



Pre Tax Profit of €125mn in Q2.2020 and Continued Progress in Fundamentals

Responsiveness to Support Clients and Employees During Covid-19 Crisis

- New loan disbursements at €3.5bn year-to-date, covering increased credit demand
- Total Bank participation in the “Guarantee Fund for Covid-19” at €1.0bn; on top, €0.4bn financing through the “TEPIX II” programme for new lending to impacted SMEs
- Loans under moratoria to performing customers at €4bn, supporting them to address liquidity issues due to Covid-19 outbreak
- Private sector deposits up by €0.8bn in H1.2020
- Accelerated digital penetration, 4x increase in weekly winbank registrations since early-March 2020 vs last year; 94% of total transactions executed via winbank vs 89% last year
- Piraeus responsiveness to address Covid-19 crisis, acknowledged by both customers and employees
 - In recent client satisfaction survey (TRI*M), Piraeus Bank ranked in the top 10% of the European benchmark
 - Bank employees totally satisfied with the way the Bank handled the Covid-19 pandemic crisis (high satisfaction rate of 81% as per recent pulse survey)

H1.2020 Financial Performance Exhibits Solid Operating Trends

- Net interest income at €727mn, +1% yoy
- Net fee income at €151mn, +3% yoy
- Operating expenses at €428mn, -10% yoy on a like-for-like basis
- Reported pre-provision income at €470mn, +17% yoy
- Impairments increased to €670mn in H1.20, driven by €341mn Covid-19 related charges that incorporate the impact of the new macroeconomic environment to the Bank’s portfolio
- Excluding the aforementioned Covid-19 impact for H1.2020, pre-tax profit stood at €126mn compared to €57mn in the same period last year

Capital & Liquidity Profile; NPE Portfolio Developments

- Total capital ratio at 16.0% and CET-1 ratio at 14.0%
- Strong liquidity coverage ratio at 169%, loan-to-deposit ratio at 83%
- Organic NPE de-risking continues unabated: stock reduction of €1.1bn ytd
- Binding offer received for €0.6bn unsecured NPE portfolio (Iris)





Management Statement

“In the second quarter of the year, we faced what we hope to be the peak of the pandemic crisis, along with the gradual unwinding of the restrictive measures, while in June, the opening of various sectors of the economy gathered pace. Throughout this period, we continued placing the utmost emphasis on the safety of our clients and our employees.

Piraeus Bank provided support to its clients by granting new loans of €3.5bn year-to-date, covering heightened credit demand. In cooperation with the Hellenic Development Bank, Piraeus participated in the “Guarantee Fund for Covid-19”, aiming to facilitate SMEs and Corporates with €1.0bn working capital, and in the “TEPIX II” lending facility, providing financing of €0.4bn. Piraeus Bank is prepared for the new installment subsidy program for impacted borrowers for their outstanding primary residence mortgages. The Bank’s loans under debt moratoria granted to performing customers amount to €4bn. New demand for moratoria is gradually flattening out, given the State sponsored facilities that have become available.

Asset quality trends remain on track with the proactive measures we have taken. During the second quarter of the year, we reduced the NPE stock by €0.8bn. On top, we continue working on the inorganic part of our NPE strategy. On the €2bn Phoenix mortgage NPE securitization, pre-rating has been assigned confirming senior tranche size, while on the €5bn Vega transaction, business plan and pre-rating phase are under way. Furthermore, in late July we have received a binding offer for the €0.6bn Iris unsecured NPE portfolio.

Our capital position has improved in the second quarter of 2020. Total regulatory capital ratio was at 16.0% on a phased-in approach compared to 15.1% in March 2020, with the CET1 ratio at 14.0% vs 13.1% in the previous quarter.

Piraeus Bank recorded solid results in H1.2020. Net interest income and net fees grew by +1% and +3% year-on-year respectively, while operating expenses on a like-for-like basis were reduced by 10% year-on-year. Pre-provision income stood at €470mn, up 17% growth compared to the same period last year. Impairments increased to €670mn in H1.20, driven by €341mn Covid-19 related charges. All in all, pre-tax result stood at a loss of €215mn having incorporated the pandemic impact in H1.2020; when excluding this, pre-tax profit was €126mn.

We continue working on the Bank’s transformation plan to be fully rolled out by Q4 this year. Our aspiration calls for a lean, efficient, de-risked and profitable bank for the benefit of our shareholders, employees and the Greek economy, and we remain committed in attaining this goal.”

Christos Megalou, Chief Executive Officer





P&L Highlights: Satisfactory trends in all lines

Resilient NII on the back of reduced funding costs

Net Interest Income (NII) in Q2.2020 reached €367mn, 2% higher yoy and qoq. Interest expenses have been particularly supportive, -17% yoy and -7% qoq. The significant containment of deposit costs and the utilisation of the ECB LTRO/TLTRO facilities practically absorbed the costs of the two T2 issues. Further, new time deposits rate dropped to 20bps in Q2.2020 compared to 26bps in Q1.2020. The new loan generation, as well as the increasing fixed income portfolio, are also contributing to the resiliency of the NII line. Net Interest Margin in Q2.2020 stood at 2.3% from 2.4% in Q1.2020, reflecting the increased asset base of the Bank.

Fees and trading income displayed resiliency

Net Fee and Commission Income (NFI) in Q2.2020 increased to €80mn, +3% yoy and 12% higher qoq. Main contributors were the new loan generation, as well as increased asset management/private banking and investment banking fees. NFI over assets in Q2.2020 stood at 0.5% up 3bps compared to Q1.2020. The Bank more than recuperated the losses incurred in Q1.2020 in its trading portfolio due to the market volatility.

Operating expenses further reduced

Reported operating expenses in Q2.2020 reached €225mn (-14% yoy and -1% qoq), including the asset management fee paid to the NPE servicer. If this fee and the VES costs in Q2.2019 are excluded, operating expenses are down -13% yoy and -1% qoq. The cost-to-income ratio stood at 44% in Q2.2020 vs 55% in Q1.2020. Staff costs declined by 24% yoy as the Bank is reaping the benefits of the carve-out of the NPE servicing platform and the 2019 VES. In all, Piraeus Bank remains on track to reduce operating expenses by a mid single-digit rate in FY.2020, after a 6% recurring decrease in 2019.

Growth on pre provision income

Pre provision income reached €285mn in Q2.2020 from €187mn a year ago, an increase of 52% yoy. In addition, NII plus NFI minus recurring OpEx in Q2.2020 stood at €222mn, 17% higher yoy and 9% qoq, demonstrating the strength of the Bank's core franchise.

Loan impairments in line with FY2020 guidance

The Q2.2020 impairment charges stood at €160mn from €153mn during the same period last year, broadly at the same underlying level. Loan impairments were €142mn and €146mn respectively. Cost of risk as a percentage of net loans stood at 137bps compared to 153bps underlying cost of risk in Q2.2019. Other impairments stood at €18mn compared to €7mn in Q2.2019. Overall, for H1.2020 impairments stood at €670mn, of which €580mn for loans and €90mn for other assets. The Covid-19 related charges were €274mn and €67mn respectively.

Bottom line improved qoq

Pre-tax result in Q2.2020 stood at €125mn compared to losses of €340mn in Q1.2020 (including the Covid-19 impairment impact of €324mn). Group net profit amounted to €82mn in Q2.2020, compared to €19mn net profit in Q2.2019 and losses of €232mn in Q1.2020.

Further information on the financials & KPIs of Piraeus Bank can be found on the [H1 2020 Results Presentation](#) and the [Six-Month 2020 Financial Report](#). The latter will be available on the Bank's website as of 7th August 2020.





Balance Sheet Highlights: Core Bank Loan Growth and Strong Liquidity

Customer deposits up 2% yoy at lower cost

Customer deposits amounted to €45.7bn at the end of June 2020, up 2% yoy. Private sector deposits increased by €0.8bn year-to-date, with improvement in all retail customer segments similarly to the trends witnessed across economies in Europe. The improvement in liquidity has made the Bank more cost conscious in the last quarters, in its effort to reach a balance between attracting deposits and reducing its interest expenses.

Improved liquidity and funding profile with LCR at 169%

Eurosystem funding increased to €7.0bn as at 30 June 2020 from €0.4bn as at 31 December 2019, through the utilisation of ECB's longer-term refinancing operations (TLTRO) funding facility. This followed the Bank's decision to take advantage of lower Eurosystem funding costs and switch interbank repo positions to ECB TLTRO. Consequently, utilisation of the interbank repo market was reduced to only €0.1bn as at 30 June 2020. Piraeus Bank increased its Liquidity Coverage Ratio (LCR) further to 169% as at 30 June 2020 compared to 117% at the end December 2019.

Performing loan book expands year-to-date

Gross loans before impairments and adjustments amounted to €48.3bn at the end of June 2020, while net loans amounted to €37.8bn. The Bank's domestic performing loan book increased by €0.4bn in Q2.2020 and €0.8bn year-to-date, with business lending driving the growth (+€0.9bn year-to-date). Loan disbursements reached €2.6bn until end of June 2020, on track with our €5bn new loan origination target for 2020. The Group's net loan-to-deposit ratio further improved to 83% vs 85% a year earlier.

Capital ratios at satisfactory level moving upwards

The Common Equity Tier 1 (CET1) ratio of the Group as at 30 June 2020 was at 14.0%, while total capital stood at 16.0%. Fully loaded CET1 and total capital ratio stood at 11.5% and 13.5% respectively. Pro-forma for the anticipated change in the prudential valuation of software and the expected RWA relief from the held-for-sale NPE portfolios, total capital ratio stands at 16.1% and CET1 ratio at 14.1%.

NPE reduction continues

NPEs dropped for the 18th consecutive quarter and stood at €23.3bn at the end of June 2020 down from €24.5bn at 31 December 2019. The NPE coverage by cumulative provisions ratio stood at 45%. Total NPE inflows were lower qoq in Q2.2020, while the pace of NPE curing and restructuring remained intact.

NPE inorganic activity

Binding offer received for €0.6bn unsecured NPE portfolio Iris in late July. On the €2bn Phoenix mortgage NPE securitization, pre-rating has been assigned confirming senior tranche size, while on the €5bn Vega transaction, business plan and pre-rating phase are under way.





Decisive Response Against Covid-19 to Safeguard Interests of All Stakeholders

Piraeus Bank, acting responsibly as per its ESG agenda, is contributing to the containment of the spread of Covid-19, as well as to the mitigation of any related impact. Piraeus Bank, in collaboration with the Hellenic Banking Association, closely monitors the developments and cooperates with the Government and the Supervisory Authorities in order to help address the negative effects of the coronavirus pandemic and the disruption of economic activity.

Debt Moratoria

The Hellenic Banking Association announced its support to businesses and individuals (employees, self-employed and sole proprietors) affected by Covid-19. For individuals, Greek banks offer a suspension of the installments of non-NPLs for a period of three months, with an option of extending the suspension until year-end. For the affected businesses respectively, the banks offer a suspension of the payment of the capital installments of performing loans. Implemented debt moratoria by Piraeus Bank amount to €4bn, of which, half relate to retail and half to business clients.

Greek State support programs

In order to support its customers, Piraeus Bank actively participates in the execution of financing programmes of the Greek State through the provision of guarantees and interest rate subsidies. Within the framework of the sub-program of the Hellenic Development Bank “Guarantee Fund for Covid-19” aiming to facilitate SMEs and corporates with working capital, Piraeus Bank has been allocated a total amount of €1.0bn out of a total of €3.6bn for the market. In the program sponsored by the Ministry of Development for 2-year interest rate subsidy to new financing to medium-sized and small enterprises affected by the pandemic, the Bank participated with 3.2k approved loan requests for an amount of €0.4bn over a total of €1.4bn for the Greek market. The Greek Ministry of Finance announced a new programme (“Gefyra”) for the support of mortgage loan borrowers that will cover both performing and non-performing exposures impacted by Covid-19. The budget cost will be around €1bn. All eligible borrowers will be able to apply for the new programme from early August until 30 September 2020. For Piraeus Bank the eligible impacted borrowers portfolio is estimated at €1.2-1.4bn out of €1.6bn implemented moratoria.

Technology & digital banking

Clients are embracing and benefiting from solutions provided by the Bank’s digital and mobile operations. Record numbers of new registrations continue to take place, while the overall digital usage has increased.

Actions to support society

Piraeus Bank proceeded to the donation of emergency health equipment (20 ventilators), selected according to the instructions provided by the Ministry of Health. Piraeus Bank also engaged its customers to participate in the collective effort utilising the online “Pay & Save” service. At a certain time, depositors saved €0.4mn and the Bank offered the equivalent amounts for needs arising from the pandemic. In order to support vulnerable groups of people, the Bank announced the disposal of 26 equipped and functional homes in Attica, Thessaloniki and Patras for the use of cancer patients, as well as their relatives and escorts in cooperation with the Hellenic Cancer Federation, under the auspices of the Ministry of Health.

Employees

Piraeus Bank is in close cooperation with the appropriate authorities, and has adopted designated protocols, implementing all necessary measures that are recommended for prevention and protection of its employees, setting as primary goal their wellbeing and health safety. The plan for employee gradual return to offices has been aligned with the scientific data and the guidelines provided. At all times, the proposed safety distances have been adopted, while actions and measures have been determined that aim to rationalize the management of customer presence in the branch network. Furthermore, digital communication tools are used and effective remote work practices have been adopted, actively contributing to the maintenance of the Bank’s operational continuity in the midst of the pandemic crisis. Effective practices are developed for work-from-home that approximately 15% of total workforce is using at the moment, aiming at high performance and accountability. Innovative communication channels are being engaged, so that all employees have access to information at all times (“connected” portal). Piraeus’ digital learning platform has been upgraded, utilizing new technologies and ensuring access to all. The Bank’s new learning environment is called “The Uppreat Digital Platform”. It offers the





ability to access material for business topics, follow educational videos and participate in e-learning courses and virtual classes for safety, health and wellness from home.

New Transformation Plan

New transformation plan designed and implementation initiated

Piraeus Bank, capitalizing on the progress of 2017-2019 period, has concluded in July 2020 the design phase of its new transformation plan and has initiated the implementation for the next 3-5 years. The key targets of the plan are:

- to step up the commercial proposition of the Bank, boosting business origination via digital services and automation, fully exploiting high-potential businesses
- to become the Bank of choice, through a customer-centric, digitally enabled and targeted segment value proposition
- to enhance and empower the Bank's talent through a more efficient staffing profile
- to promote simplification and end-to-end automation across the board to lower cost-to-serve and free-up commercial focus.

Piraeus Bank's medium-term aspirations aim at a Bank that will be:

- Leaner, through a 20% operating costs reduction
- Digital, with 3x increase in remote sales versus current status
- Diversified, by switching the Net Fee Income / Net Interest Income mix from ~20-80%, to ~30-70%
- Innovative, by increasing the IT time invested in change initiatives by 35%
- Focused, by increasing the branch time dedicated to revenue generating activities to >50%
- De-risked, by attaining a single-digit NPE ratio
- Productive, by growing volumes and core revenues/FTE





Selected Figures of Piraeus Bank Group

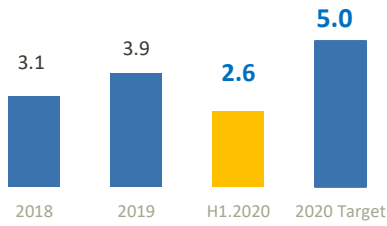
Consolidated Data (amounts in €mn)	30.06.20	31.03.20	Δ qoq	30.06.20	30.06.19	Δ yoy
Selected Balance Sheet Figures						
Assets	64,382	60,378	7%	64,382	59,238	9%
Customer Deposits	45,706	46,697	-2%	45,706	44,890	2%
Gross Loans before Adjustments	48,306	48,676	-1%	48,306	50,757	-5%
Cumulative Provisions	10,514	10,990	-4%	10,514	12,581	-16%
Total Equity	7,648	7,509	2%	7,648	7,651	0%
Selected P&L Results						
	Q2 2020	Q1 2020	Δ qoq	H1 2020	H1 2019	Δ yoy
Net Interest Income	367	360	2%	727	719	1%
Net Fee & Commission Income	80	71	12%	151	146	3%
Net Gain (Losses) from Financial Instruments	52	(33)	-	18	4	-
Other Operating Income & Dividend Income	11	14	-23%	24	25	2%
Net Income	510	412	24%	922	893	3%
Staff costs	(105)	(107)	-2%	(212)	(259)	-18%
-excluding one-off items ¹	(105)	(107)	-2%	(212)	(243)	-13%
Administrative Expenses	(91)	(91)	0%	(182)	(172)	6%
Depreciation & Other Expenses	(29)	(29)	-1%	(58)	(61)	-4%
Total Operating Expenses	(225)	(227)	-1%	(452)	(492)	-8%
- excluding one-off items ¹	(225)	(227)	-1%	(452)	(476)	-5%
Pre Provision Income	285	185	54%	470	402	17%
- excluding one-off items ¹	285	185	54%	470	417	13%
Impairment Losses	(160)	(510) ²	-	(670) ²	(334)	-
-o/w related with Covid-19	(17)	(324)	-	(341)	-	-
Associates' Results	0	(16)	-	(16)	(11)	46%
Pre Tax Result	125	(340) ²	-	(215) ²	57	-
- excluding Covid-19 impairment in 2020 & VES in 2019	142	(16)	-	126	73	-
Income Tax	(41)	110	-	70	(25)	-
Net Result	82	(232) ²	-	(150) ²	38	-
Net Result Attrib. to SHs from Continuing Operations	85	(230) ²	-	(144) ²	34	-
Non-Controlling Interest Continuing Operations	(1)	0	-	(1)	(2)	-
Net Result from Discontinued Operations	(2)	(2)	-	(5)	7	-

(1) One-off item refers to Voluntary Exit Scheme costs in 2019

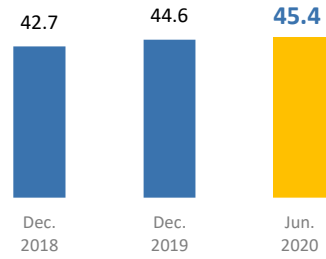
(2) Including Covid-19 impact on impairment on loans and other assets



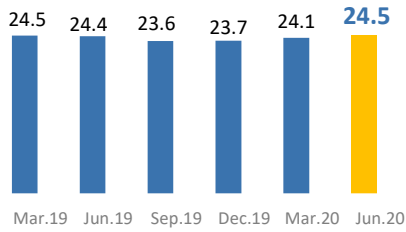
New Loan Disbursements (€bn)



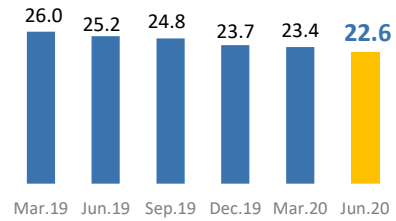
Private Sector Deposits in Greece (€bn)



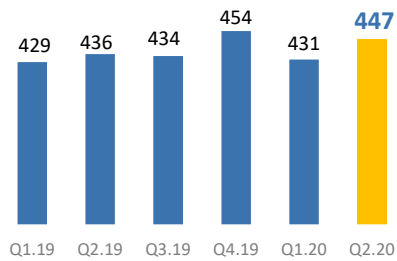
Performing Exposures | Greece (€bn)



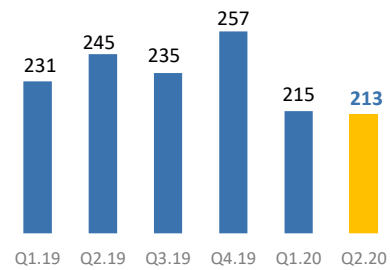
Non Performing Exposures | Greece (€bn)



Group Core Income: NII + NFI (€mn)



Group Recurring Expenses (€mn, like-for-like)





GLOSSARY ALTERNATIVE PERFORMANCE MEASURES (APMs) AT GROUP LEVEL

#	Performance Measure	Definition
1	Adjusted Total Assets	Total assets excluding €0.1bn of discontinued operations assets as at 30 June 2019, 31 March 2020 and 30 June 2020
2	CET1 Capital Ratio on Pro-forma Basis	CET1 capital as defined by Regulation (EU) No 575/2013, with the addition to the numerator of the anticipated change in the prudential valuation of software (c.€30mn) and the subtraction of €0.2bn from the denominator for the expected RWA relief from the held-for-sale NPE portfolios
3	Core Income minus Recurring Opex	NII + NFI minus operating expenses excluding one-off items as per item #24
4	Cost of Risk (CoR)	ECL impairment losses on loans and advances to customers at amortised cost of the period, annualised over Net Loans, with the exception of the Covid-19 impact element that is not annualised in the ratio
5	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 #24
6	Covid-19 Impact	Covid-19 impact of €324mn for Q1.2020 and €17mn for Q2.2020, referring to incremental ECL impairment losses on loans and advances to customers and on other assets, to reflect worsening economic outlook as a result of Covid-19
7	Cumulative Provisions	Accumulated ECL allowance on loans and advances to customers at amortised cost.
8	Deposits or Customers Deposits	Due to Customers
9	DTCs	Deferred Tax Credits
10	Gross Book Value (GBV)	Gross loans and advances to customers at amortised cost before ECL allowance
11	Gross Loans before Impairments & Adjustments	Loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers
12	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
13	Loan Impairment Charges	ECL impairment losses on loans and advances to customers at amortised cost
14	Net Interest Margin (NIM)	Net Interest Income annualised over adjusted total assets as per item #1
15	NFI over Assets	Net Fee Income over adjusted total assets as per item #1
16	Net Loans	Loans and advances to customers at amortised cost
17	Net Loans to Deposits Ratio	Net loans over Deposits
18	Net Results or Net Profit	Profit / (loss) for the period attributable to equity holders of the Bank
19	Net Revenues	Total Net Income
20	NFI	Net Fee and Commission Income
21	NII	Net Interest Income
22	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 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) 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



#	Performance Measure	Definition
23	NPE Ratio	Non-performing exposures over Gross Loans before Impairments & Adjustments
24	NPE (Cash) Coverage Ratio	Cumulative provisions over NPEs
25	One-off (non-recurring) Items	Non recurring costs in Q2.2019 include €16mn related with Voluntary Exit Scheme costs.
26	Operating Expenses (OpEx)	Total operating expenses before provisions
27	Operating Expenses (Like-for-Like)	Operating expenses excluding the asset management fee to the NPE servicer of €12mn in Q1.2020 and €11mn Q2.2020 booked in administrative costs
28	Operating Expenses (Recurring)	Operating expenses excluding one-off items as per item #24
29	Private Sector Deposits	Due to customers excluding Greek Ministry of Finance deposits held with Piraeus Bank
30	Performing Loans (Exposures)	Gross Loans before Impairments and Adjustments minus NPEs
31	Pre Provision Income (PPI)	Profit before provisions, impairments and income tax
32	Pre Provision Income, Recurring	PPI excluding the one-off items, as per item #24
33	Pre Provision Income (PPI) excluding Covid-19 impact	PPI excluding the COVID-19 impact in Q1.2020, as per item #6
34	Pre Provision Income (PPI), like-for-like	PPI, excluding Covid-19 impact and asset management fee to NPE servicer as per item #26
35	Pre Tax Profit / (Loss)	Profit / (loss) before income tax
36	Pre Tax Profit (recurring & excluding COVID-19 impact)	Pre Tax Results, excluding one-off items as per item #24 and COVID-19 impact as per #6 above
37	Total Capital Ratio on Pro-forma Basis	Total Capital as defined by Regulation (EU) No 575/2013, with the addition to the numerator of the anticipated change in the prudential valuation of software (c.€30mn) and the subtraction of €0.2bn from the denominator for the expected RWA relief from the held-for-sale NPE portfolios



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