De-Risking Paves the Way for Business Turnaround
€32mn Recurring Net Profit in Greek Operations in Q1.18

Highlights

Continuous Progress on Asset Quality

- NPEs reduced by €3.0bn yoy and €5.6bn from peak in Sep.15; €0.7bn down in Q1.18
- Ten consecutive quarters of NPE reduction
- Two portfolio sales of c.€2bn aggregated NPE gross book value in Q2.18
- NPE cash coverage at 51%, while including collateral coverage stands at 98%

Improved Liquidity Profile and Enhanced Funding Mix

- Deposits in Greece up by €3.4bn yoy and by €0.5bn in Q1.18 at €41.4bn
- ELA reduced to €1bn area as of today; full elimination expected in the near term
- Net Loan to Deposit Ratio of 96% in Greece vs. 118% a year ago

Intensified Cost Efficiency and Cost of Risk Decrease Offseting Lower Net Interest Income

- Net Interest Income down 16% yoy on the back of increased provisions (Q4.17, IFRS9)
- Net Fee Income up 2% yoy, with expectation for acceleration in forthcoming quarters
- Operating Costs down by 6% for Group and 7% in Greece yoy; Cost-to-Income at 56% (recurring data for Q1.18)
- Cost of risk at 1.60% for Q1.18 on the back of €3bn increase in provisions since Sep.17
- Profitable Q1.18, with €32mn recurring bottom-line for Greek operations

Maintaining a Strong Capital Position

- Transitional CET-1 at 14.4% adjusted for asset sales under way
- Solid performance at the 2018 EU-wide Stress Test exercise
- Non-dilutive capital actions in place to fortify balance sheet strength and accelerate the execution of Piraeus Group's strategic & business plan

Management Statement

"During the past twelve months, we took a series of actions. First, we sizeably increased our stock of provisions by almost €3bn since Sep.2017, reducing our run-rate cost-of-risk going forward. Secondly, we intensified our effort to generate higher fee and commission income, partially offsetting the pressure of NII resulting from lower accruing balances, the results of which will be visible in the coming quarters. Thirdly, we launched an ambitious but achievable "cost reduction programme", with first results to be crystallised during the course of 2018.

The outcome of the 2018 EU-Wide Stress Test published on 5 May 2018 signals the end of a long period of uncertainty for the Greek banking sector. The results confirm that the market environment in Greece is tangibly improving, even under the assumptions applied in such a robust regulatory exercise.

For Piraeus Bank, in particular, the results of the Stress Test reflect the significant efforts that we have undertaken to transform the Bank at all levels. This is most evident in the "baseline" scenario, under which the Bank reached a Common Equity Tier 1 ratio of 14.5%.

Our financial standing will be further reinforced through the implementation of a capital strengthening plan that Piraeus Bank is already executing. The capital plan includes ongoing initiatives, like the sale of NPE portfolios and the divestment from non-core activities, while in parallel we are pursuing options to further enhance our capital position that should lead to c.€3.5bn of RWA relief. In addition, we are taking action to boost capital generation: we have committed to €200mn in costs savings for the period 2018-2020, of which €45mn are from a VES launched in early 2018.

Piraeus Bank continues to play a central role in the further strengthening of the Greek economy, assisting entrepreneurship and investment, a critical driver of sustainable, long-term growth. Our improved funding metrics, along with the imminent elimination of ELA, will facilitate our strong and positive contribution to the country's economic expansion."

Christos Megalou, Chief Executive Officer

P&L Highlights: Reduction in Operating Expenses and Normalization of Provisions Generated Recurring Profitability in Q1.18

Core income lines contribution

Net interest, net fee and commission income constitute the core sources of income and represent 95% of total revenues for the Group. Net interest income was impacted by the sizeable provisioning in Q4.17 (€1.2bn) and the first time adoption of the IFRS9 accounting policy for exposures in stage 3 (€1.0bn). On the other hand, net fee and commission income was higher by 2% yoy. For the operations in Greece, net interest and fee and commission income amounted to €413mn in Q1.2018 versus €458mn in Q4.2017.

NII impacted by IFRS9 FTA and high provisions in Q4.2017

NII stood at €360mn in Q1.2018, posting a decrease of 9% qoq (€398mn in Q4.2017) on the back of €2.2bn increase in provisions (Q4.2017 and Stage 3 IFRS9 transition), lowering accruing balances, as well as calendar effect and deleveraging impact. In parallel, the de-escalation of time deposit cost continued further: time deposits cost stood at 75bps in Q1.2018, down from 82bps in the same quarter of 2017, while the ongoing disengagement from ELA continued to contribute positively to NII (€13mn costs in Q1.2018 versus €43mn in Q1.2017). The net interest margin (NIM) of our domestic operations stood at 233bps in Q1.2018.

Continuous increase in NFI

Net fee and commission income in Q1.2018 increased by 2% against Q1.2017, at €79mn. Growth was driven by higher fees mainly from cards and money transfers. In Greece, net fee and commission income reached €73mn, +1% on an annual basis. The Group's net fee and commission income as a percentage of total assets rose to 51bps in Q1.2018 from 49bps in Q1.2017.

Reccuring operating expenses down 7% yoy in Greece

Group operating expenses, excluding the one-off cost for the retirement and salaries of the voluntary exit scheme (€138mn) in Q1.2018, stood at €259mn in Q1.2018, 6% lower compared to the same period last year (€276mn). The further optimisation of the operating expenses in Q1.2018 was evenly balanced between a reduction of administrative expenses (-8% yoy) and staff costs (-7% yoy). The effort relates predominantly to further resources rationalisation, digitalisation initiatives, lower advertising expenses and overall cost cutting efforts on general & administritative expenses. Our Q1.2018 recurring operating expenses for the Greek operations amounted to €242mn, against €260mn in Q1.2017, lower by 7% yoy. The cost-to-income ratio for Q1.2018 in Greece decreased to 56% on a recurring basis.

Pre provision income trend

Group Q1.2018 pre provision income (PPI) on a recurring basis amounted to €203mn vs. €239mn in Q1.2017 (-15% yoy), as the significant progress on cost reduction and the continuous increase in net fee and commission income was more than outstripped by the decline in net interest income. In Greece, recurring PPI totaled €192mn vs. €224mn in Q1.2017, decreased by 14%.

Provisions normalise

Group loan impairment charges stood at €164mn in Q1.2018 against €258mn in Q1.2017, following the substantial increase in coverage levels in the previous quarter and the IFRS9 transition. Q1.2018 loan provision expense in Greece stood at €159mn vs €255mn in Q1.2017. Greek cost of risk for Q1.2018 stood at 160bps over net loans compared to 228bps in Q1.2017.

Net recurring result at positive territory

Group's net result from continuing operations attributable to shareholders was -€80mn in Q1.2018. Adjusting for the €138mn one-off staff costs, bottom line was positive at €18mn. Similarly, in Greece net result of -€66mn was recorded in Q1.2018, while on a recurring basis it amounted to €32mn. Discontinued operations in Q1.2018 were loss making by €2mn.

Balance Sheet Highlights: Ongoing Progress in Asset Quality, While Liquidity Gradually Returns to Normalcy

Customer deposits in Greece +9% yoy

Customer deposits reached €43.2bn at the end of March 2018 from €42.7bn at the end of December 2017 (+1% qoq), posting quarterly gains of €0.4bn from inflows in Greece. On an annual basis customer deposits increased by €2.2bn (+5% yoy). Piraeus Bank deposits in Greece amounted to €41.4bn (+9% yoy), contributing in increasing domestic market share, while in parallel decreasing respective costs. It should be noted that during Q1.2017 domestic deposits had decreased by €1.3bn.

Market access improved

Eurosystem funding more than halved during the past 12 months reducing to €6.1bn at the end of March 2018 from €15.5bn a year ago. In particular, ELA funding dropped to €2.1bn at the end of Q1.2018 from €11.0bn at the end of Q1.2017, while ECB funding was reduced to €4.0bn from €4.5bn respectively. Eurosystem funding dropped further in early May 2018, with ELA below €1.5bn. Interbank repo balances stood at €2.3bn in Mar.2018 vs. €1.5bn at the end of Dec.17. All repos were against non-ECB eligible collateral, reflecting EFSF bonds having dropped to zero as of Jan.2018 following the completion of the bond exchange scheme Greek banks participated in.

Gross loans at milder deleveraging

Gross loans before impairments and adjustments amounted to €57.7bn at the end of Q1.2018, while net loans amounted to €41.4bn respectively. Gross loans were down €2.6bn since the beginning of the year, or by €0.4bn adjusting for Q1.2018 write-offs and the seasonal agri loan that has now been fully repaid. Gross loans in Greece stood at €55.7bn at the end of Q1.2018. The net loan-to-deposit ratio of Piraeus in Greece recorded a substantial improvement landing at 96% in Q1.2018 from 118% a year ago.

Stress Test result

Under the 2018 EU-Wide Stress Test exercise, Piraeus posted a Transitional Common Equity Tier 1 capital ratio of 14.5% under the “baseline” scenario and 5.9% under the “adverse” scenario, at year-end 2020. The Stress Test methodology is based on a static balance sheet approach, and, in principle, does not incorporate planned or ongoing initiatives.

CET-1 ratio

The Q1.2018 pro-forma Common Equity Tier 1 ratio was 14.4% taking into account our divestments under way. At the end of Q1.2018, total equity amounted to €7.8bn, impacted year to date by €1.6bn of IFRS9 First Time Adoption. Regulatory CET-1 capital at the end of March 2018 stood at €7.0bn.

NPE coverage at 51%

NPE stock decreased for the 10th consecutive quarter. The total reduction yoy was €3.0bn for NPEs, bringing the stock down to €32.2bn at the end of Q1.2018. The NPE coverage ratios by cumulative provisions at the end of Q1.2018 was 51% from 47% at the end of Q4.2017, on the back of IFRS9 transition amount. The NPE quarterly change totaled -€0.7bn for Q1.2018. NPE sale of c.€2bn gross book value, comprising of two portfolios, one secured and one unsecured, expected to be completed by the end of Q2.2018.

Footprint & headcount

Piraeus Bank’s branch network in Greece at 31 March 2018 constituted 597 units (reduced by 52 yoy), while currently stands at 588 units. On a Group level the number of branches stood at 728 (-183 yoy). The Group’s headcount for continuing operations at the end of Q1.2018 was 14,824 employees, of which 12,942 are in Greece. Piraeus launched a Voluntary Exit Scheme (VES) in early 2018, of which it expects c.€45mn of new recurring cost savings annually, to start being crystallized in the following quarters. A one-off cost of €132mn has been booked in Q1.2018, along with another €6mn burdening staff costs for payroll of FTEs who exited during Q1.2018.

Selected Figures of Piraeus Bank Group

Consolidated Data (amounts in €mn)	31.03.17	31.12.17	31.03.18	Δ qoq	Δ yoy
Selected Balance Sheet Figures [1]					
Assets	**76,647**	**67,417**	**63,559**	**-5.7%**	**-17.1%**
Deposits	**40,960**	**42,715**	**43,151**	**1.0%**	**5.3%**
Gross Loans before adjustments[2]	**63,787**	**60,260**	**57,702**	**-4.2%**	**-9.5%**
Cumulative Provisions	**16,370**	**15,541**	**16,344**	**5.2%**	**-0.2%**
Total Equity	**9,799**	**9,544**	**7,842**	**-17.8%**	**-20.0%**
Selected P&L Results [3]	Q1 2017	Q4 2017	Q1 2018	Δ qoq	Δ yoy
Net Interest Income	429	398	360	-9.5%	-16.0%
Net Fees & Commission Income	77	87	79	-9.9%	1.5%
Net Trading & Inv. Securities Income	31	(2)	11	-	-
Other Operating income & Dividend Income	(2)	1	12	-	-
Net Income	535	484	462	-4.6%	-13.7%
-excl. one-off items [4]	515	484	462	-4.6%	-10.3%
Staff costs	(136)	(157)	(264)	67.9%	94.6%
-excl. one-off items [4]	(136)	(141)	(126)	-10.6%	-7.0%
Administrative Expenses	(115)	(154)	(105)	-31.8%	-8.5%
Depreciation & Other Expenses	(25)	(29)	(28)	-3.6%	11.6%
Total Operating Costs	(276)	(341)	(397)	16.7%	44.1%
-excl. one-off items [4]	(276)	(324)	(259)	-20.0%	-5.9%
Pre Provision Income	260	144	65	-55.1%	-75.1%
-excl. one-off items [4]	239	160	203	26.6%	-15.2%
Impairment Losses on Loans	(258)	(1,182)	(164)	-86.1%	-36.3%
Impairment Losses on Other Assets	(10)	(124)	(9)	-93.0%	-9.5%
Associates' Results	(7)	(8)	(8)	0.7%	16.5%
Pre Tax Result	(13)	(1,170)	(117)	-	-
Pre Tax Result excl. Q1.18 one-off items [4]	(13)	(1,170)	22	-	-
Income Tax	13	1,180	35	-	-
Net Result Attrib. to SHs Cont. Operations	0	12	(80)	-	-
Net Result Attrib. to SHs Cont.Operations excl. Q1.18 one-off items [4]	0	12	18		
Non-Controlling Interest Cont. Operations	0	(2)	(1)	-	-
Net Result from Discontinued Operations	(6)	(124)	(2)	-	-

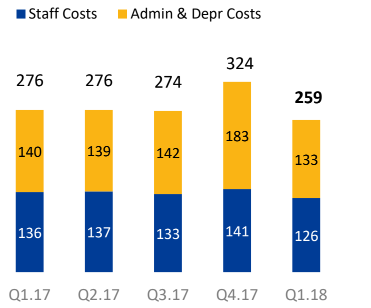
(1) The Mar.17 assets, deposits, gross loans and cumulative provisions include operations in Romania and Serbia which as of Q2.2017 were classified as discontinued. The yearly change in assets is mainly attributed to the exchange of EFSF bonds (€11bn) in the framework of short-term relief measures.

(2) At year-end 2017 gross loans include a seasonal agri-loan to OPEKEPE (Payment Authority of Common Agricultural Policy) of €1.6bn.

(3) P&L figures exclude the Group's discontinued operations.

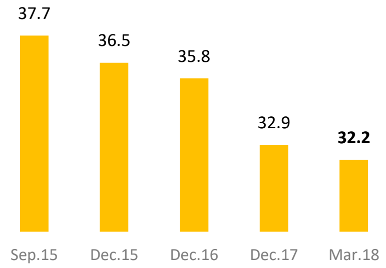
(4) For Q1.2017 €21mn were flagged as one-off, stemming from the sales of EFSF bonds to the Central Bank. In addition, VES and other extraordinary staff costs of €138mn and €16mn were classified as one-off items in Q1.18 and Q4.17 respectively.

Group Operating Expenses (€mn)

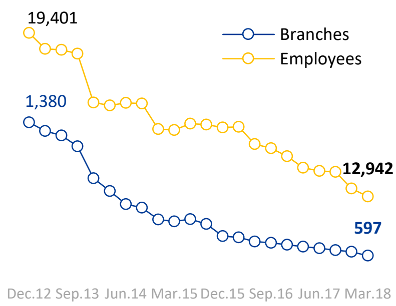


*recurring data

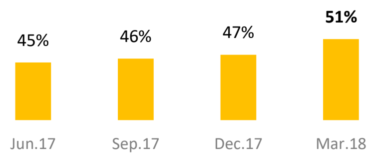
Group NPE Stock (€bn)



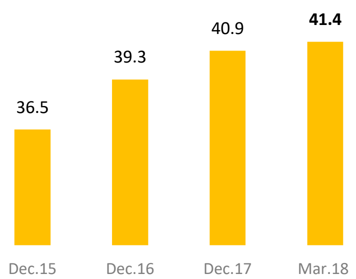
Employees & Branches in Greece (#)



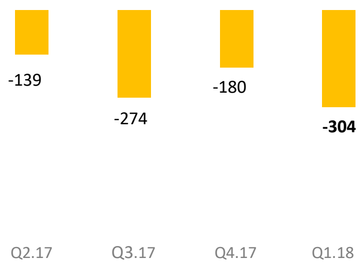
Group NPE Coverage Ratio (%)



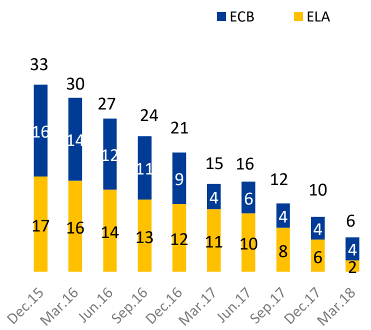
Customer Deposits in Greece (€bn)



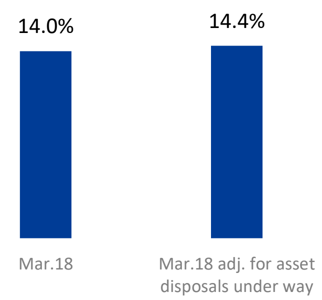
NPE Formation (€mn)



Eurosystem Funding (€bn)



CET-1 Ratio (% | Mar.18)



ALTERNATIVE PERFORMANCE MEASURES (APM) AT GROUP LEVEL

#	Performance Measure	Definition
1	**NII**	Net Interest Income
2	**DTAs**	Deferred Tax Assets
3	**PPA adjustment**	PPA adjustments relating to the acquisition of the seven banks [i.e. former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A.] amounting to €5.6bn at the end of Q1.2018 and to €5.8bn at the end of 2017
4	**Gross Loans before Impairments & Adjustments**	Loans and advances to customers before allowances for impairments on loan losses gross of PPA adjustments relating to the acquisition of the seven banks [i.e. former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A.] amounting to €5.6bn at the end of Q1.2018 and to €5.8bn at the end of 2017
5	**Net Loans**	Loans and advances to customers gross of PPA adjustments relating to the acquisition of the seven banks [i.e. former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A.] amounting to €5.6bn at the end of Q1.2018 and to €5.8bn at the end of 2017
6	**Net Loans to Deposits Ratio**	Net loans over deposits due to customers
7	**Core Banking Income or NII+NFI**	Net interest income plus net fee and commission income
8	**One-off items**	In Q1.2017, €21mn of net income from the sale of EFSF bonds to the Central Bank were classified as one-off. In Q4.2017, €16mn. of Voluntary Exit Scheme staff costs and in Q1.2018, €138mn of Voluntary Exit Scheme and other extraordinary staff costs were classified as one-off
9	**Pre Provision Income (PPI)**	Total net income less total operating expenses excluding one-off items. The relevant amounts corresponds to "Profit before provisions, impairments and income tax" excluding the one-off items
10	**Cost to Income Ratio**	Total operating expenses before provisions over total net income excluding €21mn stemming from the sales of EFSF bonds to the Central Bank when reference is made to Q1.17. For the current reporting period the ratio is total operating expenses before provisions over total net income. For operating expenses, VES and other extraordinary staff costs of €138mn and €16mn are classified as one-off items in Q1.18 and Q4.17 respectively
11	**CET1 Capital Ratio on Pro-forma Basis**	CET1 capital ratio taking into account RWA relief for the divestments of Piraeus Bank Beograd and anticipated disposals of Piraeus Bank Romania, Dunant and NPE portfolios
12	**Adjusted total assets**	Total assets excluding assets of discontinued operations amounting to €2.3bn and EFSF/ESM bonds amounting to €1.5 bn in December 2017 and assets of discontinued operations amounting to €1.8bn in March 2018
13	**Net Interest Margin (NIM)**	Net interest income over adjusted total assets
14	**Net Fee Income over Assets**	Net fee and commission income over adjusted total assets
15	**NPLs - Non Performing Loans**	Loans and advances to customers in arrears over 90 days past due gross of PPA adjustments relating to the acquisition of the seven banks [i.e. former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A.]
16	**NPEs - Non Performing Exposures**	On balance sheet credit exposures before allowances for impairments on loan losses gross of PPA adjustments relating to the acquisition of the seven banks [i.e. former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A.] that are: (a) past due over 90 days; (b) impaired or those which the debtor is deemed as unlikely to repay its obligations in full without liquidating collateral, regardless of the existence of any past due

		amount or the number of past due days; (c) forborne and still within the probation period under EBA rules; (d) subject to contagion from (a) under EBA rules
17	**NPL Ratio**	Non-performing loans over Gross Loans before Impairments & Adjustments
18	**NPE Ratio**	Non-performing exposure over Gross loans before impairments & Adjustments
19	**NPL Coverage Ratio**	Allowances for impairment on loan losses gross of PPA adjustments relating to the acquisition of the seven banks [i.e. former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A.] over Non-Performing Loans
20	**NPE Coverage Ratio**	Allowances for impairment on loan losses gross of PPA adjustments relating to the acquisition of the seven banks [i.e. former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A.] over Non-Performing Exposures
21	**NPL Formation**	Change of the stock of adjusted NPLs adding back write-downs or other adjustments i.e. loan sales or debt to equity transactions over loans and advances to customers before allowances for impairment on loan losses
22	**NPE Formation**	Change of the stock of adjusted NPEs adding back write-downs or other adjustments i.e. loan sales or debt to equity transactions over loans and advances to customers before allowances for impairment on loan losses
23	**Net fee income (NFI)**	Net fee and commission income
24	**Cost of Risk (CoR)**	Allowances for impairment on loans and advances to customers over net loans
25	**Return on Assets**	Profit / (loss) for the period over adjusted total assets
26	**Net results or net profit**	Profit / (loss) for the period attributable to equity holders of the parent
27	**Cumulative provisions**	Allowance for impairment on loans and advances to customers gross of PPA adjustment
28	**Operating expenses (OpEx)**	Total operating expenses before provisions
29	**Loan impairment charges**	Impairment losses on loans and advances to customers
30	**Pre Tax Results**	Profit / (loss) before income tax
31	**New Loan Generation**	New loan disbursements that were realized after previous end period
33	**Cross Selling Ratio**	Total product groups over total number of customers