

Market Update:

- Use of Excess Capital to Significantly Strengthen Provisioning Levels
- NPE Coverage Raised to 52%, NPL Coverage to 82%

IFRS9 First Time Adoption and Cost of Risk 2017

- Combination of increased provisioning in 2017 and IFRS9 First Time Adoption (FTA) significantly increases NPE / NPL cash coverage and facilitates balance sheet derisking and cost of risk de-escalation going forward
- Preliminary IFRS9 FTA impact estimate at €1.6bn
- Group transitional CET-1 ratio at approximately 15.5% as of 31 December 2017 for divestments under way
- The Group will implement the transitional arrangements for regulatory capital purposes, which result in 5% impact of the estimated IFRS9 FTA for 2018, corresponding to c.25bps impact on CET-1 ratio
- FY.17 loan provision expense estimated at €2.0bn (€1.2bn in Q4.17) versus €1.0bn in 2016
- 31.12.17 NPE cash coverage rises to 47% and NPL cash coverage to 75%. Pro-forma for IFRS9 FTA, the ratios stand at 52% and 82% respectively
- Net result from continuing operations attributable to shareholders estimated at break-even level in FY.17, with the elevated cost of risk during Q4.17 absorbed by DTA recognition. At parent level, FY.17 net result expected to be marginally positive

Asset Quality

- Bank NPE stock down to €31.3bn at the end of Dec.17 vs. target of €31.5bn, -€2.5bn yoy
- Bank NPL stock down to €19.8bn at the end of Dec.17 vs. target of €20.1bn, -€3.4bn yoy
- Piraeus Bank is progressing in all its actions to execute its NPEs operational targets via restructuring, collections, liquidations and sales. For the latter, the Bank has 2 projects under way: (a) €1.6bn secured commercial portfolio (€2.0bn including off-balance sheet claims) and (b) €0.4bn unsecured consumer portfolio (€2.3bn including off-balance sheet claims); both transactions are expected to result in increase of CET-1 ratio by approximately 20bps

The IFRS9 estimated impact provided in this announcement is based on the accounting policies and assumptions of Piraeus Bank, as performed until this date, and will be finalized with the financial statements of Full Year 2018. Thus, the finalized impact from IFRS9 transition will be included in the 2018 Annual Financial Report. Piraeus Bank plans to announce its audited [Full Year 2017 results on 28 March 2018](#). The Annual Financial Report for FY.17 of the Piraeus Bank Group will be posted on the corporate website www.piraeusbankgroup.com on the same date.

Disclaimer

The financial information of the Piraeus Bank Group included in this announcement is extracted from preliminary unaudited solo and consolidated financial statements prepared in accordance with IFRS for 2017 as well as other internally generated financial information prepared based on IFRS. Furthermore, the operational information of Piraeus Bank included in this announcement is based on preliminary results and estimates made by the Management of the Bank, upon a number of assumptions that are subject to inherent uncertainties and, given that this financial information has not yet been audited, it is subject to change. Such financial and operational information is not intended to be a comprehensive statement of Piraeus Bank's financial and operational results for Full Year 2017. Such information has been prepared by the Bank's senior management and has not yet been audited, reviewed or verified by the Bank's independent auditors. As such, one should not place undue reliance on them. Over the course of the next weeks, Piraeus Bank will be completing the Annual Financial Report for the Full Year 2017.

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