



Focus on Employee & Client Support in Response to COVID-19 Crisis Capital Buffer of More than €2bn Strong Performance in 2019 in All Areas of Business

Actions to ensure employee health & safety, business continuity and client support in response to COVID-19 crisis

- Key priority the health & well-being of employees, clients and all Bank stakeholders
- Uninterrupted operations; early & proactive actions taken in line with Business Continuity Plan
- One out of two employees work from home; three out of four employees respectively for central operations
- Committed nation-wide service offering for Piraeus' clients; shift to digital banking platforms
- Intense preparation for the necessary financial support and targeted solutions to customers to mitigate implications of the COVID-19 emergency
- The Bank as a long-term leader in ESG issues has taken action to contribute to society and economy

Performance: Solid progress in 2019

- Net interest income +2% yoy
- Net fee income +9% yoy on recurring basis
- Recurring operating expenses down 6% yoy
- Recurring pre provision income +6% yoy
- Cost of risk at 1.9% over net loans
- Net result attributable to shareholders €270mn vs €185mn in 2018
- New loan disbursements in Greece of €4.1bn

De-risking: Intensified effort on the back of HAPS along with organic improvement

- 17th consecutive quarter of NPE reduction in Q4.19
- NPE reduction of €3bn in 2019 at €24.5bn; historically low inflows in Q4.19
- The Hellenic Asset Protection Scheme ("HAPS") is expected to facilitate de-risking effort
- Preparations for NPE securitisations of c.€7bn on track (c.€5bn "Vega", c.€2bn "Phoenix")
- Strategic partnership with Intrum Hellas supports Piraeus' NPE derisking strategy

Solid capital and liquidity profile

- Issuance of Tier 2 debt of €500mn in Feb.2020
- CET1 ratio at 14.8% and total capital ratio at 16.8% proforma for Tier 2 of Feb.2020
- Capital buffer of €2.3bn against the 11.75% minimum Overall Capital Requirement for 2020
- Loans to deposits ratio at 79%; Liquidity Coverage Ratio at 117% at end-2019
- Customer deposits +6% yoy
- Strong liquidity position and ample buffers within the current turbulent period





Management Statement

“The coronavirus is proving to be an unprecedented health emergency for societies around the world, which is mutating into a significant economic shock to the economies.

It is important to remember that 2019 was a year of growth for the Greek economy. Whether these positive developments in 2019 will sustain an economic recovery in Greece, which is currently experiencing a particularly turbulent environment, like many other economies around the world, will depend on our ability to mitigate the emerging negative repercussions and manage the new prevailing conditions. Up until now this effort has been effective in Greece.

Enterprises including banks are addressing operational challenges, including the responsibility of safeguarding the health and well-being of their employees and customers. At Piraeus Bank, we are responding to this crisis with a strong sense of responsibility and determination, promoting a spirit of cooperation and taking actions in order to support all our stakeholders.

The Bank’s solid capital base, ample liquidity buffers along with full operational readiness enable us to withstand the current stressed situation and provide our services to customers.

We acknowledge that this is a challenging period for both households and businesses and the economy overall. As a result, consistent with our corporate responsibility strategy and aiming at reducing the implications of the coronavirus emergency, we have undertaken timely measures to support customers, both individuals and businesses, with a focus on SMEs, in collaboration with the official sector, institutions, organisations and strategic partners.

The Bank will continue to conduct sound corporate governance, solid capital and liquidity planning and robust risk management for the benefit of its customers, employees, shareholders and society at large.”

George Handjinicolaou, Chairman of the BoD





“The COVID-19 outbreak is affecting banks and economies on a global scale. We are closely working with the Greek authorities, the supervisory bodies and our stakeholders to address the challenges the pandemic presents. The health of our people and customers is our top priority. We constantly evaluate the situation, and although it is difficult at this point to have a proper and clear picture of the impact, we are conducting diligent analysis of our portfolio and client relationships.

Since the current health crisis emerged, the Bank has been addressing all aspects of the situation and has activated all necessary protocols and actions to mitigate the possible effects. We rely on our 2019 fundamentals that depict our strong progress and we work in all fronts, based on our enhanced capital positions and solid liquidity profile.

On profitability, we reported net profit attributable to shareholders of €270mn, driven by resilient top line and improved operating efficiency.

We placed special focus on the Bank’s capital enhancement in 2019. Piraeus managed to increase its capital base by ~280bps, outperforming initial expectation. Our total capital ratio at the end of the year stood at 15.7% with CET1 ratio at 14.8%. Including the €500mn Tier 2 issued in February 2020, our total capital ratio stands at 16.8%.

Our NPE reduction effort in 2019 resulted in €3bn NPE decrease. As reported in our market update on 3 February, NPE inflows were at historic lows in Q4.19. Our preparations for the two NPE securitizations totaling €7bn continue unabated.

Our liquidity position remains solid and ample; during Q1.20 private sector deposits have been increasing, with our liquidity coverage ratio hovering around 120%, higher than year-end 2019.

Piraeus Bank has taken action early on to support its clients and the economy in accordance with the measures taken by the Greek and EU authorities to alleviate the economic consequences of the pandemic.

We remain confident that, as soon as these extraordinary events subside, the economy will revert to a healthy growth. Piraeus Bank remains committed to fully leverage on its capacity to generate value, to serve and support customers, shareholders and employees.

Christos Megalou, Chief Executive Officer





2019 Performance Highlights

Resilient net interest income

Net Interest Income (NII) reached €1,435mn in FY.2019, +2% yoy. The €4.1bn new loans disbursed in 2019 surpassed the initial target of €3.8bn and came in with an average rate of 4.7% that contributed positively to the top line, while at the same time customer deposits and interbank funding costs have also been supportive. Overall, NIM in FY.2019 stood at 241bps, stable vs FY.2018.

Net fee income growth continues

Net Fee and Commission Income (NFI) amounted to €318mn, +9% yoy on a recurring basis. Ancillary fee volumes continued their improvement, as the Bank capitalised on the increasing loan demand, transaction banking positive trends, payments, as well as investment banking & asset management recovering business.

Expenses further reduced

Recurring operating expenses stood at €982mn, -6% yoy in FY.2019. This trend improved the Group's recurring cost-to-income ratio to 54% in FY.2019 vs 57% in FY.2018.

Pre provision income strengthens

Recurring Pre Provision Income (PPI) amounted to €841mn in FY.2019, +6% yoy. Core PPI (NII plus NFI minus recurring OpEx) in FY.2019 rose 17% yoy amounting at €771mn, demonstrating the strength of the Bank's core franchise.

Cost of risk at 1.9%

Impairment charges in FY.19 stood at €710mn, with inorganic initiatives contributing €193mn. Cost of risk as a percentage of net loans stood at 1.9%, with the organic cost of risk at 1.4% and the inorganic part at 0.5%.

Profitability at €270mn

Net results attributable to shareholders for the full year reached €270mn vs €185mn in 2018. It is noted that in Q4.2019 income included €351mn pre-tax gain from the internal NPE servicer carve-out to Intrum Hellas.

Capital ratios strengthened

Total capital ratio, including the Tier 2 issue in February 2020 on a proforma basis, stood at 16.8% versus an overall capital requirement of 11.75% for 2020 from 14.25%, post supervisory statements as at 20 March 2020. ECB decision is providing further buffers to allow European banks more flexibility in these turbulent times, with the change of the Pillar 2 Requirement mix as per Capital Requirements Directive V and the temporary suspension of the Capital Conservation buffer.

Customer deposits in Greece +6% yoy

Customer deposits in Greece grew to €47.1bn at the end of FY.2019, +6% yoy. Private sector deposits increased by €2bn yoy, with improvement in all retail customer segments. Liquidity coverage ratio stood at 117% in Dec.19 and net loans to deposits ratio at 79% respectively.

Healthy new loan generation

New loan disbursements reached €4.1bn in FY.2019, enhancing the Bank's performing book and its interest income despite de-risking efforts and negative interest rate environment.

Asset quality improves; work-in-progress for €7bn NPE securitisations

The fourth quarter of 2019 was the 17th consecutive quarter of NPE reduction for Piraeus. Group NPEs stood at €24.5bn, -€3bn yoy and €13bn down from peak, with historically low inflows recorded in Q4.19. Group NPE ratio was 49% in Dec.2019, while the Group NPE coverage ratio stood at 45%. The scheduled NPE securitisations work of c.€7bn is on track (c.€5bn "Vega", c.€2bn "Phoenix") to be placed with the Hellenic Asset Protection Scheme ("HAPS"), further facilitating Piraeus' de-risking effort.





Business Continuity Plan and Operational Impact due to COVID-19

Piraeus Bank, acting responsibly as per its ESG agenda, is contributing substantially to contain the spread of COVID-19, as well as mitigate the related impact. Early on and on a proactive basis, the Bank has been in full alignment with the guidelines of the Greek State, adhering strictly and consistently to the recommendations of the Ministry of Health and the National Public Health Organisation (EODY), aiming at safeguarding the health & safety of its customers, employees and stakeholders overall and contributing to the stability in the Greek economy and society. In parallel, the Bank provided a donation for medical supplies (equipment) to the Greek State.

Piraeus Bank has adopted the following actions until now:

■ *for customers:*

- encouraging customers to use Piraeus Bank's digital networks (winbank, mobile banking, phone banking), through which they can safely conduct their transactions 24-hrs a day
- strengthened cyber security to protect customers' transactions
- offering targeted solutions to customers affected directly or indirectly by the outbreak of COVID-19, standing by their side with tangible support utilising its resources and all available tools
- implementing, in collaboration with Intrum Hellas, specialized plans to support and facilitate borrowers, individuals and small businesses, directly or indirectly affected
- preparing for loan treatments in co-ordination with supervisors and the Greek authorities, via moratoria or guarantee schemes under way, without compromise in credit underwriting criteria
- has adopted a zero-queue policy with meeter-greeter role outside the branch

■ *for employees:*

- proceeded with early preparation for hygiene programs to ensure safe environments and flexible work plans paving the way for massive work from home
- enhanced protective measures and distributed detailed instructions for employees working, while taking targeted actions e.g. masks, protective glasses for tellers etc
- reviewed the policy on business travel abroad and internally as of February 2020, postponing scheduled trips
- provided reinforcement of in-house medical experts team
- provides a 24h/7d phone support to all employees for possible medical queries or psychological support
- continuously monitors COVID-19 incidents and strict implementation of protocols in case of COVID-19 diagnosed cases
- enhanced security measures for the admittance in Piraeus Bank's premises & branches to facilitate incidents' tracing
- provides special purpose leaves to employees belonging to vulnerable groups as defined by EODY, as well as parents, in the context of their facilitation and application of the instructions of the Greek authorities
- has put in action a series of preventive measures, including more intensive daily cleaning with powerful disinfectants and antibacterial cleaners in the workplace and continuously distributing antiseptic liquid to our units and branches

■ *for suppliers:*

- ensured that third party business partners comply to business continuity practices and provide related information





GLOSSARY / ALTERNATIVE PERFORMANCE MEASURES (APM) AT GROUP LEVEL

#	Performance Measure	Definition
1	NII	Net Interest Income
2	NFI	Net Fee and Commission Income
3	Non Recurring (One-off) Items	Non Recurring Items for FY.18 include €48mn extraordinary quality commission (reported in Net Fee Income), €154mn VES costs and €34mn other offsetting cost adjustments (both reported in OpEx) Non Recurring Items for FY.19 include €351mn capital gain from the NPE servicing platform carve-out (included in trading Income), €36mn related with VES costs and €5mn other offsetting cost adjustments (both included in OpEx)
4	Adjusted Total Assets	Total assets excluding assets amounting to: 1) €3.3bn in Dec.2018 of discontinued operations 2) Albania and Bulgaria, the OPEKEPE seasonal agri-loan, and other discontinued operations 2) €1.7bn in Dec.2019 of the OPEKEPE seasonal agri-loan plus discontinued operations
5	Gross Loans before Impairments & Adjustments	Loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers
6	Net Loans	Loans and advances to customers at amortised cost
7	Loans to Deposits Ratio (seasonally adjusted)	Net loans over Deposits excluding €1.5bn of agriloan for 31.12.2019
8	Core (Banking) Income or NII+NFI	NII + NFI
9	Net Interest Margin (NIM)	Net Interest Income over adjusted total assets
10	Pre Provision Income (PPI)	Profit before provisions, impairments and income tax
11	Pre Provision Income (PPI) on a recurring basis	PPI excluding the one-off items related to the corresponding period, as per item #3
12	Recurring Core Pre Provision Income (PPI)	Recurring PPI excluding trading & other income
13	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 #3
14	NPEs - Non Performing Exposures	On balance sheet credit exposures before ECL allowances for loans and advances to customers at amortised cost that are: (a) past due over 90 days; (b) impaired or those which the debtor is deemed as unlikely to pay ("UTP") its obligations in full without liquidating collateral, regardless of the existence of any past due amount or the number of past due days; (c) forbore 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
15	NPE Ratio	Non-performing exposures over Gross Loans before Impairments & Adjustments
16	NPE (Cash) Coverage Ratio	Accumulated ECL allowance over NPEs
17	Cost of Risk (CoR)	ECL impairment losses on loans and advances to customers at amortised Cost of the period, annualized over Net Loans
18	Operating Expenses (OpEx)	Total operating expenses before provisions
19	Net Revenues	Total Net Income
20	Deposits or Customers Deposits	Due to Customers
21	Performing Exposures	Gross Loans before Impairments and Adjustments minus NPEs
22	RoTE (Return on Tangible Equity)	Pre tax profit over Tangible Equity (Total Equity minus contingent convertible securities minus intangible assets)
23	Tangible Equity (Book Value)	Total equity minus value of contingent convertible securities (€2,040mn) minus intangible assets
24	LCR (Liquidity Coverage Ratio)	Liquidity coverage ratio is the amount of sufficient liquidity buffer for a bank to survive a significant stress scenario lasting one month
25	Gross Book Value	Gross loans and advances to customers at amortised cost
26	(Recurring) Operating Expenses	Operating expenses excluding one-off items as per item #3
27	CET1 Capital Ratio on a Pro-forma Basis	CET1 capital, as defined by Regulation (EU) No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact, adding (+) profits for the period of €0.3 bn in the numerator (capital) and subtracting (-) €0.3bn from the denominator attributed to NPE portfolios held for sale
28	Total Capital Ratio on a Pro-forma Basis	Total capital, as defined by Regulation (EU) No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact, adding (+) profits for the period of €0.3bn in the numerator (capital) and the issuance of €0.5bn of Tier 2 Notes and subtracting (-) €0.3bn from the denominator attributed to NPE portfolios held for sale

