PIRAEUS BANK

9M.2020 FINANCIAL RESULTS

9M.2020 Financial Results Highlights
Ongoing Support to our Customers and Care for our Employees, Resilient Financial KPIs

Targeted support to clients who have been impacted by Covid-19

- The health and safety of our employees remains our most important priority, and in turn our entire workforce remains solely focused in supporting our customers during this unprecedented crisis
- New loan disbursments of €5.4bn year-to-date, supporting client needs
- Loans under debt moratoria amounted to €5.3bn at the end of September 2020
- Total financing to affected businesses through the “Guarantee Fund for Covid-19” and the “TEPIX II” programs stands at €2.2bn, while €1.8bn SME loans are benefiting from an interest subsidy
- 32k applications received for the state subsidy on mortgage instalments under the “Gefyra” program, corresponding to €1.7bn loan balances
- Digital transactions increased to 94% of total banking transactions from 90% pre lockdown

9M.2020 financial performance demonstrates strong resilience

- Net interest income at €1,107mn, +3% yoy
- Net fee income at €231mn, +2% yoy
- Private sector deposits up by €2.3bn year-to-date
- Operating expenses decreased by -8% yoy, at €686mn
- Sucessful execution of the new VES program, with c.1,000 applications to-date
- Recurring pre-provision income at €732mn, +13% yoy
- Total impairments at €845mn, of which €362mn Covid-19 related (predominantly booked in Q1)
- Excluding Covid-19 impairments, pre-tax profit at €229mn; when included, at €133mn loss

Solid liquidity profile; NPE portfolio sales in full motion

- Further tapping of ECB funding sources by €2bn at €9bn total TLTRO III utilization
- Liquidity coverage ratio at 157%, net loan-to-deposit ratio at 81%
- Contained NPE inflows in Q3.2020 at €130mn
- Phoenix and Vega NPE securitisations via Hercules scheme of €7bn total gross book value in advanced phase; signing for both transactions expected in Q1.2021

Enhanced capital trajectory to accelerate the Bank’s NPE reduction strategy

- Total capital ratio as of end Sep.2020 stood at 16.1% with CET1 ratio at 14.1%
- Supervisory decision not to approve the cash payment of the CoCo coupon, and the subsequent BoD ratification, will lead to the conversion of the €2bn CoCo into ordinary shares
- Coupon savings of ~120bps, or €495mn in total up to 2022, will further strengthen Piraeus’ regulatory capital to fuel the Bank’s NPE deleveraging plan in an accelerated manner
- Capital enhancement actions already under way totaling c.€1bn by the end of 2021, including the CoCo coupon savings of €165mn per annum

Management Statement

"In the third quarter of 2020, the Greek economy started normalizing with most sectors re-opening, while the stress of the pandemic in the health system subsided. August and September offered a glimpse of the pre-Covid era, which regrettably retreated gradually as we moved into the fourth quarter and the second wave of widespread Covid-19 infections.

Throughout this period, we focused on the safety of our people, whilst facilitating our customers to weather the headwinds of the pandemic. Piraeus Bank has been instrumental in providing support to its customers and the Greek economy both in the first phase of the pandemic, and now in the second.

To this end, the Bank has granted suspension of loan payments in excess of €4bn to impacted customers with performing loans. In cooperation with the Greek State, Piraeus is participating in the Covid-19 support financing programmes with €2.2bn loans. Furthermore, Piraeus is currently processing 32,000 applications, for the state subsidy on mortgage instalments, under the "Gefyra" programme corresponding to €1.7bn loan balances. In parallel, more than €1.5bn SME loans are benefiting from interest rate subsidy.

Despite the challenging circumstances, we delivered a strong set of financial results in Q3.2020. Loan disbursements stood at €5.4bn as at late November 2020 year-to-date, already exceeding the annual €5bn target. Net revenue trend was solid with 4% annual growth, coupled with continuous focus on cost control (-8% yoy) and better evolution of impairments in Q3.2020, given the significant provisioning effort that took place in the first quarter of the year. All in all, the Bank recorded a pre-tax loss of €133mn in 9M.2020, or a profit of €229mn, excluding Covid-19 related impairments.

Asset quality trends remained supportive and on track with our expectations. We need to see the duration of the second lockdown, as well as the gradual expiration of debt moratoria, in order to have a better picture of the impact on economic activity and the financial health of our borrowers. Recent developments on Covid-19 vaccines are encouraging and provide grounds for optimism. Regarding our Hercules NPE securitization programme, we are working for the execution of two NPE transactions totalling €7bn by the end of Q1.2021, and we are intensifying our preparatory efforts for our 2021-2022 NPE plan, in terms of both organic and inorganic actions.

Our liquidity position remains robust; we further tapped the ECB funding facilities in Q3.2020, reaching TLTRO balances of €9bn. Private sector deposits grew further by €2.3bn year-to-date with net loan-to-deposit ratio standing at 81% and liquidity coverage ratio at 157% in Sep.2020. As far as capital adequacy is concerned, the Bank's total capital ratio was at 16.1% on a phased-in approach, while the CET1 ratio stood at 14.1% at the end of Q3.2020.

A week ago we communicated to the investment community that the European Central Bank (ECB) had indicated it would not approve Piraeus Bank's request for the cash payment of the €165mn annual coupon of the Contingent Convertible Bond (CoCo). The final decision of the Governing Council of the ECB confirmed this indication. The Bank's Board of Directors, in its meeting today, having considered the available options, decided to exercise its discretion under the relevant terms of the CoCo programme and cancel the CoCo interest payment due on 2 December 2020. This will lead to the conversion of the €2bn CoCo into ordinary shares of the Bank, increasing the Hellenic Financial Stablity Fund's shareholding to 61%, from 26% currently. This development will enhance the Bank's capital trajectory, enabling us to step up our NPE derisking efforts, in parallel with the execution of our transformation plan.

Today, we present to the market our new initiatives for 2021 which include capital actions contributing c.€1bn of additional capital by the end of 2021, including the CoCo coupon savings, enabling the substantial acceleration of our NPE derisking plan. Indicatively, the c.€1bn of additional capital would facilitate an incremental €5bn NPE derecognition, in addition to the €7bn Hercules (Phoenix & Vega) projects under-way.

We remain more committed than ever to our aspiration for becoming a more lean, efficient, derisked and highly profitable bank, operating to the benefit of our clients, providing returns to our investors and adding value to our people and the community."

Christos Megalou, Chief Executive Officer

Q3.2020 P&L Highlights: Healthy Trends in All Lines

NII trend driven by new loans and improved funding costs

Net Interest Income (NII) in Q3.2020 reached €380mn, +8% yoy and +3% qoq. The €2bn new loans disbursed in Q3.2020, along with the €2.5bn new loans that were granted in the first half of the year, and the increased fixed income holdings year-to-date, have contributed to the growth in the NII line. Funding costs (i.e. interest expenses) have also been particularly supportive -24% yoy and -2% qoq, despite the increased cost of Tier 2 debt servicing. Subsequently, the significant containment of deposit costs and the utilisation of the ECB TLTRO III facility absorbed the respective costs. NIM in Q3.2020 stood at 225bps compared to 229bps in Q2.2020.

Resilient NFI

Net Fee and Commission Income (NFI) in Q3.2020 stood at €81mn, +1% yoy and flat vs Q2.2020. Main contributors to the moderate annual growth were new loan generation, as well as bancassurance and asset management fees. Net fee income over assets remained stable qoq at the level of 0.5%.

OpEx further down 6% yoy like-for-like Cost to income at 47%

Operating expenses in Q3.2020 reached €234mn (-1% yoy) including the asset management fee paid to the NPE servicer. If this fee is excluded, Q3.2020 operating expenses were -6% yoy. The cost-to-income ratio stood at 47% in Q3.2020 vs 51% in Q3.2019. Recurring staff costs declined by 7% yoy as the Bank is reaping the benefits of the carve-out of the NPE servicing platform and the 2019 VES. In all, 9M.2020 recurring operating expenses on a like-for-like basis are 9% lower yoy, with Piraeus Bank on track to reduce them by a mid single-digit rate in FY.2020, after a 6% recurring decrease in 2019.

Recurring PPI +14% yoy

Pre provision income reached €262mn in Q3.2020 compared to €285mn in Q2.2020 and €210mn a year ago, an increase of 14% yoy. In addition, NII plus NFI minus recurring OpEx in Q3.2020 stood at €227mn, 15% higher yoy and 2% qoq, demonstrating the strength of the Bank's core franchise.

Loan impairments in line with FY.2020 guidance

The Q3.2020 loan impairment charges stood at €146mn from €157mn during the same period last year and €142mn in Q2.2020. Cost of risk as a percentage of net loans stood at 136bps almost at the same level of 137bps in Q2.2020 and 165bps reported for the Q3.2019. Other impairments stood at €30mn compared to €18mn in Q2.2020. Q3.2020 impairments included €21mn of Covid-19 related charges, while the 9M.2020 respective figure was €362mn.

Bottom line burdened by increased tax

Pre-tax profits in Q3.2020 stood at a €82mn compared to €53mn in the same quarter last year and €125mn in Q2.2020. Group net profit came at breakeven level in Q3.2020, compared to €82mn net profit in Q2.2020 and €49mn in Q3.2019. Q3.2020 tax stood at €79mn mainly as a result of tax crystallization related with Phoenix & Vega securitisations.

For further information on the financials & KPIs of Piraeus Bank kindly refer to Financial Statements and Results Presentation available to the corporate website

Sep.2020 Balance Sheet Highlights: Improving & Strenghtening

Customer deposits up 4% yoy at lower cost

Customer deposits amounted to €47.1bn at the end of September 2020, up 4% yoy and 3% qoq. Private sector deposits increased by €2.3bn year-to-date, with improvement in all retail customer segments. Deposit cost continued to decline to 15bps in Q3.2020 vs 18bps in Q2.2020 and 24bps in Q1.2020. 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 157%

Eurosystem funding increased to €9bn as at 30 September 2020 from € 0.4bn as at 31 December 2019, through the utilization of ECB's longer-term refinancing operations (TLTRO) funding. Utilization of the interbank repo market was only €0.1bn as at the end September 2020. Piraeus Bank further imrpoved its Liquidity Coverage Ratio (LCR) to the level of 157% as at the end September 2020. The Group's net loan-to-deposit ratio further improved to 81% vs 84% a year earlier.

Performing loan book expands year-to-date

Gross loans before impairments and adjustments amounted to €48.5bn at the end of September 2020, while net loans amounted to €38.3bn. The Bank's domestic performing loan book increased by €1.7bn in 9M.2020, with business lending driving the trend. Loan disbursements reached €4.5bn at the end of Q3.2020, rising further to €5.4bn as at mid-November, already surpassing the 2020 target for €5bn new loan origination.

Capital ratios at satisfactory level

The Common Equity Tier 1 (CET1) ratio of the Group as at 30 September 2020 was at 14.1%, while total capital ratio stood at 16.1%, above capital requirement post Covid-19 flexibility of 11.25%. Fully loaded CET1 and total capital ratio stood at 11.6% and 13.7% respectively. The capital trajectory of the Bank will be further enhanced by additional capital actions already underway, summing up to c.€1bn. The said actions include the carve-out of the Bank's cards merchant acquiring business, €2bn performing loan synthetic securitization and reorganization of the Bank's participations portfolio.

NPE reduction continues

NPEs stood at €22.7bn at the end of Sep.2020 down from €24.5bn at 31 Dec.2019. The NPE coverage by cumulative provisions ratio remained stable at the level of 45%. Phoenix and Vega NPE securitisations of total gross book value of €7bn, which are expected to be completed in the first months of 2021, will further decrease the NPE stock of the Bank, while additional NPE derisking transactions are under assessment at the moment taking into account the improved capital trajectory of the Bank.

Corporate transformation (Hive-Down)

Piraeus Bank's corporate transformation is on track to be completed. The expected demerger completion date has been set at 30.12.2020. An Extraordinary General Meeting of shareholders on 10 December 2020 has been called for approving the Hive-Down and the articles of association of the new holding company and the new operating company, the latter being the banking licensed entity.

Decisive Response to Support Impacted Clients

Piraeus Bank, in collaboration with the Hellenic Banking Association and member banks, closely monitors developments and cooperates with the Greek Government and Supervisory Authorities in order to help address the negative effects of the coronavirus pandemic and the disruption of economic activity.

Debt Moratoria

The Hellenic Bank Association in March 2020 announced measures to support businesses and individuals (employees, self-employed and sole proprietors) affected by the crisis.

For individuals, the banks offered a suspension of the installments of their performing loans until 31 December 2020. Eligible for the suspension were individuals that were also eligible for the €800 state allowance due to Covid-19, or employed in affected business sectors or owners of small and medium-sized enterprises or individuals with a family member affected by Covid-19.

For the affected companies respectively, the banks offered a suspension of the payment of the capital installments of performing loans until 31 December 2020 for eligible businesses affected by Covid-19 based on Government's guidelines.

According to Bank of Greece data as at September 2020 the total amount of loans that had received installment suspensions by the four systemic Greek banks stood at €20.1bn. Implemented debt moratoria by Piraeus Bank Group amounted to €5.5bn (Piraeus Bank €5.3bn), of which 46% granted to households, 28% to SMEs and 26% to large corporates.

Greek State Support Programmes

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 parallel, in the program sponsored by the Ministry of Development with 2-year interest rate subsidy for 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.

In addition, the programme ("Gefyra") sponsored by the Greek Ministry of Finance for the support of mortgage loan borrowers has received a total of c.160k applications and has entered the implementation phase. Piraeus Bank specific applications stand at c.32k, corresponding to €1.7bn balances.

Apart from the above, the Hellenic Development Bank Guarantee Fund has announced the enhancement of the programme, which for Piraeus Bank corresponds to an extra allocated amount of c.€0.6bn. Additionally, the new financing programme with 2-year interest subsidy sponsored by the Ministry of Development has started receiving applications in the context of an extension of c.€0.8bn, of which Piraeus Bank has been allocated €0.2bn.

Transformation Plan Progress

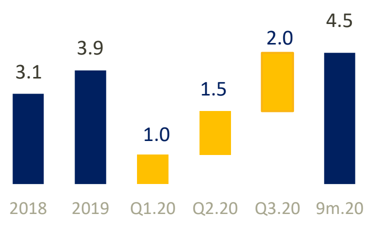
The successful implementation of the corporate transformation plan will unlock a number of strategic goals for Piraeus Bank, providing the Bank's Management with strategic focus on core banking operations, while achieving the isolation of legacy risk from the core Bank, thus elaborating the Bank's de-risking strategy.

Additionally, the Bank, capitalizing on the progress of 2017-2019 period, has concluded the design phase of its new transformation plan for the next 3-5 years an has launched the execution phase, under a bottom-up approach with 17 initiative themes, 120 projects and 100 operational key value drivers. During Q4.2020, in the context of the Bank's transformation plan, c.1,000 FTE releases and c.40 branches closures are to be implemented.

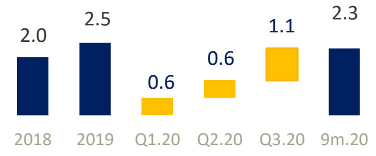
The key targets of the transformation plan are:

- 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

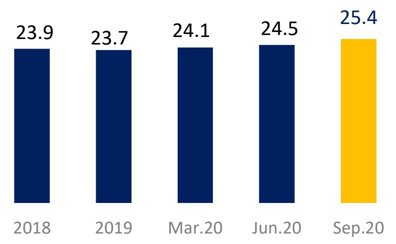
New Loan Disbursements (€bn)



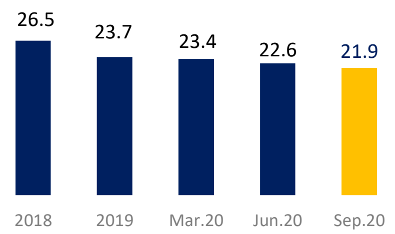
New Private Sector Deposits (€bn)



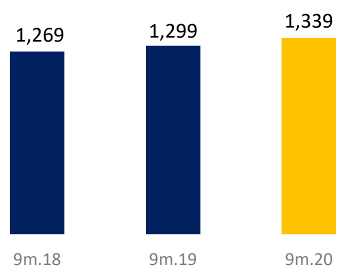
Performing Exposures | Greece (€bn)



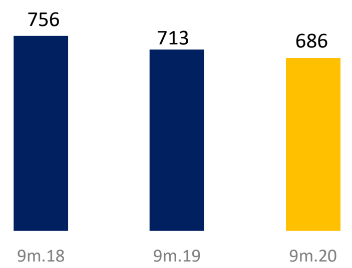
Non Performing Exposures | Greece (€bn)



Core Income: NII + NFI (€mn)



Recurring Operating Expenses (€mn)



Selected Figures of Piraeus Bank Group

Consolidated Data (amounts in €mn)						
Selected Balance Sheet Figures	**30.09.20**	**30.06.20**	**Δ qoq**	**30.09.20**	**30.09.19**	**Δ yoy**
Assets	67,693	64,382	5%	67,693	59,089	15%
Customer Deposits	47,088	45,706	3%	47,088	45,172	4%
Gross Loans before Adjustments	48,488	48,306	0%	48,488	49,758	-3%
Cumulative Provisions	10,208	10,514	-3%	10,208	11,805	-14%
Total Equity	7,648	7,648	0%	7,648	7,758	-1%
Selected P&L Results	**Q3 2020**	**Q2 2020**	**Δ qoq**	**9M 2020**	**9M 2019**	**Δ yoy**
Net Interest Income	380	367	3%	1,107	1,072	3%
Net Fee & Commission Income	81	80	1%	231	227	2%
Net Gain (Losses) from Financial Instruments	14	52	-73%	33	24	38%
Other Operating Income & Dividend Income	21	11	91%	46	38	21%
Net Income	496	510	-3%	1,417	1,361	4%
Staff costs	(107)	(105)	2%	(319)	(394)	-19%
-excluding one-off items [1]	(107)	(105)	2%	(319)	(358)	-11%
Administrative Expenses	(98)	(91)	8%	(280)	(265)	6%
Depreciation & Other Expenses	(28)	(29)	-3%	(86)	(91)	-5%
Total Operating Expenses	(234)	(225)	4%	(686)	(749)	-8%
- excluding one-off items [1]	(234)	(225)	4%	(686)	(713)	-4%
Pre Provision Income	262	285	-8%	732	612	20%
- excluding one-off items [1]	262	285	-8%	732	648	13%
Impairment Losses	(175)	(160)	10%	(845)[2]	(502)	68%
-o/w related with Covid-19	(21)	(17)	24%	(362)	-	-
Associates' Results	(4)	0	-	(19)	0	-
Pre Tax Result	82	125	-34%	(133)[2]	110	-
- excluding Covid-19 impairment in 2020 & VES in 2019	103	142	-27%	229	146	57%
Income Tax	(79)	(41)	93%	(10)	(35)	-71%
Net Result	1	82	-99%	(150)[2]	87	-
Net Result Attrib. to SHs from Continuing Operations	3	85	-96%	(142)[2]	78	-
Non-Controlling Interest Continuing Operations	0	(1)	-	(1)	(2)	-
Net Result from Discontinued Operations	(2)	(2)	0%	(7)	12	-

(1) One-off item refers to Voluntary Exit Scheme costs in 2019
(2) Including Covid-19 impact on impairment on loans and other assets

GLOSSARY / ALTERNATIVE PERFORMANCE MEASURES (APM)

#	Performance Measure	Definition
1	**Adjusted Total Assets**	Total assets excluding assets amounting to €0.1bn as at 30 September 2019, 30 June 2020 and 30 September 2020.
2	**Core Income minus Recurring Opex**	NII + NFI minus operating expenses excluding one-off items as per item #24
3	**Cost of Risk (CoR)**	ECL impairment losses on loans and advances to customers at amortised cost of the period, annualized over Net Loans, with the exception of the Covid-19 impact element that is not annualised in the ratio
4	**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
5	**COVID-19 Impact**	Covid-19 impact of €324mn for Q1.2020, €17mn for Q2.2020 and €21mn for Q3.2020 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.
6	**Cumulative Provisions**	Accumulated ECL allowance on loans and advances to customers at amortised cost.
7	**Deposits or Customers Deposits**	Due to Customers
8	**Gross Book Value (GBV)**	Gross loans and advances to customers at amortised cost
9	**Gross Loans before Impairments & Adjustments**	Loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers
10	**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
11	**Impairments**	ECL impairmnts losses on loans and advances to customers at amortized cost plus(+) Impairment losses on other assets plus(+) ECL impairment losses on financial assets plus(+) Impairments on subsidiaries and associates plus(+) Impairment of Property and equipment and intangible assets plus(+) Other impairment losses plus(+) Other provision charges
12	**Loan to Deposit Ratio (LDR)**	Net Loans over Deposits
13	**Loan Impairment Charges**	ECL impairment losses on loans and advances to customers at amortised cost
14	**Net Interest Margin (NIM)**	Net Interest Income annualized over adjusted total assets as per item #1
15	**Net Loans**	Loans and advances to customers at amortised cost
16	**(Net) Loan to Deposit Ratio** (LDR)	Net loans over Deposits
17	**Net Results or Net Profit**	Profit / (loss) for the period
18	**Net Revenues**	Total Net Income
19	**NFI**	Net Fee and Commission Income = Fee and Commission Income minus (-) Fee and Commission Expenses

#	Performance Measure	Definition
20	**NFI over assets**	NFI over adjusted total assets as per item #1
21	**NII** (Net Interest Income)	Net Interest Income = Interest Income minus (-) Interest Expenses
22	**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) 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
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 Q3.2019 include €20mn related with Voluntary Exit Scheme costs. Non recurring costs in 2018 include: €154mn VES costs and €34mn other offsetting cost adjustments and in FY2019: €36mn related with Voluntary Exit Scheme costs and €5mn other offsetting cost adjustments
26	**Operating Expenses (OpEx)**	Total operating expenses before provisions
27	**Operating Expenses (Like-for-Like)**	Operating expenses excluding the asset management fee to Intrum of €14mn in Q4.2019, €12mn in Q1.2020 and Q3. 2020 and €11mn in Q2.2020
28	**Operating Expenses (Recurring)**	Operating expenses excluding one-off items as per item #25
29	**Performing Loans (Exposures)**	Gross Loans before Impairments and Adjustments minus NPEs
30	**Pre Provision Income (PPI)**	Profit before provisions, impairments and income tax
31	**Pre Provision Income, Recurring**	PPI excluding the one-off items, as per item #25
32	**Pre Provision Income (PPI), like-for-like**	PPI, excluding Covid-19 impact and like-for-like items as per item #27
33	**Pre Tax Profit / (Loss)**	Profit / (loss) before income tax
34	**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

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