



2021 journey reshapes Piraeus on all fronts, revealing the upside potential and the commercial strength of our franchise

### 9M.2021 financial takeaways

- NPE ratio down to 16% vs 46% six months ago, single-digit NPE ratio in clear sight
- New loan origination of €4.6bn, in line with €5.7bn target for the full year. New loans to individuals and small businesses of c.€800mn and c.€3,800mn to businesses
- Strong growth in client assets (deposits and mutual funds) of €3.4bn
- Deposits portfolio stood at €52.2bn, up 5.2% since end December 2020
- Elevated net fee income at €279mn, +21% yoy, with solid trends evident in almost all product lines; Q3.21 best quarter ever for Piraeus (€102mn)
- Pre provision income at €837mn, +14% yoy on a recurring basis
- Operating expenses on a recurring basis at €672mn, -2% yoy
- Recurring cost-to-income at 45%, compared to 48% a year ago
- Organic cost-of-risk displays sizeable improvement to 57bps in Q3.21, on the back of accelerated derisking
- Recurring pre-tax profit of €489mn, compared to €285mn a year ago
- Accounting for the NPE clean-up, reported result stood at -€3.1bn, in line with capital plan projections
- Total capital ratio at 16%, comfortably above current and forward expected capital requirements (proforma ratio for the Sunrise 2 and Thalys transactions)

### Sunrise plan progress update

- In less than eight months, 90% of Sunrise plan has been executed, in complete discipline with initial plan
- c.90% of the NPE reduction plan locked-in (€16.4bn of €18.9bn) in alignment with initial estimates for its capital impact
- Further de-risking well prepared, to lead to a NPE ratio lower than 3% in the medium term
- More than €3bn of capital enhancement actions timely executed to support the transformation of Piraeus
- Approximately €0.4bn capital to be booked until the completion of the NPE clean-up plan, from non-dilutive capital enhancement actions under way
- Piraeus transformation produces tangible results in record time and paves the way for the accomplishment of RoTE above 5% in the forthcoming period
- Digital is the key accelerator of the whole transformation program; new collaboration with Accenture and Microsoft to leverage our cloud-first approach



## Management Statement

*“The Greek macro provides reasons for solid optimism, as the implementation of reforms, the speeding-up of foreign direct investments and the inauguration of projects under the Recovery and Resilience Facility, have reinforced the growth prospects of the Greek economy. On top, the acceleration of NPE reduction has further strengthened market confidence.*

*During 9M.21, we continued to focus on supporting our customers, and have already granted €4.6bn of new financing, in line with our target of €5.7bn for the whole year. During the same period, customer deposits and mutual funds have increased by €3.4bn.*

*Our NPE reduction plan is well on track with more than 90% of actions already executed. NPE reduction in the first nine months of the year amounted to €16bn, bringing our NPE ratio down to 16% from 46% six months ago.*

*In September 2021, our capital ratio stood at c.16% on the back of more than €3bn of capital enhancement actions that were timely executed throughout the year. The remaining non-dilutive €0.4bn capital enhancement actions are under way, expected to be completed by early 2022.*

*Capturing greater opportunities and efficiencies form a central part of our strategy. We are launching new initiatives, with the aim to capture business upside, by leveraging on increasing healthy credit demand and the RRF structural funds, enhancing our asset management, bancassurance and custody business, as well as exploiting digital ecosystem commercial opportunities.*

*The Piraeus transformation is producing tangible results in record time, revealing the inherent value of our commercial franchise. Performance has been strong on all fronts with solid revenue generation, continued cost discipline and massive improvement in organic loan impairments.*

*Against this backdrop, we bring closer the delivery of a return on tangible equity above 5%, along with single-digit NPE ratio in the forthcoming period.”*

*Christos Megalou, Chief Executive Officer*



## P&L Highlights: Positive Trends in All Core Lines

*Top line excluding NPE accruals showing resilience and enhanced quality*

Net interest income (NII) amounted to €1,091mn in 9M.2021, down 1% yoy, with resilience on the back of increased fixed income holdings, improved deposit costs and the utilization of the TLTRO III facility. NII in Q3.2021 was €319mn, -16% yoy, impacted by the accelerated NPE de-risking. NII, excluding forgone income from NPEs and TLTRO III one-off benefit, amounted to €685mn in 9M.21, up 8.6% 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 also under the utilization of RRF funds kicking-in as of 2022, will generate additional loan interest income.

*New era for fee income, consistently above €100mn in the past two quarters*

Net fee income (NFI) in Q3.2021 stood at €102mn, +27% yoy, a robust performance for a second consecutive quarter. Main contributors to this performance were asset management business, investment banking, 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 Q3.21, 6bps better yoy, with our transformation program already bearing fruits. NFI amounted to €279mn in 9M.21, 21% higher compared to the same period last year.

*Contained operating cost, despite Sunrise plan related one-off expenses*

Operating expenses in 9M.21 reached €672mn on a recurring basis, -2% yoy. Respectively, staff costs were down 10% yoy to €289mn on a recurring basis, as Piraeus is gradually realizing the benefits from staff restructuring efforts. G&A costs in 9M.21 were up 9% yoy at €307mn, on the back of higher costs for projects associated with the corporate transformation and NPE clean-up efforts. Cost-to-income on a recurring basis improved to 45% in 9M.21 vs 48% a year ago, mainly on the back of reduced staff costs and increased revenues. Further efficiencies are to be achieved along with the ongoing digitization, as well as the implementation of our transformation program. In November 2021, the Group initiated a new voluntary exit scheme for targeted groups of employees in central functions and branches, in alignment with its strategic objectives and transformation priorities. The cost of the new scheme was fully provided since Q2.21.

*Core PPI exhibits the strength of the franchise*

Core pre-provision income (NII plus NFI minus recurring OpEx) stood at €698mn in 9M.21, 7% 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 conjunction with the normalization of loan impairment.

*Deceleration of organic cost of risk unabated and ahead of initial estimates*

The Q3.21 organic loan impairment charges stood at €77mn from €94mn in the previous quarter, on the back of the large NPE reduction. This amount includes loan impairment of €48mn plus success fees and other charges of €29mn. Impairment losses of €734mn in Q3.21 were associated with losses incurred from Sunrise 2 €2.6bn HAPS transaction and the leasing NPE portfolio of €0.5bn gross book value that were classified as held-for-sale in Q3.21.

*Pre-tax and net result in Q3.2021*

Reported pre-tax losses in Q3.21 stood at €603mn. On a recurring basis, pre-tax profit stood at €131mn. Group net result attributable to shareholders stood at a loss of €635mn in Q3.21.



## Balance Sheet Highlights: Growth in Customer Assets

### *Customer deposits up 11% yoy at lower cost*

Customer deposits amounted to €52.2bn at the end of September 2021, up 11% yoy, surpassing their pre-crisis level. Deposit cost continued to decline at lower levels to 7bps compared to 9bps in Q2.2021 and 16bps in Q3.2020.

### *Strong liquidity and funding profile*

Eurosystem funding stood at €13.5bn at the end of September 2021, at the same level as at the end of June 2021. Piraeus Holdings Liquidity Coverage Ratio (LCR) stood to the satisfactory level of 199%. Strong liquidity profile is also reflected on the Group's net loan-to-deposit ratio, standing at 64% at the end of September 2021.

### *Gross loans*

Gross loans before impairments and adjustments amounted to €35.7bn compared to €36.6bn at the end of June 2021. During Q3.21, the classification of the Sunrise 2 NPE perimeter and leasing NPE portfolio as held-for-sale took place. Group net loans stood at €33.4bn as at 30 September 2021. New loan disbursements in 9M.2021 amounted to €4.6bn, addressing credit demand mainly from businesses (corporates, as well as SMEs and small businesses). It is noted that the gross loan figure as at Sep.21 includes €5.0bn of senior notes associated with the NPE securitizations concluded until now, namely Phoenix, Vega and Sunrise 1.

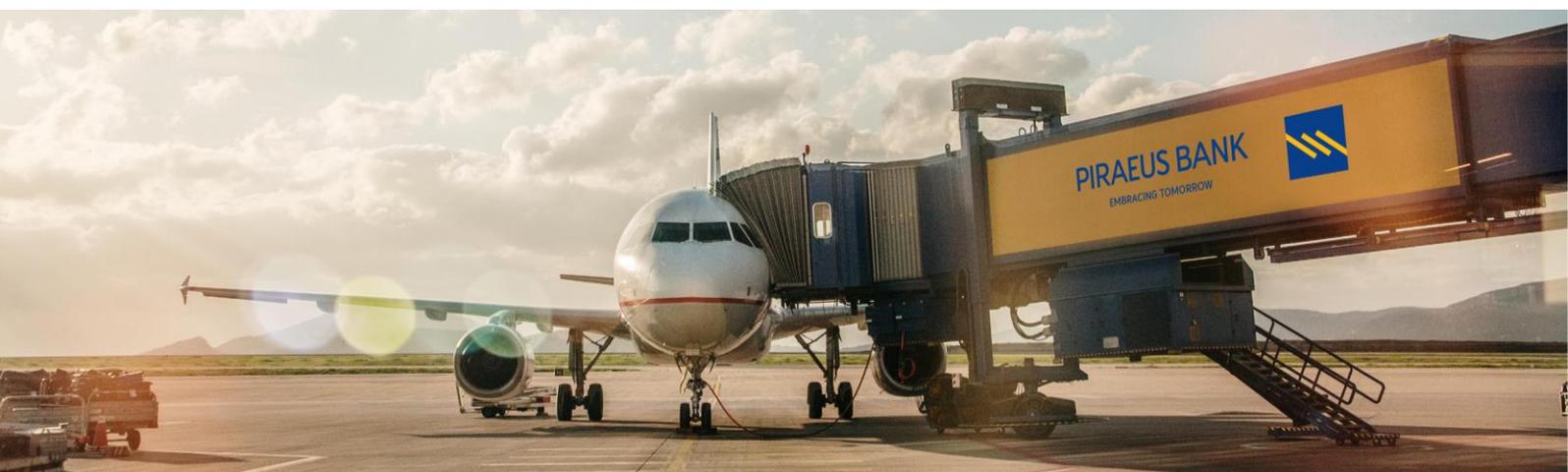
### *NPE reduction well on track*

NPEs stood at €5.9bn at the end of September 2021, down from €22.5bn at the end of 2020. The NPE ratio decreased substantially to 16% vs 23% as at 30 June 2021, mainly due to the classification as held for sale of the Sunrise 2 and Leasing NPE perimeters, both in the Q3.21, amounting to c.€3bn. 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.

### *Capital ratios at satisfactory levels*

The Common Equity Tier 1 (CET1) ratio of the Group at the end of September 2021 was at 11.3%, while total capital ratio stood at 15.9%, comfortably above capital requirements. The ratios are proforma for the RWA relief that will follow the derecognition of Sunrise 2 NPE securitization, for which losses have been fully booked in Q3.21 as well as Thalys signed transaction (cards merchant acquiring business carve-out and sale).

Further information on the financials & KPIs of Piraeus Group can be found on the [9M.2021 Financial Results](#) presentation and the [9M Consolidated Interim Financial Information that is expected to be available](#) on the company's website by 19 November 2021.





## Selected Figures of Piraeus Financial Holdings Group

Consolidated Data (amounts in €mn)						
Selected Balance Sheet Figures	30.09.21	30.06.21	Δ qoq	30.09.21	30.09.20	Δ yoy
Assets	75,421	75,038	1%	75,421	67,693	11%
Customer Deposits	52,233	51,215	2%	52,233	41,088	11%
Net Loans	33,398	33,150	1%	33,398	38,280	-13%
Selected P&L Figures	Q3.2021	Q2.2021	Δ qoq	9M.2021	9M.2020	Δ yoy
Net Interest Income	319	407	-22%	1,091	1,107	-1%
Net Fee & Commission Income	102	101	1%	279	231	21%
Net Gain (Losses) from Financial Instruments	1	85	n/m	489	33	n/m
Other Operating Income & Dividend Income	10	13	-28%	37	46	-20%
Net Income	432	606	-29%	1,896	1,417	34%
-excluding one-off items <sup>1</sup>	432	606	-29%	1,509	1,417	6%
Staff Costs	(95)	(136)	-30%	(329)	(319)	3%
-excluding one-off items <sup>1</sup>	(95)	(96)	-1%	(289)	(319)	-9%
Admin. Expenses incl. Gains from Sale of Property	(105)	(101)	4%	(307)	(280)	9%
-excluding one-off items <sup>1</sup>	(105)	(101)	4%	(300)	(280)	7%
Depreciation & Other Expenses	(28)	(28)	-1%	(83)	(86)	-4%
Total Operating Expenses	(228)	(266)	-14%	(719)	(686)	5%
- excluding one-off items <sup>1</sup>	(228)	(226)	1%	(672)	(686)	-2%
Pre Provision Income	204	340	-40%	1,178	732	61%
- excluding one-off items	204	380	-46%	837	732	14%
Impairment Losses & Provisions	(811)	(2,279)	n/m	(4,051)	(726)	n/m
-o/w one-off items <sup>1</sup>	(734)	(2,207)	n/m	(3,770)	(418)	n/m
Associates' Results	9	(1)	n/m	2	(19)	n/m
Pre-Tax Result	(603)	(1,980)	n/m	(2,941)	(133)	n/m
- excluding one-off items <sup>1</sup>	131	267	n/m	489	285	n/m
Income Tax	(32)	(65)	-50%	(143)	(10)	n/m
Net Result	(639)	(2,044)	n/m	(3,089)	(150)	n/m
Net Result Attrib. to SHs from Continuing Ops	(635)	(2,045)	n/m	(3,085)	(141)	n/m
Non-Controlling Interests for Continuing Ops	0	1	n/m	1	(1)	n/m
Net Result from Discontinued Ops	(3)	1	n/m	(5)	(7)	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 €418mn in 9M.2020, €829mn in Q1.2021, €2,207mn in Q2.2021 and €734mn in Q3.2021.

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, as at 30 June 2021 and 30 September 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
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
22	Net Revenues	Total Net Income





#	Performance Measure	Definition
23	<b>NFI</b>	Net Fee and Commission Income = Fee and Commission Income minus (-) Fee and Commission Expenses
24	<b>NFI over assets</b>	Net fee and commission income annualised over (/) Adjusted total assets
25	<b>NII (Net Interest Income)</b>	Net Interest Income = Interest Income minus (-) Interest Expenses
26	<b>NPEs - Non Performing Exposures</b>	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	<b>NPE Ratio</b>	Non-performing exposures over Gross Loans before Impairments & Adjustments
28	<b>NPE (Cash) Coverage Ratio</b>	Cumulative provisions over NPEs
29	<b>One-off (non-recurring) Items</b>	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 €418mn in 9M.2020, €829mn in Q1.2021, €2,207mn in Q2.2021 and €734mn in Q3.2021.
30	<b>Operating Expenses (OpEx)</b>	Total operating expenses before provisions
31	<b>Operating Expenses (Recurring)</b>	Operating costs minus (-) non-recurring VES costs in 2019 and 2020
32	<b>Performing Loans (Exposures)</b>	Gross loans adjusted for the seasonal OPEKEPE agri-loan minus (-) Non Performing Exposures
33	<b>Pre Provision Income (PPI)</b>	Profit before provisions, impairments and income tax
34	<b>Pre Provision Income, Recurring</b>	PPI excluding the one-off items, as per item #28
35	<b>Pre Tax Profit / (Loss)</b>	Profit / (loss) before income tax
36	<b>Pre Tax Profit (recurring &amp; excluding COVID-19 impact)</b>	Pre Tax Results excluding one-off items related to the corresponding period as per item #28
37	<b>Return on Tangible Equity (RoTE)</b>	Profit before income tax for the period annualised over (/) Tangible Equity
38	<b>Tangible book value or Tangible Equity</b>	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





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