A Step Forward in Restoring Profitability

Solid Operating Performance, Driven by Cost Efficiency and Cost of Risk Normalisation

- Pre Tax Profit of €80mn for the year, reversing a period of annual losses.
- Pre Provision Income of €851mn of recurring nature sets the base forward.
- New Loan Disbursements of €3.1bn in FY.2018.
- Net Fees in all business line segments of the Bank displayed positive growth.
- Operating Cost reduction exceeded targets, down by 8% yoy in FY.2018 (recurring base).
- Cost of Risk improved to 157bps in FY.2018 vs 479bps in FY.2017.

Balance Sheet Repair, Organic Trends Encouraging

- Significant NPE reduction over the past year (-€5.5bn).
- Default rate falling and cure rate improving.
- Completion of two NPE portfolio sales of €1.8bn aggregated gross book value.
- Two new NPE sales projects under way of €1.3bn gross book value.
- Cash coverage of NPLs at 77%, NPE cash coverage ratio at 49% (while adding collateral total coverage increases to c.100%).
- Conclusion of international divestments in line with the 2015 Restructuring Plan.
- New updated NPE target for YE 2021 is set at €11bn, reflecting a decrease of €15bn vs Dec.2018 level.

Enhanced Liquidity Profile and Funding Mix, Underpins Healthy Loan Growth

- Deposits in Greece up by €3.6bn yoy.
- Zero ELA reliance since mid-July 2018.
- Gradual shift of covered bonds to zero cost ECB funding from interbank repo utilisation.
- Net loan-to-deposit ratio down to 85% vs. 103% a year ago.
- On track to meet LCR target, at 61% in Dec.2018.

Progress in Executing Capital Enhancement Plan

- 94% of the internal capital generating actions, have been concluded.
- CET-1 ratio at 14.0% in Dec.2018, pro-forma for asset disposals.
- 2019 SREP Pillar 2 Requirement reduced by 50bps, a testament to progress achieved.

Management Statement

" We can look back at 2018, as a year where the Greek economy recorded GDP growth of 1.9%. Furthermore, in early 2019, Greece has returned to the market for the first time since the bailout program exit, with five- and ten-year bonds that attracted high quality investor interest.

Confidence is gradually returning to the Greek banking sector and this is evident across banking operations and especially in terms of liquidity, relying on steady deposit inflows. Asset quality remains a top priority for Greek banks, with progress in reducing the NPE stocks, while additional initiatives are being pursued to derisk NPEs even further. Current proposals, such as the Greek Asset Protection Scheme, the Bank of Greece Asset Management SPV structure, and the revision of the so-called "Katseli" Law, provide a systemic approach and additional flexibility in resolving the NPE issue, should they become available.

With the return to profitability, the recovering balance sheet, and a strong determination for corporate governance and internal controls, we have laid the foundations for sustainable growth for Piraeus Bank.

Piraeus Bank, with an accelerated pace during the past year, has completed the vast majority of its commitments under the Restructuring Plan, and aims to exit this context and pave its course for the future.

Finally, the Bank successfully launched its new corporate values in 2018, aiming to build a strong, common culture for the benefit of customers, employees, shareholders and society at large."

George Handjinicolaou, Chairman of the BoD

Management Statement

"In face of significant challenges in 2018, we have made progress on a number of fronts towards our objectives of balance sheet de-risking, optimising efficiency and re-focusing the business in creating sustainable returns. Profitability restoration has been a top priority and gained traction in 2018, as the Bank recorded pre-tax profit of €80mn, supported by an 8% cost containment on a like-for-like basis. Our liquidity and funding profile has been improving consistently over the past two years. Domestic deposit inflows in 2018 amounted to €3.6bn, an increase of 9% yoy, allowing us to fully eliminate ELA facility in mid-July 2018, while ECB eligibility status for our covered bond pool, enable us to replace interbank repo financing with ECB main operations refinancing, supporting our net interest income trend.

We have delivered on our commitment to further strengthen the Greek economy by increasing new loan generation to €3.1bn in 2018, while raising further our 2019 production target to €4bn. With a loan-to-deposit ratio of 85% at the end of 2018 from 103% a year earlier, we can facilitate the expected demand for loans, while enabling the gradual normalisation of the Bank's performing loan book, which stood at €24bn at the end of 2018, broadly stabilised during the second half of the year.

We are leveraging on efficiency and digitalisation to transform our operating model, with an improved cost reduction performance in 2018. Operating expenses on a recurring basis, dropped 8% in 2018 versus 2017.

In terms of asset quality, we have decisively continued to de-risk our balance sheet. We managed to reduce NPE by €5.5bn in 2018, meeting our targets, while maintaining the NPE cash coverage ratio to 49%. Taking strength from our asset quality track record, in March 2019 we upgraded the commitments of our NPE operational targets plan, which now calls for a €15bn reduction in NPEs to €11bn by the end of 2021.

Following the Supervisory Review and Evaluation Process (SREP) performed by the ECB in 2018, the SREP Pillar 2 Requirement for the Bank has been reduced by 50bps. The Overall Capital Requirement, including the phasing-in of the Capital Conservation Buffer and the Other Systemically Important Institution Buffer, will rise by 75bps, to 14.0%, as of 1st March 2019.

Piraeus has been executing a capital-strengthening plan to ensure that the Bank continues to remain above the applicable capital requirements at all times. With more than 94% of internal capital generating actions already concluded, the Common Equity Tier 1 ratio of the Group as at 31 December 2018 stood at 14.0%, pro-forma for the disposal of its international subsidiaries. The Bank is pursuing a number of capital actions that are expected to result in capital levels that satisfy both the regulatory requirements, as well as the Bank's risk appetite.

We are working towards the implementation of our plan, delivering on our commitments and operational targets, while accelerating the repair of our balance sheet. For the full year 2019, we are dedicated to achieving our NPE goals, and we are targeting a positive bottom-line result."

Christos Megalou, Chief Executive Officer

P&L Highlights: Gradually Restoring Profitability

NII pressure eased in Q4.2018

FY.2018 NII declined 14% yoy at €1,410mn, mainly due to IFRS 9 FTA negative impact. On a qoq basis, NII grew 2% in Q4.2018 at €355mn, reversing the negative trajectory since Q1.2017, on the back of new loan disbursements at spreads higher than the back book and reduced funding costs. The de-escalation of time deposit cost continued to contribute in offsetting the pressure: new time deposits rate stood at 60bps in Q4.2018, down from 62bps in Q3.2018, while the disengagement from ELA continued to contribute positively to NII (€18mn costs in FY.2018 versus €144mn in FY.2017). The Net Interest Margin (NIM) in FY.2018 stood at 241bps vs. 274bps in FY.2017, while on a quarterly basis NIM was stable at 243bps.

NFI contribution increases

Net fee and commission income was up 2% yoy to €339mn in FY.2018, driven by commercial banking activities and monetization of a long standing cooperation with a leading global insurance company. The Group's net fee and commission income on a recurring basis as a percentage of total assets improved to 50bps in FY.2018 from 49bps in FY.2017.

Recurring operating expenses down 8% yoy

Group operating expenses stood at €1,161mn in FY.2018, up 5% yoy. The increase is due to the cost of the voluntary exit scheme (VES) that took place mostly in H1.2018 and in total amounted to €154mn. Excluding this one-off item, operating expenses declined by 8% yoy, beating our set target of 6% decline on a recurring basis. Administrative costs declined by 4% yoy, while staff costs on a recurring basis declined 13% yoy. Further actions are already implemented or planned to take place in 2019, mainly on resource rationalization, cost efficiencies and expanded digital footprint that will further reduce admin and staff costs in 2019. The cost-to-income ratio stood at 54% on a recurring basis for FY.2018 and 52% for Q4.2018.

Pre provision income trend

Group Pre Provision Income (PPI) amounted to €721mn in FY.2018 posting a 27% decrease yoy, mainly due to the impact of the IFRS9 FTA on the NII and the cost of the VES. On a recurring basis, PPI stood at €851mn, 4% lower yoy in FY.2018, with progress on cost reduction coming close to offsetting the decline in NII. In Q4.2018 Group recurring PPI improved by 9% at €226mn courtesy of higher NII and other income.

Provision cost normalized

Provisions for loans stood at €599mn in FY.2018 compared to €2,020mn in FY.2017 as the Group continues its path to normalisation. Cost of risk for FY.2018 was 157bps over net loans vs. 479bps in FY.2017. In Q4.2018 Group loan impairment charges decreased by 8% qoq to €137mn and cost of risk over net loans was 144bps compared to 153bps in Q3.2018.

Positive net result

Group's net result from continuing operations attributable to shareholders was €185mn in FY.2018 vs. losses of €9mn in FY.2017, another testament that the Bank's journey to normality is on track. Discontinued operations in FY.2018 were loss-making by €344mn vs €192mn in FY.2017, mainly resulting from international divestments. In Q4.2018, the net result from continuing operations attributable to shareholders amounted to €145mn compared to €6mn the same period of 2017.

Balance Sheet Highlights: Strengthening of Balance Sheet and Improved Funding Profile

Customer deposits in Greece +9% yoy

Customer deposits amounted to €44.7bn at the end of Dec.2018 (+5% yoy) despite the sale of subsidiaries in Serbia, Romania, Albania and Bulgaria, which cumulatively accounted for more than €2.5bn right before their deconsolidation. Piraeus Bank deposits in Greece amounted to €44.5bn at the end of Dec.2018 (+9% yoy), with +€1.8bn of inflows since Sep.2018. Deposit costs continued their declining trend, to 41bps in Dec 2018 for the total book vs 47bps a year ago (or 42 bps in Q4.2018 vs 46 bps in Q4.2017).

Improved liquidity and funding profile

Eurosystem funding stood at €3.2bn at the end of Dec.2018 from €9.7bn a year ago. In particular, ELA funding has been eliminated since mid-July 2018, from €5.7bn at the end of 2017. ECB funding increased to €3.2bn at the end of Dec.2018, as the Bank shifted interbank repo funding with funding from ECB's main refinancing operations at zero cost, utilizing its €4bn ECB eligible covered bond pool. Consequently interbank repo balances were reduced to €1.9bn at the end of Dec.2018 vs. €3.3bn at the end of Jun.2018.

Performing loan deleveraging decelerates

Gross loans before impairments and adjustments amounted to €53.1bn at the end of Dec.2018, while net loans amounted to €39.8bn respectively. Gross loans were down €7.2bn compared to 2017, but the performing book balances were down €0.7bn adjusting for write-offs, NPE sales, and discontinued operations classification, displaying a decelerated pace. Gross loans in Greece stood at €52.0bn at the end of Dec.2018. The net loan-to-deposit ratio of Piraeus in Greece recorded a substantial improvement, landing at 84% at the end of Dec.2018 from 102% a year ago. New loan disbursements reached €3.1bn in 2018.

CET-1 ratio

The Common Equity Tier 1 (CET1) ratio of the Group as at 31 Dec.2018 was at 14.0% on a pro-forma basis, adjusted for the Risk Weighted Assets relief from the disposals of subsidiaries in Albania and Bulgaria. The Bank's organic Capital Enhancement Plan is progressing according to schedule with a completion rate of c.94%, strengthening further the Bank's capital base.

NPEs down €5.5bn year-over-year

Total reduction of NPEs amounted to €5.5bn during the last 12 months, bringing the stock down to €27.3bn at the end of Dec.2018 and was a result of both organic and inorganic effort. The NPE ratio eased to 53.1% in 2018 from 56.0% in 2017. The respective NPE coverage by cumulative provisions ratio remained at the level of 49%. The Bank completed in Q4.2018 the transactions related to the disposal of 2 NPE portfolios of €1.8bn aggregated gross book value, one comprising secured business loans (Amoeba) and the other unsecured consumer loans (Arctos). The Bank has already in the pipeline 2 new NPE sales projects, of €1.3bn aggregated gross book value.

NPE Operational Targets

In March 2019, Piraeus Bank upgraded its NPE target for year-end 2021, which is set at €11bn, implying a cumulative decrease of €15bn vs Dec.18 driven by both organic and inorganic effort.

Footprint & headcount

Piraeus Bank's branch network in Greece at 31 Dec.2018 constituted 553 units (reduced by 67 yoy), while currently stands at 551 units. The Group's headcount for continuing operations was 12,557 employees, of which 12,097 are in Greece (reduced by 1,156 yoy). Piraeus launched a Voluntary Exit Scheme (VES) in early 2018, with more than 1,300 employees participating. It is expected that c.€50 mn of recurring cost savings will be fully phased in annually, as a result of the VES, which have already started being crystallised.

Selected Figures of Piraeus Bank Group

Consolidated Data (amounts in €mn)	31.12.17	31.12.18	Δ y-o-y	30.09.18	Δ q-o-q	
Selected Balance Sheet Figures [1]						
Assets	**67,417**	**61,880**	**-8.2%**	**59,264**	**4.4%**	
Deposits	**42,715**	**44,739**	**4.7%**	**42,886**	**4.3%**	
Gross Loans before adjustments[1]	**60,260**	**53,091**	**-11.9%**	**52,788**	**0.6%**	
Cumulative Provisions	**15,541**	**13,333**	**-14.2%**	**13,917**	**-4.2%**	
Total Equity	**9,544**	**7,506**	**-21.4%**	**7,401**	**1.4%**	
Selected P&L Results [2]	**FY 2017**	**FY 2018**	**Δ y-o-y**	**Q3.2018**	**Q4.2018**	**Δ q-o-q**
Net Interest Income	1,639	1,410	-14.0%	349	355	1.8%
Net Fees & Commission Income	331	339	2.5%	124	76	-38.6%
Core Banking Income	**1,970**	**1,749**	**-11.2%**	**473**	**431**	**-8.8%**
Net Trading & Inv. Securities Income	73	80	9.5%	15	36	-
Other Operating income & Dividend Income	45	53	16.7%	11	9	-18.4%
Net Income	**2,088**	**1,882**	**-9.9%**	**499**	**477**	**-4.5%**
-excl. one-off items [3]	**1,976**	**1.858**	**-6.0%**	**451**	**477**	**5.7%**
Staff costs	(546)	(616)	12.9%	(117)	(114)	-2.9%
Administrative Expenses	(462)	(442)	-4.3%	(103)	(129)	24.7%
Depreciation & Other Expenses	(98)	(103)	4.6%	(26)	(26)	0.9%
Total Operating Costs	**(1,106)**	**(1,161)**	**5.0%**	**(246)**	**(269)**	**9.1%**
-excl. one-off items [3]	**(1,089)**	**(1,007)**	**-7.6%**	**(243)**	**(250)**	**3.2%**
Pre Provision Income	**983**	**721**	**-26.6%**	**253**	**208**	**-17.7%**
-excl. one-off items [3]	**887**	**851**	**-4.0%**	**209**	**226**	**8.6%**
Impairment Losses on Loans	(2,020)	(599)	-70.4%	(149)	(137)	-7.9%
Impairment Losses on Other Assets [4]	(151)	(57)	-61.9%	(4)	(64)	-
Associates' Results	(31)	15	-	11	28	-
Pre Tax Result	**(1,219)**	**80**	**-**	**110**	**34**	**-68.7%**
Income Tax	1,207	93	-	(17)	103	-
Net Result Attrib. to SHs Cont. Operations	**(9)**	**185**	**-**	**94**	**145**	**53.7%**
Non-Controlling Interest Cont. Operations	(4)	(11)	-	(1)	(7)	-
Net Result from Discontinued Operations	(192)	(344)	-	(27)	(4)	-

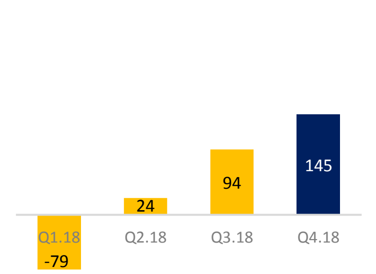
(1) The Sep.18 and Dec.18 deposits, gross loans and cumulative provisions exclude operations in Bulgaria and Albania, which as of Q2.2018 were classified as discontinued.

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

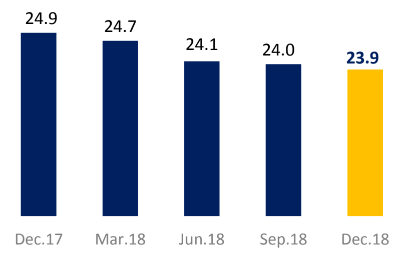
(3) In FY 2017 a €35mn bancassurance persistency fee is excluded from Net Fee Income. In Q3.2018 a €48mn extraordinary quality commissionwas related for past performance for general insurance business. In Q2.2018, €24mn loss in other income was flagged as one-off. In addition, extraordinary staff costs related to VES of €132mn, €4mn and €18mn were classified as one-off items in Q1.18, Q3.2018 and Q4.2018 respectively.

(4) Reversal of loan impairment of €67mn from sale of 2 NPE portfolios included in impairment losses on other assets in FY.2018

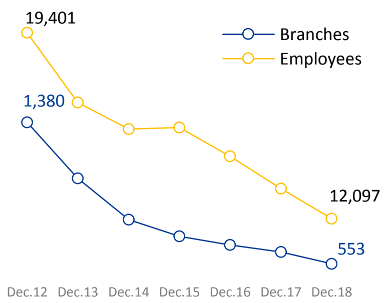
Group Net Result Attributable to Shareholders (continuing operations) (€mn)



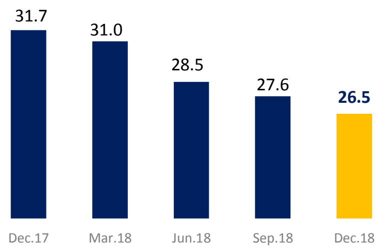
Performing Loans in Greece (€bn)



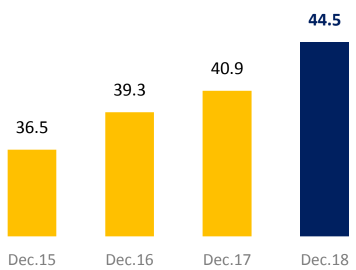
Employees & Branches in Greece (#)



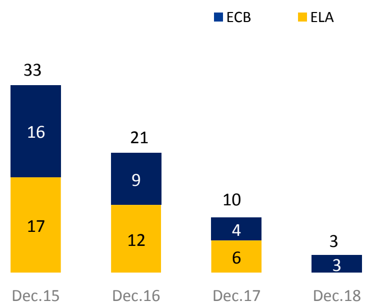
NPEs in Greece (€bn)



Customer Deposits in Greece (€bn)



Eurosystem Funding (€bn)



ALTERNATIVE PERFORMANCE MEASURES (APM) AT GROUP LEVEL

#	Performance Measure	Definition
1	**NII**	Net Interest Income
2	**NFI**	Net Fee and Commission Income
3	**DTAs**	Deferred Tax Assets
4	**PPA Adjustment**	Purchase price allocation (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 €3.5bn at the end of 2018, €4.0bn at the end of Q3.2018, €5.8bn at the end of 2017.)
5	**Adjusted Total Assets**	Total assets excluding assets amounting to: 1) €3.3bn in December 2018 of discontinued operations in Albania and Bulgaria, the OPEKEPE seasonal agri-loan, and other discontinued operations 2) €7.5bn in December 2017 consisting of discontinued operations in Albania, Bulgaria, Romania, Serbia, the OPEKEPE seasonal agri-loan, the EFSF/ESM bonds, and other discontinued operations.
6	**Gross Loans before Impairments & Adjustments**	Loans and advances to customers at amortised cost before ECL allowances for loans and advances to customers at amortised cost gross of PPA adjustments
7	**Net Loans**	Loans and advances to customers at amortised cost
8	**Net Loans to Deposits Ratio**	Net loans over deposits due to customers
9	**Core (Banking) Income or NII+NFI**	Net interest income plus net fee and commission income
10	**Net Interest Margin (NIM)**	Net Interest Income over adjusted total assets
11	**Net Fee Income on a Recurring Basis over Assets**	Net Fee and Commission Income less €35mn of net fee income relating to a bancassurance persistency fee in Q3.2017 and €48mn of net fee income relating to an extraordinary quality commission for past performance in our cooperation for general insurance business with an international partner over adjusted total assets
12	**One-off Items**	In Q1.2017, €21mn of other income from the sale of EFSF bonds were classified as one-off. In Q2.2017, €45mn of other income relating to the net effect of remeasurement of the present value of a finance lease obligation of Picar S.A off-set by the loss on the remeasurement of the City Link investment property at fair value was classified as one-off, "Picar One-Off". In Q3.2017, €35mn of net fee income relating to a bancassurance persistency fee was classified as one-off. In Q2.2018, €67mn reversal of loan impairment from the sale of 2 NPE Portfolios, €24mn loss in other income and €32mn in other provisions were flagged as one-off. In Q1.2018, €132mn of Voluntary Exit Scheme staff costs were booked, €4mn in Q3.2018, €18mn in Q4.2018, and €16mn in Q4.2017 ("VES One-Off"). In Q3.2018, €48mn of net fee income relating to an extraordinary quality commission for past performance in our cooperation for general insurance business with an international partner was classified as one-off.
13	**Pre Provision Income (PPI)**	Total net income less total operating expenses. The relevant amounts corresponds to "Profit before provisions, impairments and income tax"
	Pre Provision Income (PPI) on a recurring basis	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
14	**Cost to Income Ratio (Recurring)**	Total operating expenses before provisions over total net income excluding the one-off items related to the corresponding period, as per item #12
15	**CET1 Capital Ratio on Pro-forma Basis**	CET1 capital ratio taking into account RWA relief for the divestments of Piraeus Bank Bulgaria, Albania and other stakes

#	Performance Measure	Definition
16	**NPLs - Non Performing Loans**	Loans and advances to customers in arrears over 90 days past due gross of PPA adjustments
17	**NPEs - Non Performing Exposures**	On balance sheet credit exposures before ECL allowances for loans and advances to customers at amortised cost gross of PPA adjustments 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 and other unlikely to pay (UTP) criteria
18	**NPL Ratio**	Non-performing loans over Gross Loans before Impairments & Adjustments
19	**NPE Ratio**	Non-performing exposure over Gross loans before impairments & Adjustments
20	**NPL (Cash) Coverage Ratio**	ECL allowance for impairments on loans and advances to customers at amortised cost gross of PPA adjustments over NPLs
21	**NPE (Cash) Coverage Ratio**	ECL allowance for impairments on loans and advances to customers at amortised cost gross of PPA adjustments over NPEs
22	**Cost of Risk (CoR)**	ECL allowance for impairments on loans and advances to customers at amortised cost gross of PPA adjustments over net loans
23	**Return on Assets (RoA)**	Profit / (loss) for the period over adjusted total assets
24	**Net Results or Net Profit**	Profit / (loss) for the period attributable to equity holders of the parent
25	**Cumulative Provisions**	ECL allowance for impairment on loans and advances to customers at amortised cost gross of PPA adjustments
26	**Operating Expenses (OpEx)**	Total operating expenses before provisions
27	**Loan Impairment Charges**	ECL impairment charges on loans and advances to customers at amortised cost
28	**Pre Tax Results**	Profit / (loss) before income tax
29	**Net Revenues**	Total Net Income
30	**Deposits or Customers Deposits**	Due to Customers