With focus & commitment, Piraeus is completing during 2021 one of the biggest European banking turnarounds

Ten "firsts" demonstrate Piraeus leading execution

1. 1st bank to raise equiy post crisis in early 2021, paving the way for the rerating of the sector
2. 1st Tier 2 debt issuance in Greece in mid-2019, after more than a decade
3. 1st AT1 capital issuance in Greece in mid-2021, after more than a decade
4. €19bn NPE reduction in 12 months, the largest HAPS guarantee user in the sector
5. 1st bank in Greece to launch a strategic partnership with an independent NPE servicer in mid-2019
6. 1st bank in Greece to proceed to a carve-out of its merchant acquiring business and at a high multiple
7. 1st bank in Greece to proceed to a synthetic securitization of performing loan portfolio in early 2021
8. €6bn co-operations with development funds & organizations, largest facilitator for EU structural funds
9. Cost champion in the Greek financial sector with c.30% cost de-escalation in the last 4 years
10. Only Greek bank among Europe's 2021 Climate Leaders by the FT, largest RES book, 1st bank to issue ESG bond & launch ESG mutual fund

In less than six months, Sunrise plan is executed by almost 80%

1. €1.4bn share capital increase in April 2021
2. €0.6bn of AT1 debt issuance in June 2021
3. €0.8bn of capital actions: (a) €0.4bn gains from sovereign bond portfolio; (b) €0.1bn from the first synthetic securitization in Q2; (c) €0.3bn from cards merchant acquiring carve-out, to close by Q3
4. €7bn Phoenix-Vega NPE transactions through HAPS in Q2; 65% of mezz to be distributed in kind to Piraeus shareholders in mid-August
5. €7bn Sunrise 1 NPE transaction through HAPS signed and classified as held-for-sale in Q2; the transaction was executed in record time
6. €3bn Sunrise 2 NPE transaction rated, application for HAPS guarantee to follow
7. €0.4bn recurring pre-tax profit in H1
8. €101mn net fee income in Q2, Piraeus best quarter ever
9. €1.8bn new loans in Q2, Piraeus best quarter ever
10. 1.1% organic cost of risk in Q2, already at par with short term aspiration

2021 journey reshapes Piraeus on all fronts

- NPE reduction of €13.5bn in H1, NPE ratio at 23%, halved in six months, on track to single-digit NPE ratio
- New loan production of €3.4bn in H1, annual runrate ahead of €5.7bn target for 2021
- Strong growth in client assets (deposits and mutual funds) by €2.2bn in H1
- Recurring core PPI (NII+NFI-OpEx) at €505mn, +18% yoy
- Operating expenses on a recurring basis at €444mn, -2% yoy
- Recurring cost-to-income at 41% in H1, compared to 49% a year ago
- Recurring pre-tax profit of €358mn in H1, double compared to H1.2020
- Accounting for the NPE clean-up losses, reported result stood at -€2.5bn for H1 in line with Piraeus estimates and capital plan
- Total capital ratio at 16% and fully loaded total capital ratio at 14%, both proforma for the Sunrise 1 portfolio RWA relief

2020 SSM Stress Test result evidenced Piraeus massive improvement of fundamentals

- The Stress Test exercise, conducted by the ECB, was based on Dec.20 data and on a static balance sheet approach
- Under the baseline scenario, the fully loaded total capital ratio stood at 17.1%, while the CET1 ratio at 15.0% at year-end 2023. The baseline scenario was capital accretive by c.365bps versus 2020
- The adverse scenario resulted to a depletion of c.480bps for the 3-year period. The respective depletion in the 2018 Stress Test Exercise was c.770bps. The resulting fully-loaded capital ratios for year-end 2023 are 8.6% for total capital and 6.5% for CET1
- Accounting for the share capital increase of 2021, Piraeus 2023 pro forma fully loaded CET1 ratio stood at 10.0% in the adverse scenario, at par with EU banks average

Management Statement

"A fast economic recovery is anticipated in the second half of 2021, with further acceleration in 2022, mainly driven by domestic demand and the inauguration of projects under the Recovery and Resilience Facility.

Against this backdrop, our performance is strong and driven by our massive transformation program. Piraeus has already granted €3.8bn of new financing until end-July, ahead of our €5.7bn target for 2021. Customer deposits and client mutual funds increased by €2.2bn in the first six months of 2021.

Across our operations, we continued to focus on supporting our customers, growing our revenues and managing our costs efficiently. This progress resulted in core pre-provision income of €0.5bn in H1.21, up 18% yoy. Total pre provision income, including trading and other operating income, stood at €1.0bn in H1.2021.

Our progress to-date exceeds our initial expectations. Both the €1.4bn share capital increase and the €0.6bn Additional Tier 1 issuance, were successfully completed during the second quarter of the year, marking two significant milestones.

The NPE reduction plan is well on track to target α single-digit NPE ratio by early 2022. NPE reduction in the first six months of the year reached €13.5bn, from Phoenix, Vega and Sunrise 1 HAPS transactions, as well as organic flow. What's more, the distribution-in-kind to our shareholders of the shares corresponding to the 65% of the mezzanine tranches of Phoenix and Vega NPE securitizations, is scheduled to be carried out in the following days.

Our capital position is solid and the recent SSM Stress Test result is a testament of our material improvement. Fully loaded CET1 ratio in the adverse scenario of the exercise, taking into account the completed share capital increase, stood at 10.0%, at par with the respective metric of the European average.

We are working for additional tangible results. We are proceeding with the implementation of new strategic initiatives, with the aim to capture upside opportunities, namely leveraging on the RRF structural funds, increasing our asset management business, introducing new asset management strategies for our real estate portfolio to capture the anticipated upside, while in parallel exploiting digital ecosystem commercial opportunities.

We remain commited to our aspirations for single-digit NPE ratio, high single-digit return over tangible equity and strong capitalization, as communicated to our shareholders. At the same time, we are stepping up our ESG agenda with an actionable 12-month plan for the benefit of the Greek economy and society at large."

Christos Megalou, Chief Executive Officer

P&L Highlights: Positive Trends in All Core Lines

Resilient NII to be supported by further asset expansion

Net interest income (NII) amounted to €772mn in H1.2021, up 6% yoy, on the back of increased fixed income holdings, improved deposit costs and the utilization of the TLTRO III facility. NII in Q2.2021 reached €407mn, +11% yoy. Low funding costs rendered the income line resilient and traded-off some mild pressure on yields. Deposit costs remained supportive, while the increase in performing loan balances expected under the utilization of RRF funds that will kick-in as of H2.2021 will generate additional loan interest income. NIM over interest earning assets in Q2.2021 stood at 2.6%, compared to 2.5% in Q1.2021.

Solid growth in NFI

Net fee income (NFI) in Q2.2021 stood at €101mn, +27% yoy, a robust performance marking the best quarter ever for Piraeus on a recurring basis. Main contributors to this performance were asset management business, funds transfer, cards business and bancassurance, while new loan generation was also a key driver. Net fee income over assets stood at the level of 0.54% in Q2.2021, 12bps better qoq, with our transformation program already bearing fruit. NFI amounted to €177 mn in H1.2021, 17% higher compared to the same period last year.

OpEx further down 2% yoy on a recurring basis

Operating expenses in H1.2021 reached €444mn on a recurring basis, -2% yoy. Respectively, staff costs were down 9% yoy to €96mn, as Piraeus is gradually realizing the benefits from staff restructuring efforts. G&A costs in H1.21 were up 7% yoy at €195mn, on the back of higher costs for projects associated with the whole corporate transformation and NPE clean-up efforts. Cost-to-income on a recurring basis, improved to 41% in H1.2021 vs 49% a year ago, mainly on the back of reduced staff costs and increased income. Further efficiencies are to be achieved along with the ongoing digitization, as well as the implementation of our transformation program.

Core PPI exhibits the strength of the franchise

Core pre-provison income (NII plus NFI minus recurring OpEx) stood at €505mn in H1.21, 18% higher yoy. Piraeus core franchise strength is displaying material improvement across the board, and paves the way for the accomplishment of our strategic aspirations, in conjuction with the normalization of loan impairment.

Organic CoR illustrated meaningful improvement in Q2.2021

The Q2.2021 organic loan impairment charges stood at €94mn from €132mn in the previous quarter, on the back of the large NPE reduction. Impairment losses of €2.2bn in Q2.2021 were associated with losses incurred from Phoenix, Vega and Sunrise 1 HAPS transactions of €14bn aggregated gross book value. Organic cost of risk as a percentage of net loans stood at 1.1% in Q2.2021.

Pre-tax and net result in Q2.2021

Reported pre-tax losses in Q2.2021 stood at €1,980mn. On a recurring basis, pre-tax profit stood at €267mn. Group net result stood at a loss of €2.0bn in Q2.2021, while on a recurring basis, the respective figure was €0.2bn profit.

Balance Sheet Highlights: Growth in Customer Assets

Customer deposits up 12% yoy at lower cost

Customer deposits amounted to €51.2bn at the end of June 2021, up 12% yoy, surpassing their pre-crisis level. Deposit cost continued to decline at lower levels to 9bps compared to 10bps in Q1.2021 and 20bps in Q2.2020.

Strong liquidity and funding profile

Eurosystem funding stood at €13.5bn at the end of June 2021, up from €11.0bn at the end of March 2021, post increased TLTRO III take up in the June auction. Piraeus Holdings further improved its Liquidity Coverage Ratio (LCR) to the level of 210%. Strong liquidity profile is also reflected on the Group's net loan-to-deposit ratio, standing at 65% at the end of June 2021.

Performing loan book expansion

Gross loans before impairments and adjustments amounted to €36.6bn compared to €47.9bn at the end of March 2021 due to the deconsolidation of the Phoenix & Vega NPE perimeters. In parallel, during Q2.2021, the classification of the Sunrise 1 NPE perimeter as held-for-sale took place. Group net loans stood at €33.2bn as at 30 June 2021. New loan disbursements in H1.2021 amounted to €3.4bn, addressing credit demand mainly from businesses (corporates, as well as SMEs and small businesses).

NPE reduction accelerated this quarter

NPEs stood at €9bn at the end of June 2021, down from €22.5bn at the end of 2020. The NPE ratio fell substantially to 23% vs 45% as at 31 Dec.2020, mainly due to the derecognition of the Phoenix and Vega NPE perimeters and the classification as held for sale of the Sunrise 1 NPE perimeter, both in the Q2.2021, amounting €13bn. The 2021 total €19bn HAPS and NPE sales derisking effort is well on track and the remaining projects are expected to be completed by early 2022 the latest.

Capital ratios at satisfactory levels

The Common Equity Tier 1 (CET1) ratio of the Group at the end of June 2021 was at 11.6%, while total capital ratio stood at 15.8%, comfortably above capital requirements. The ratios are pro forma for the RWA relief that will follow the derecognition of Sunrise 1 NPE securitization, for which losses have been fully booked in Q2.2021.

Further information on the financials & KPIs of Piraeus Group can be found on the H1.2021 Financial Results presentation and the Six Month Financial Report that is expected to be available on the company's website by 9 August 2021.

Selected Figures of Piraeus Financial Holdings Group

Consolidated Data (amounts in €mn)						
Selected Balance Sheet Figures	30.06.21	31.03.21	Δ qoq	30.06.21	30.06.20	Δ yoy
Assets	75,038	72,114	4%	75,038	64,382	17%
Customer Deposits	51,215	50,431	2%	51,215	45,706	12%
Net Loans	33,150	37,431	-11%	33,150	37,792	-12%
Selected P&L Figures	Q2.2021	Q1.2021	Δ qoq	H1.2021	H1.2020	Δ yoy
Net Interest Income	407	366	11%	772	727	6%
Net Fee & Commission Income	101	76	33%	177	151	17%
Net Gain (Losses) from Financial Instruments	85	403	n/m	488	18	n/m
Other Operating Income & Dividend Income	13	14	-6%	27	25	10%
Net Income	606	859	-29%	1,464	922	59%
-excluding one-off items [1]	606	472	28%	1,077	922	17%
Staff Costs	(136)	(97)	41%	(233)	(212)	10%
-excluding one-off items [1]	(96)	(97)	0%	(193)	(212)	-9%
Admin. Expenses including Gains from Sale of Property	(101)	(100)	1%	(202)	(182)	11%
-excluding one-off items [1]	(101)	(94)	8%	(195)	(182)	7%
Depreciation & Other Expenses	(28)	(28)	1%	(56)	(58)	-4%
Total Operating Expenses	(266)	(225)	18%	(491)	(452)	9%
- excluding one-off items [1]	(226)	(218)	3%	(444)	(452)	-2%
Pre Provision Income	340	634	-46%	974	470	n/m
- excluding one-off items	380	253	50%	633	470	35%
Impairment Losses & Provisions	(2,279)	(961)	n/m	(3,240)	(580)	n/m
-o/w one-off items [1]	(2,207)	(829)	n/m	(3,036)	(392)	n/m
Associates' Results	(1)	(6)	n/m	(7)	(16)	n/m
Pre-Tax Result	(1,980)	(358)	n/m	(2,337)	(215)	n/m
- excluding one-off items [1]	267	91	n/m	358	176	n/m
Income Tax	(65)	(46)	39%	(111)	70	n/m
Net Result	(2,044)	(407)	n/m	(2,450)	(150)	n/m
Net Result Attrib. to SHs from Continuing Operations	(2,045)	(404)	n/m	(2,449)	(144)	n/m
Non-Controlling Interests for Continuing Operations	1	(0)	n/m	1	(1)	n/m
Net Result from Discontinued Operations	1	(3)	n/m	(2)	(5)	n/m

(1) One-off items refer to (a) the gains from sovereign bond portfolio amounting to €387mn in Q1.2021 in trading income, (b) Voluntary Exit Scheme costs of €40mn in Q2.2021 in staff costs, (c) €7mn non-recurring costs in Q1.2021 in G&A expenses, (d) non-recurring impairment on loans and other assets for COVID-19 affected cases/portfolios in 2020 and impairment in the context of the NPE reduction plan in 2021 as following: of a total amount of €392mn in H1.2020, €829mn in Q1.2021 and €2,207mn in Q2.2021.
Note: n/m refers to non material change

GLOSSARY / ALTERNATIVE PERFORMANCE MEASURES (APM)

#	Performance Measure	Definition
1	**Adjusted Total Assets**	Total assets excluding assets amounting to: 1) €1.7bn as at 31 December 2019 of discontinued operations and seasonal OPEKEPE agri-loan 2) €1.6bn of discontinued operations and seasonal OPEKEPE agri-loan as at 31 December 2020 3) €0.1bn of discontinued operations as at 31 March 2021 and as at 30 June 2021
2	**Core Banking Income or NII+NFI**	Net interest income plus (+) net fee and commission income
3	**Core PPI**	Net interest income plus (+) net fee and commission income minus (-) recurring operating expenses
4	**Cost of Risk (CoR)**	ECL impairment losses on loans and advances to customers at amortized cost of the period annualised over (/) Net Loans
5	**Cost of Risk Underlying**	Cost of risk minus (-) non-recurring impairment impact over (/) Net loans
6	**Cost to Income Ratio (Recurring)**	Total operating expenses before provisions over (/) total income excluding one-off items related to the corresponding period as per item #28
7	**COVID-19 Impact**	COVID-19 impact for 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
8	**Cumulative Provisions**	Accumulated ECL allowance on loans and advances to customers at amortised cost.
9	**Deposits or Customers Deposits**	Due to Customers
10	**Gross Book Value (GBV)**	Gross loans and advances to customers at amortised cost
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	**HAPS (Hercules Asset Protection Scheme)**	HAPS aims at supporting the reduction of non-performing loans held by Greek banks via a state-sponsored asset protection scheme, which enables NPEs to be securitized and sold to investors with Greek government guarantees for the “senior” tranche of securitized notes. The HAPS scheme expired in April 2021, and was extended for another 18 months and expanded to cover additional €12bn guarantees
14	**Impairments**	ECL impairments 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
15	**Interest earning assets**	Total assets excluding equity and mutual fund financial assets, participations, goodwill and intangibles, fixed assets, deferred tax assets and discontinued
16	**Loan to Deposit Ratio (LDR)**	Net loans (excluding seasonal OPEKEPE agri-loan facility) over (/) Deposits

#	Performance Measure	Definition
17	**Loan Impairment Charges**	ECL impairment losses on loans and advances to customers at amortised cost
18	**Net Interest Margin (NIM)**	Net interest income annualised over (/) Adjusted total assets
19	**Net Loans**	Loans and advances to customers at amortised cost
20	**(Net) Loan to Deposit Ratio** (LDR)	Net loans over Deposits
21	**Net Results or Net Profit**	Profit / (loss) for the period
22	**Net Revenues**	Total Net Income
23	**NFI**	Net Fee and Commission Income = Fee and Commission Income minus (-) Fee and Commission Expenses
24	**NFI over assets**	Net fee and commission income annualised over (/) Adjusted total assets
25	**NII (Net Interest Income)**	Net Interest Income = Interest Income minus (-) Interest Expenses
26	**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
27	**NPE Ratio**	Non-performing exposures over Gross Loans before Impairments & Adjustments
28	**NPE (Cash) Coverage Ratio**	Cumulative provisions over NPEs
29	**One-off (non-recurring) Items**	Non Recurring Items for Q1.21 include €829mn related mainly with Phoenix & Vega 50% sale scenario booked in loan impairment, €221mn gains from Greek sovereign securities in trading income and €7mn G&A costs. Non recurring items for Q2.21 include Voluntary Exit Scheme costs of €40mn in staff costs, €2,207mn non-recurring impairments on loans and other assets related with Phoenix & Vega remaining 50% sale scenario and Sunrise 1 100% sale scenario. Q1.20 and Q4.20 include €329mn and €277mn COVID-19 related impairments and other impairments in the context of the new NPE reduction plan. Q4.20 include €147mn related with VES costs
30	**Operating Expenses (OpEx)**	Total operating expenses before provisions
31	**Operating Expenses (Recurring)**	Operating costs minus (-) non-recurring VES costs in 2019 and 2020
32	**Performing Loans (Exposures)**	Gross loans adjusted for the seasonal OPEKEPE agri-loan minus (-) Non Performing Exposures
33	**Pre Provision Income (PPI)**	Profit before provisions, impairments and income tax
34	**Pre Provision Income, Recurring**	PPI excluding the one-off items, as per item #28
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 related to the corresponding period as per item #28
37	**Return on Tangible Equity (RoTE)**	Profit before income tax for the period annualised over (/) Tangible Equity
38	**Tangible book value or Tangible Equity**	Total equity minus the nominal value of cocos minus intangible assets. Post 2020 and coco conversion, Tangible book value excludes intangible assets and Additional Tier 1 capital

Disclaimer

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