



€73mn Pre-tax Profit in H1.2019 with Improvement in All Core P&L Lines

Profitability in H1.2019, Driven by Growing Net Interest & Net Fee Income and Cost Efficiency

- Recurring Pre Provision Income at €417mn, +6% yoy
- Net Interest Income at €719mn, +2% yoy
- Net Fee Income at €146mn, +5% yoy
- Operating Costs at €476mn, -7% yoy on a recurring basis
- Cost of Risk at €332mn or 174bps, within the Bank's guidance
- Pre-tax Profit at €73mn up from €33mn in H1.2018 on a recurring basis
- Reported Net Profit at €38mn in H1.2019 vs losses in the same period last year; Q2 reported Net Profit at €19mn, 4th consecutive profitable quarter

Healthy Loan Generation Under a Risk-Adjusted Approach and Solid Liquidity Profile

- Loan disbursements of €1.8bn in H1.2019, broadly in line with our FY.2019 target of €4bn
- Performing loan book in Greece expanded by 2% year-to-date to €24.4bn
- Deposits at €44.9bn, +7% yoy
- Liquidity Coverage Ratio at 99%; Loan to Deposit ratio at 85% vs 94% a year ago

Balance Sheet Repair Continues

- NPE reduction of €1.2bn in H1.2019, on the back of organic initiatives, with improving trend of defaults and re-defaults and steady pace at restructuring and collection effort
- 15th consecutive quarter of NPE reduction
- NPE reduction of €3.3bn yoy
- Sale of NPE portfolios of €0.7bn gross book value to be concluded soon; overall pipeline of sale projects at the level of €4.5bn (H2.2019 and 2020)
- On track to meet 2019 annual NPE reduction target of €3.5bn

Organic Capital Generation Supports Capital Position

- CET-1 ratio at 14.8%, pro-forma for recent transactions (NPE sales and NPE servicer agreement) and H1.19 profit
- Total Capital ratio at 15.7%, including the Tier 2 issue of €0.4bn and pro-forma for the above mentioned items



Management Statement

“The first half of 2019 encompassed significant developments for Piraeus Bank. The Bank proceeded with two landmark transactions: the issue of a Tier 2 instrument, the first one by a Greek bank in a decade, and the strategic partnership with Intrum regarding the servicing of NPEs and REOs.

At the end of June 2019, the pro-forma Capital ratio of the Bank was at 15.7% on a phased-in approach, while on a fully loaded basis the ratio stood at 13.0%. We remain focused on generating capital with organic means, while we continue optimizing the Bank's balance sheet.

Piraeus Bank built on the progress made in 2018, continuing its effort to leverage its position in the market, as displayed by our performance against a number of KPIs.

Deposits grew by €2.8bn compared to June 2018, with close to 90% of inflows stemming from the private sector. The Bank reached a level of c.100% in Liquidity Coverage Ratio at the end of H1.2019. At the same time, our Loan to Deposit ratio improved to 85% compared to 94% a year ago.

Regarding new loans, in H1.2019 we disbursed €1.8bn, and we are on track to attain our target for €4bn new loans in 2019, up from €3.1bn last year. We experience good demand from growing sectors of the economy and as the economy continues on its restoration path, credit expansion will accelerate along with overall demand for banking products and services.

On profitability metrics, net interest income in H1.19 was 2% higher yoy, while net fees grew by 5% respectively. Operating costs were lower by 7% yoy on a recurring basis. Provisions reduced in Q2.2019 on the back of improved NPE dynamics. H1.2019 pre-tax profit was at €73mn up from €33mn a year ago on a like-for-like basis, while reported net profit amounted to €38mn compared to losses in the same period last year.

Our asset quality effort is on track to meet the annual target of €3.5bn NPE reduction, with NPE balances down by €1.2bn in the H1.2019 relying exclusively on organic effort. We are preparing for NPE sales of c.€4.5bn in H2.2019 and into 2020, when we plan to proceed with our first securitization of more than €2bn.

The rebound in economic activity and real estate prices, the more favorable tax regime, the lifting of the capital controls, are all expected to stimulate investment and employment. These positive prospects are going to be reflected on our budget for 2020, for which we have started preparing. We feel confident for our performance going forward, identifying areas in which we can outperform targets set.”

Christos Megalou, Chief Executive Officer



P&L Highlights: Gradually Restoring Profitability

NII higher on the back of improved funding costs

NII amounted to €719mn in H1.2019, 2% higher yoy. The c.€3bn new loans that were disbursed in past 3 quarters are contributing to the top line, while deposit costs have also been supportive. Front book rates improved in Q2.2019 vs the previous quarter. Deposit cost improved further. New time deposits rate stood at 57bps in Q2.2019 vs 61bps in Q1.2019, down from 65bps in Q2.2018. Interest expense is also favourably impacted yoy, given the ELA elimination from mid-2018 onwards and the switch from interbank repos to ECB funding as of Q3.2018. NIM in H1.2019 stood at 243bps.

NFI growth picks up pace

Net Fee and Commission Income increased by 5% yoy at €146mn, with performance expected to pick up in the following quarters of the year that traditionally are stronger. Ancillary fee volumes, continued their improvement, as we reap the fruits of initiatives taken in previous quarters, mainly driven by credit cards, payments, transaction banking and loan fees.

Operating expenses further reduced

Recurring Group operating expenses stood at €476mn in H1.2019, down 7% yoy; the cost-to-income ratio stood at 53% in H1.2019 vs 57% in the same period last year. Piraeus Bank proceeded with the recognition of a provision amount of €10mn in H1.2019 for a new Voluntary Exit Scheme that was launched in July 2019. The final cost will be determined in H2.2019, when the number of employees willing to participate is finalized. On top, €6mn VES cost was posted in Q2.2019 for the 2018 programme. Administrative expenses decreased 11% yoy (adjusted for IFRS16 transition), as our effort to streamline our cost is progressing as planned. In all, we remain on track to reduce our OpEx by a mid single-digit rate in FY.2019.

Pre provision income strengthens

Recurring Group Pre Provision Income (PPI) amounted to €417mn in H1.2019, up 6% yoy, with Core PPI, i.e. excluding trading and other income, up 18% yoy, demonstrating the strength of our core franchise and the effort we have made on streamlining our business.

Lower loan impairment charges qoq

The H1.2019 loan impairment charges stood at €332mn compared to €312mn (including reversal of €67mn from sold NPE portfolios) in H1.2018. Cost of risk for H1.2019 was at 174bps, within the range expected for the full year. The guidance for FY.2019 remains at the range of 150-180bps over net loans.

Positive net result

Group's net profit amounted to €38mn in H1.2019, compared to €370mn losses in H1.2018. Pre-tax profit amounted to €57mn in H1.2019 on a reported basis, while on a recurring basis it stood at €73mn, on track with the Bank's budget for 2019.





Balance Sheet Highlights: Strong Liquidity and Core Bank Loan Growth

Customer deposits up 7% yoy

Group customer deposits amounted to €44.9bn at the end of H1.2019, up by €2.8bn from H1.2018 or +7%. Despite the inflows, deposit cost declined in Q2.2019 at 40bps vs 42bps in Q1.2019 for the total book and 44bps a year ago.

Improved liquidity and funding profile with LCR at c.100%

Eurosystem funding was reduced to €1.0bn as at 30 June 2019 from the level of €1.5bn a year ago, supported from NPE portfolio deleveraging, deposit growth and the issuance of €400mn Tier 2 subordinated bonds. ELA funding was eliminated in July 2018 and has remained zero since then. Following the ELA funding elimination, Piraeus Bank has managed, in a short period of time, to improve its Liquidity Coverage Ratio (LCR) to the level of c.100% as at 30 June 2019.

Performing loan book expands

Gross loans before impairments and adjustments amounted to €50.8bn at the end of Jun.2019, while net loans amounted to €38.2bn respectively. The Bank's domestic performing loan book increased by €0.5bn in H1.2019, with business lending driving the trend. New loan disbursements reached €0.8bn in the Q2.2019, emulating the performance of the previous two quarters, along with the macroeconomic recovery in the country. The Group's net loan-to-deposit ratio further improved to 85% vs 94% a year earlier, signifying that Piraeus is in a position to further support the recovery of the Greek economy.

Capital generation further enhanced

The pro-forma Common Equity Tier 1 (CET1) ratio of the Group as at 30 Jun.2019 was at 14.1%, while pro-forma total capital, including the Tier 2 instrument issued in June 2019 stood at 14.9%, with both ratios including profit of the period and the positive RWA impact from NPE sales. Organic improvement along with GGB revaluation gains were the drivers for the improvement in capital. In addition, if the effect of the NPE servicer transaction is also taken into account, CET1 and total capital ratio stood at 14.9% and 15.7% respectively. The fully loaded CET1 ratio has been consistently improving in the past quarters. Fully loaded CET1 and total capital ratio stood at 12.2% and 13.0% respectively, pro-forma for all recent transactions, indicating the Bank's progress in terms of profitability restoration, a key focus for the management team.

NPE strategy on track

Group NPEs stood at €26.1bn at the end of Jun.2019 down from €29.4bn at Jun.2018 and €27.3bn at Dec.2018. The respective NPE coverage by cumulative provisions ratio was at the level of 48%. The Bank has concluded the sale of €0.5bn of shipping exposures (project Nemo) in Jul.2019 and is close to sign an agreement for the sale of €0.7bn of consumer unsecured exposures (project Iris) within Q3.2019. Moreover, Piraeus Bank has frontloaded workstreams on more than €2bn mortgage securitization, with a time frame to completion in H1.2020, along with other NPE sales projects, for which the Bank is in a preparatory phase. In all, the Bank's performance to date is on course with the €3.5bn NPE reduction target for 2019.

Footprint & headcount

Piraeus Bank's branch network in Greece constituted of 541 units at the end of Jun.2019, reduced by 7 units qoq and 33 yoy. The Group's headcount for continuing operations was 12,445 employees at the end of Jun.2019, of which 11,986 in Greece.



Selected Figures of Piraeus Bank Group

Consolidated Data (amounts in €mn)	30.06.19	31.03.19	30.06.18	Δ qoq	Δ yoy
Selected Balance Sheet Figures					
Assets	59,238	59,254	59,222	0%	0%
Deposits	44,890	43,838	42,102	2%	7%
Gross Loans before Adjustments	50,757	51,581	53,749	-2%	-6%
Cumulative Provisions	12,581	13,099	14,368	-4%	-12%
Total Equity	7,651	7,562	7,347	1%	4%
Selected P&L Results					
	Q2 2019	Q1 2019	Q2 2018	Δ qoq	Δ yoy
Net Interest Income	359	360	352	0%	2%
Net Fees & Commission Income	77	69	70	12%	11%
Net Trading & Inv. Securities Income	(0)	4	17	-	-
Other Operating Income & Dividend Income	13	11	20	20%	-33%
Net Income	449	445	458	1%	-2%
Staff costs	(139)	(120)	(125)	16%	11%
-excluding one-off items ¹	(123)	(120)	(125)	3%	-1%
Administrative Expenses	(92)	(80)	(113)	14%	-19%
Depreciation & Other Expenses	(30)	(30)	(25)	-1%	22%
Total Operating Costs	(261)	(231)	(262)	13%	-1%
- excluding one-off items ¹	(245)	(231)	(262)	6%	-7%
Pre Provision Income	188	214	196	-12%	-4%
- excluding one-off items ¹	203	214	196	-5%	4%
Impairment Losses on Loans	(146)	(186)	(149) ²	-22%	-2%
Impairment Losses on Other Assets	7	(5)	(20)	-	-
Associates' Results	(0)	(10)	(16)	-	-
Pre Tax Result	34	23	51	53%	-33%
Income Tax	(16)	(9)	(29)	-	-
Net Result	19	19	(287)	-2%	-
Net Result Attrib. to SHs Cont. Operations	20	14	24	49%	-15%
Non-Controlling Interest Continuing Operations	(2)	0	(2)	-	-
Net Result from Discontinued Operations	1	5	(310)	-	-

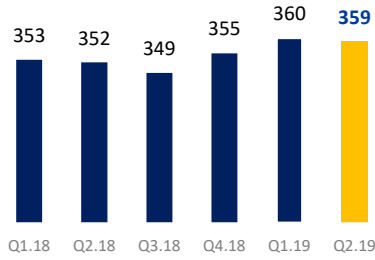
(1) One-off item refer to Voluntary Exit Scheme costs

(2) Including reversal of provisions of €67mn from sold NPE portfolios

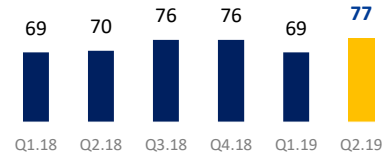
Note: Impairment losses on loans for 2019 include net gains/losses on modifications of contractual terms of loans and advances to customers



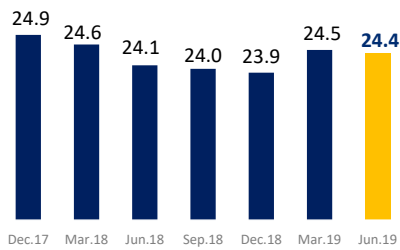
Net Interest Income (€mn)



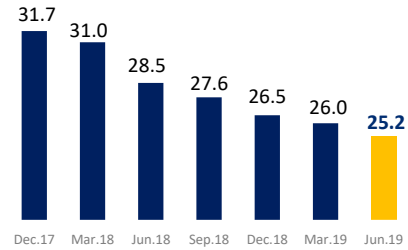
Net Fee Income (€mn)



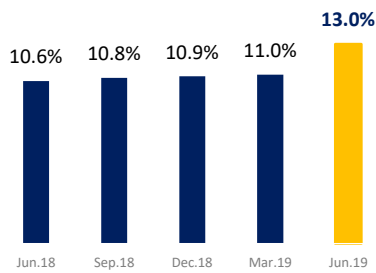
Performing Exposures | Greece (€bn)



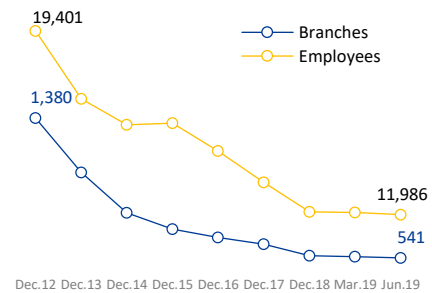
Non Performing Exposures | Greece (€bn)



Fully Loaded Capital Ratio* (%)



Employees & Branches in Greece (#)



*pro-forma for recent NPE sales and H1.19 profit



GLOSSARY / 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 €3.2bn as at 30 June 2019, €3.3bn as at 31 March 2019, €3.5bn as at 31 December 2018 and €4.6bn as at 30 June 2018
5	Adjusted Total Assets	Total assets excluding assets amounting to: 1) €3.3bn as at 31 December 2018 of discontinued operations in Albania and Bulgaria, the OPEKEPE seasonal agri-loan, and other discontinued operations 2) €1.2bn as at 31 March 2019 of discontinued operations in Bulgaria and other discontinued operations 3) €0.1bn of discontinued operation as at 30 June 2019 4) €3.8bn as at 31 March 2018 of discontinued operations in Serbia and Romania, other discontinued operations and operations in Bulgaria and Albania
6	Gross Loans before Impairments & Adjustments	Loans and advances to customers at amortised cost before Expected Credit Loss (“ECL”) impairment on loans and advances to customers at amortised cost gross of PPA adjustments
7	Net Loans	Loans and advances to customers at amortised cost gross of PPA adjustments
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 excluding the one-off items related to the corresponding period, as per item #12
12	One-off Items	In Q1.2018, in Q3.2018, Q4.2018 and Q2.2019, Voluntary Exit Scheme staff costs of €132mn, €4mn, €18mn and €16mn respectively were classified as one-off. In Q3.2018, €48mn on net fee income was classified as one-off.
13	Pre Provision Income (PPI)	Total net income less total operating expenses. The relevant amounts correspond to “Profit before provisions, impairments and income tax”
14	Pre Provision Income (PPI) on a recurring basis	Total net income less total operating expenses excluding one-off items. The relevant amounts correspond to “Profit before provisions, impairments and income tax” excluding the one-off items related to the corresponding period, as per item #12
15	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
16	CET1 Capital Ratio on Pro-forma Basis	CET1 capital ratio taking into account RWA relief from the sale of NPE portfolio as well as profits for the period
17	NPLs - Non Performing Loans	Loans and advances to customers at amortised cost in arrears over 90 days past due gross of PPA adjustments
18	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



#	Performance Measure	Definition
		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
19	NPL Ratio	Non-performing loans over Gross Loans before Impairments & Adjustments
20	NPE Ratio	Non-performing exposure over Gross loans before impairments & Adjustments
21	NPL (Cash) Coverage Ratio	ECL allowance for impairment losses on loans and advances to customers at amortised cost gross of PPA adjustments over NPLs
22	NPE (Cash) Coverage Ratio	ECL allowance for impairment losses on loans and advances to customers at amortised cost gross of PPA adjustments over NPEs
23	Cost of Risk (CoR)	ECL allowance for impairment losses on loans and advances to customers at amortised cost gross of PPA adjustments over net loans
24	Return on Assets (RoA)	Profit / (loss) for the period over adjusted total assets
25	Net Results or Net Profit	Profit / (loss) for the period attributable to equity shareholders of the Bank
26	Cumulative Provisions	Accumulated ECL allowance for impairment losses on loans and advances to customers at amortised cost gross of PPA adjustments
27	Operating Expenses (OpEx)	Total operating expenses before provisions
28	Loan Impairment Charges	ECL impairment losses on loans and advances to customers at amortised cost
29	Pre Tax Results	Profit / (loss) before income tax
30	Net Revenues	Total Net Income
31	Deposits or Customers Deposits	Due to Customers
32	Pre Tax Profit on a like for like basis	Profit / (loss) before income tax, excluding one-off items as per item 12 above, and €35 mn, stemming from reversal of loan provisions from sold NPE portfolios (€67mn) and other one-off impairments (€32mn) in Q2.2018
33	Performing Exposures	Gross loans before impairments and adjustments minus Non Performing Exposures
34	NPE Formation	Change of the stock of adjusted NPEs adding back write-downs or other adjustments i.e. loan sales or debt to equity transactions over loans and advances to customers before ECL allowance for impairment losses on loans and advances to customers at amortised cost.
35	RoTE (Return on Tangible Equity)	Net profit over: (Total Equity minus cocos minus goodwill and intangibles)
36	NSFR (Net Stable Funding Ratio)	The NSFR is expressed as a ratio that relates the bank's Available Stable Funding (ASF) to its required stable funding (RSF). A bank's total ASF is the portion of its capital and liabilities that will remain with the institution for more than one year. A bank's total RSF is the amount of stable funding that it is required to hold given the liquidity characteristics and residual maturities of its assets and the contingent liquidity risk arising from its off-balance sheet exposures.
37	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
38	RWA Density	Risk Weighted Assets over Adjusted total Assets
39	Gross Book Value	Gross loans





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