Consistent Delivery Against Targets: Profitability, Decreasing NPEs and NPLs, Improved Liquidity

Management Statements

"I am pleased to report that Piraeus Bank continues to make noteable progress. The Bank is working to achieve its strategic goals in an operating environment which remains demanding, but presents opportunities, as the Greek economy gradually recovers. We are positioned to realize these opportunities to the benefit of our shareholders, clients and employees.

Piraeus Bank intends to maintain the highest standards of corporate governance. Our reinvigorated Board of Directors combines extensive international banking expertise with in-depth knowledge of the domestic environment. We believe that both of these key competencies are necessary to continue the Bank's return to a sustainable path to growth and enable us to build on our leading position in the Greek banking sector.

As we have shown today, our performance over the first nine months of 2016 is consistently improving. On behalf of the Board of Directors, I express my confidence regarding Piraeus Bank's prospects and its positioning for future success."

George Handjinicolaou, Chairman of the Board of Directors

"Piraeus Bank's Q3.2016 performance once again demonstrates our commitment to and fulfillment of stated financial and strategic targets. For a second consecutive quarter, Piraeus Bank Group posted a profit that amounted to €31mn, and resilient recurring pre provision income of €290mn.

Our Q3 deposits rose by €0.9bn, representing an increase of 2%. This is largely attributed to the easing of capital controls and our targeted client campaigns.

Active management of non-performing loans continues to yield significant positive results, with a further reduction of loans in arrears above 90 days by €0.6bn on a quarterly basis. On an annual basis, loans in arrears have declined by €2.2bn or 8%. In parallel, Non Performing Exposures (NPEs) were lower by €0.2bn qoq and €1.1bn yoy at the end of September 2016.

The Group's CET-1 capital ratio has also improved, and is now at 17.6%, while fully loaded CET-1 ratio is at 16.7%. The Bank is fully on track to achieve its 2016 targets: profitability, significant decrease of NPLs and improved liquidity."

George Poulopoulos, Deputy CEO

Group Performance Highlights

- **Pre provision income (PPI)** in Q3.2016 was resilient reaching €290mn on a recurring basis. PPI excluding trading income stood at €280mn, up 6% on an annual and 10% on a quarterly basis. In Greece, recurring PPI reached €278mn, stable on a quarterly basis. The Group's core banking revenues (net interest income plus net fee and commission income) correspond to 95% of recurring net revenues in Q3.2016, increased by 7% on an annual and 1% on a quarterly basis.

  For the 9month period, the Group's PPI amounted to €844mn or €794mn excluding trading income, staying resilient yoy or with 3% increase respectively against 9M.2015.

- **Net interest income** reached €488mn, up 5% against Q3.2015 and up 1% on a quarterly basis. In Greece, net interest income reached €453mn, up 10% annually and 1% quarterly, positively affected by the ongoing decrease of cost of funding. It's reminded that Piraeus Bank fully disengaged from the use of L.3723 State Guarantee support at the end of April 2016. In Greece, the de-escalation of time deposit cost continued: new time deposits cost reached 73bps in September 2016, with the average interest rate in Q3.2016 for total deposits at 51bps, dropping from 80bps in Q3.2015. The Group's **net interest margin (NIM)** improved to 2.92% from 2.89% in Q2.2016, while in Greece it was 2.96% from 2.92% respectively.

  For the 9month period, the Group's net interest income reached €1,450mn with 3% increase against 9M.2015, while in Greece it stood at €1,341mn, with a 7% increase respectively.

- **Net fee and commission income** stood at €82mn in Q3.2016, up 15% against Q3.2015 and +3% quarterly. In Greece the increase was 15% on an annual basis, at €74mn. The Group's net fee and commission income as a percentage of assets was slightly up in Q3.2016 at 49bps from 47bps in the previous quarter, while the same trend was evident in Greek operations (48bps from 46bps in Q2.2016).

  For the 9month period, the Group's net fee income reached €235mn, 3% higher compared to 9M.2015. In Greece the respective amount was €212mn, 4% higher annually.

- **Net recurring revenues** were €602mn in Q3.2016, 1% lower qoq, on the back of non-core revenue lines.

  For the 9month period, the Group's net recurring revenues reached €1,784mn, 1% up against 9M.2015. For the domestic operations, the respective figure was €1,632mn, 4% up annually.

- **Operating expenses** stood at €322mn, 2% lower versus Q2.2016. The **cost to income ratio** stood at 52% in Q3.2016, slightly improved from 53% in Q2.2016, while in Greece the ratio remained stable qoq at the level of 50%.

  For the 9month period, the Group's recurring operating expenses reached €941mn, +2% versus 9M.2015. Specific actions already under implementation (voluntary exit scheme, branch reduction etc) will lead to operating cost containment.

- **Loan impairment charges** in Q3.2016 continued their de-escalation, coming in at €242mn against €265mn in Q2.2016 and €289mn in Q1.2016.

- **Result before tax** for 9M.2016 was a gain of €41mn, vs. losses for the respective period in 2015 at the level of €1.4bn. Profit before tax in Q3.16 amounted to €40mn.

- **Net result from continuing operations attributable to shareholders** amounted to a profit of €31mn in Q3.2016 against a profit of €20mn in Q2.2016 (the latter including an one-off trading gain of €77mn).

  For the 9month period, the Group net result from continuing operations attributable to shareholders amounted to a profit of €14mn versus €621mn losses in 9M.2015, in line with management's guidance for a profitable 2016.

Business Highlights

Customer deposits were €39.3bn at the end of September 2016, increased by €0.9bn versus June 2016, following the further capital controls relaxation in Greece and Piraeus' targeted product offering and client campaigns. This improvement follows a €0.5bn deposit increase in Q2.2016. Deposits in Greece recorded a €0.9bn increase in Q3.2016 and amounted to €36.4bn, whereas international deposits reached €2.9bn at the end of September 2016, flat compared to June 2016.

On an annual basis, the Bank's deposits in Greece increased by 5%, while quarterly they were up 2% against respective market performance of +3% yoy and +1% qoq.

Eurosystem funding was significantly reduced to €23.8bn at the end of September 2016 from €26.8bn at the end of June 2016. In particular, ELA funding dropped to €12.7bn in September 2016 from €14.4bn in June 2016.

On an annual basis, Eurosystem funding at the end of September 2016 was significantly lower by €12.1bn, with ELA at -€8.5bn yoy. At the same time, interbank repo balances expanded further at €5.4bn at the end of September 2016 from €0.6bn a year earlier.

Gross loans before impairments and adjustments amounted to €65.4bn in September 2016, while net loans amounted to €48.3bn. Total gross loans in Greece stood at €61.5bn, while loans from international operations amounted to €3.9bn. **Net loans to deposits ratio** improved to 123% in September 2016 from 127% in June 2016 and 138% in September 2015.

On an annual basis, gross loans in Greece at the end of September 2016 dropped 3%, while adjusted for write-offs since September 2015 (€0.7bn), the annual rate was -1.7%, aligned with the overall market.

The **Common Equity Tier 1 ratio** of the Group reached 17.6% at the end of September 2016. The fully loaded CET-1 ratio came in at 16.7% (both ratios pro-forma for the divestment of PB Cyprus operations).

Both ratios improved on a quarterly basis, on the back of earning generation affecting the capital base.

The loans in arrears over 90 days ratio was 38.8%, with the NPL stock being significantly reduced for the fourth consecutive quarter. The total reduction in a year has reached €2.2bn, bringing NPLs to €25.3bn in September 2016. This trend is a combination of negative NPL formation and write-offs. Group non-performing loans formation was negative for the third consecutive quarter, standing at -€335mn in Q3.2016 from -€189mn in Q2.2016, with strong negative formation in Greece from the business portfolio (-€256mn qoq). For the overall retail portfolio, it was the fourth consecutive quarter with negative formation of non-performing loans. In addition, the **coverage ratio** of loans in arrears over 90 days by cumulative provisions at the end of September 2016 improved further to 68% from 67% at the end of June 2016, whereas one year before at the end of September 2015 stood at 61%. **Non performing exposures ratio** at the end of September 2016 was at 52% with coverage by cumulative provisions at 47%. On an annual basis, NPEs have declined by €1.1bn, while qoq they were €0.2bn lower. At the end of September 2016, Piraeus Bank submitted its operational targets to Single Supervisory Mechanism for the period up to 2019, targeting a 58% decrease of stock of NPLs and 41% of NPEs at parent level.

The **branch network** in Greece at the end of September 2016 was at 671 units, reduced by 7 branches qoq (663 today), while on a Group level it stood at 931.

The Bank's Restructuring Plan targets a level of 650 branches in Greece by the end of 2017, a level which is expected to be reached by year-end 2016.

The **Group's headcount** for continuing operations at the end of September 2016 was 18,335 employees (-190 on a quarterly basis), of which 14,796 (-162 on a quarterly basis) in Greece.

During 2016, a voluntary exit scheme was implemented with the participation of c.1,000 employees in Greece, while P&L has started being positively affected as of Q3 (annual estimated benefit of c.€40mn).

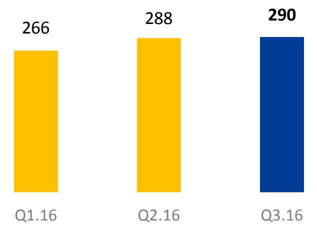
Selected Figures of Piraeus Bank Group

Consolidated (amounts in €mn)	30.09.16	30.06.16	Δ qoq	31.12.15	Δ ytd	
Selected Balance Sheet Figures						
Assets	**82,226**	**84,316**	**-2%**	**87,528**	**-6%**	
Deposits	**39,281**	**38,406**	**2%**	**38,952**	**1%**	
Gross Loans before Adjustments	**65,399**	**66,187**	**-1%**	**68,071**	**-4%**	
Cumulative Provisions	**17,120**	**17,313**	**-1%**	**17,480**	**-2%**	
Total Equity	**9,964**	**9,929**	**0%**	**10,021**	**-1%**	
Selected P&L Results	**Q3.2016**	**Q2.2016**	**Δ qoq**	**9M.2016**	**9M.2015**	**Δ 9M.16 / 9M.15**
Net Interest Income	488	484	1%	1,450	1,414	3%
Net Fees & Commission Income	82	79	3%	235	227	3%
Net Trading & Inv. Securities Income	10	111	-91%	127	63	>100%
Other Operating & Dividend Income	27	15	79%	65	84	-22%
Net Revenues	**607**	**689**	**-12%**	**1,877**	**1,788**	**5%**
-excl. one-off items*	**602**	**607**	**-1%**	**1,784**	**1,765**	**1%**
Personnel Expenses	(151)	(160)	-5%	(471)	(494)	-5%
Administrative Expenses	(143)	(140)	2%	(414)	(403)	3%
Depreciation & Other Expenses	(28)	(28)	-1%	(83)	(83)	0%
Total Operating Costs	**(322)**	**(327)**	**-2%**	**(967)**	**(980)**	**-1%**
-excl. one-off items*	**(312)**	**(319)**	**-2%**	**(941)**	**(925)**	**2%**
Pre Provision Income (PPI)	**285**	**362**	**-21%**	**910**	**809**	**12%**
-excl. one-off items*	**290**	**288**	**1%**	**844**	**841**	**0%**
Impairment Losses on Loans	(242)	(265)	-9%	(797)	(2,103)	-62%
Impairment Losses on Other Assets	(19)	(33)	-42%	(64)	(93)	-31%
Associates' Results	16	(24)	-	(8)	(13)	-
Pre Tax Result	**40**	**40**	**2%**	**41**	**(1,400)**	**-**
Income Tax	(11)	(20)	-	(29)	779	-
Net Result Attributable to Shareholders	**31**	**20**	**52%**	**14**	**(621)**	**-**
Net Result from Discontinued Operations	(11)	(16)	-	(35)	(4)	-

(*) One-off items include **(a)** revenues (€10mn in 9M.15, €16mn in 9M.16) and costs (€26mn in 9M.15 and €26mn 9M.16) of Imithea SA, a company that came from a loan restructuring, **(b)** extraordinary operating costs of the Group of €29mn in 9M.15, **(c)** extraordinary financial loss of €7mn in 9M.15 because of divestment, and **(d)** extraordinary financial gain of €77mn in 9M|Q2.16 from the sale of Visa Europe.

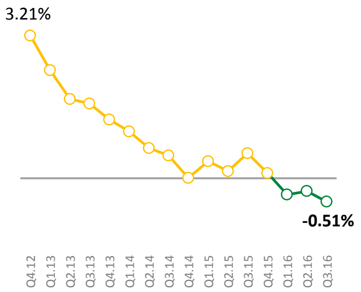
The Consolidated Financial Statements for 9M.2016 of Piraeus Bank Group will be posted on the corporate website (www.piraeusbankgroup.com) on 16 November 2016.

Profit before Tax & Provisions (€mn)

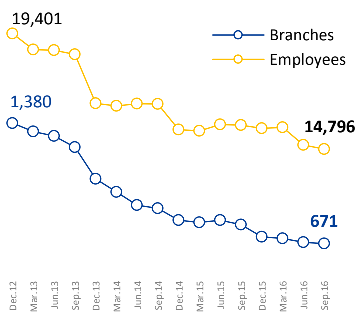


* recurring basis

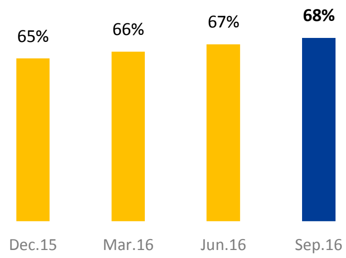
NPL Formation over Gross Loans (%)



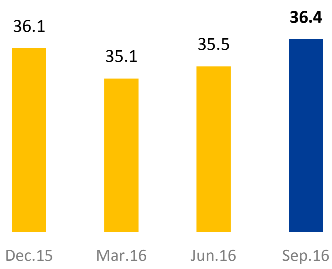
Employees & Branches in Greece (#)



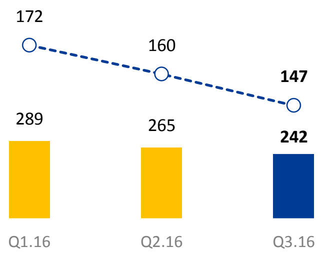
NPLs Coverage Ratio (%)



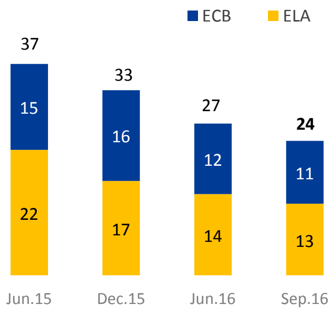
Customer Deposits in Greece (€bn)



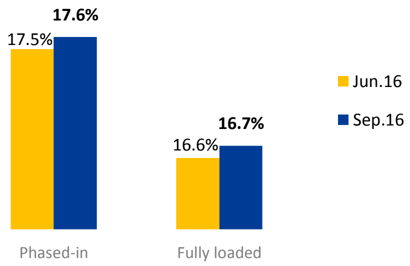
Loan Impairment & Cost of Risk (€mn, bps)



Eurosystem Funding (€bn)



CET-1 Ratios (%)



Events post 30 September 2016

- During its meeting of November 1st, 2016 and upon recommendation of the Board Nominations Committee, the Board of Directors (BoD) of Piraeus Bank elected Mr **George Handjinicolaou** as Non-Executive Chairman. In addition, Messrs **Enrico Cucchiani** and **Solomon Berahas** were elected as Non-Executive Board Members in replacement of resigned members, for the remaining tenure of the BoD.

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