PIRAEUS BANK

Announcement

In response to press reports published in printed and electronic media and following a query by the Hellenic Capital Market Commission, Piraeus Bank would like to communicate the following.

The Contingent Convertible Bonds (CoCos) were issued by the Bank during the recapitalization of 2015 and are held in their entirety by the Hellenic Financial Stability Fund (HFSF). They consist a perpetual instrument with a nominal value €2,040mn and bear a discretionary coupon with an annual interest rate of 8%. Under their terms, the CoCos are classified as Common Equity Tier 1 capital and the payment of their annual coupon lies within the sole discretion of the issuer bank. The Bank has exercised its right of non-payment once in 2018, and has paid three other annual coupons. In addition to paying the coupon in cash, there is also the option to pay in kind by issuing new shares based on the current market price of the Bank shares.

The existing regulatory framework of banking supervision applicable to the Bank requires the prior approval of the supervisory authority (ECB / SSM) for any CoCo-related payment. Further to a relevant decision by its Board of Directors, the Bank has already submitted a request to SSM seeking approval to pay the annual interest in cash, amounting to €165mn, which is due on 2 December 2020.

According to the terms of the CoCos, in case the coupon is not paid for a second time, the CoCo instruments will be converted into ordinary shares of the Bank, with reference to the subscription price of the 2015 share capital increase (currently calculated at €6 per share). This eventuality would lead to an increase of the HFSF's shareholding in the Bank's share capital from its current level of 26.4% to 61.3%.

The decision by the supervisor is expected within November 2020. The capital impact from the coupon payment in cash (approximately at 40 basis points) can be absorbed by the Bank, given that its total capital adequacy ratio stands at 16.1% against a regulatory requirement of 11.25% for 2020. Nevertheless, the SSM approval is not assured considering the standing supervisory recommendation towards all European banks not to distribute capital during the ongoing Covid-19 crisis.

In respect to media reports that refer to additional capital needs, the Bank would like to state that it has not received any regulatory call for a share capital increase, given that it is compliant with the regulatory requirements. Since 27 October 2020, the Bank has informed the investment community that there is no decision to proceed with a share capital increase in the foreseeable future.

The solid progress of the Bank's fundamentals, relating to its operating performance, capital adequacy and asset quality, continues unabated. The Bank will publish its Q3.2020 results within November 2020.

Athens, 30 October 2020