regulatory framework. It must be noted that, for the period Piraeus is within the remit of Law 3864/2010, variable remuneration of Executive Directors is subject to the provisions and restrictions set out therein.
    - Given the conditional character of these instruments, they will also expire after a reasonable time period, in case none of the two aforementioned conditions has been met. The features of this award will be compliant with EBA guidelines on remuneration.
    - In terms of the instruments, several choices are available, including stock options, restricted/normal shares (issue or buyback), etc. The best-fit instrument for Piraeus Group will be defined in cooperation with Group Financial Management.
    - Ex-post adjustments: Malus (downward adjustment of deferred compensation) and clawback (reclaiming compensation that has been previously paid out) applied ex-post if appropriate.

Malus and Clawback

Both are in the discretion of the Remuneration Committee. Key guidelines for the application of these ex-post adjustments can be found below:

- The application of malus is examined in case either the business unit result, or the Group result is negative in a year following the reference year, and the payout of deferred remuneration is pending. In cases where either Group result, or business unit result is negative, and the other is positive, there is a ‘soft’ recommendation to withhold part of the deferred bonus to protect the Group’s profitability. In cases where both Group and business unit result are negative, there is a ‘hard’ recommendation to withhold the entire amount of deferred bonus.

- Clawback may be enforced by the Group at any time up to five years from the award date of the variable compensation. It is applied in the following exceptional circumstances:
    - The individual participated in or was responsible for conduct which resulted in significant losses to the Group.
    - The individual failed to meet appropriate standards of fitness and propriety, assessed by reference to factors including honesty, integrity, reputation, competence, capability and financial soundness.
    - There is reasonable evidence of misbehavior by the individual or material error made by the individual.
    - The Group or the relevant business unit suffered a material failure of risk management as a result of the individual’s actions.
    - Bonus paid out in breach of EBA guidelines.
    - Clawback can also be government mandated.

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