



## Piraeus Bank is well positioned to contribute to and benefit from the forthcoming recovery of the Greek market, executing on the new strategic plan “*Agenda 2020*”

### Management Statements

“The recent developments with regards to the progress on the conclusion of the second review with Greece’s creditors give us guarded optimism about the prospects of the Greek economy, as they have helped to ease the uncertainty witnessed since the beginning of the year. The final agreement will be a major step forward in putting the Greek economy back on track in 2017.

From now on, our expectation is that positive momentum in the domestic market will be restored and the real economy will find its pace heading for growth. The lifting of uncertainty will boost confidence, help deposit restoration and investment pace and will eventually lead into a new extrovert economic paradigm, based on healthy entrepreneurship and innovation, creating value and jobs.

The Board of Directors is committed to operating under the highest international standards of governance. And we are clear that the Bank should support its clients, deliver value for its shareholders over the medium-term and support the recovery of the Greek economy.”

**George Handjinicolaou, Chairman of the Board of Directors**

“During Q1.2017, Piraeus Bank Group posted a small loss of €6mn vs. a loss of €35mn in Q1.2016, while its pre-provision income rose by 11% on an annual basis to €258mn, underpinned by yearly net revenue growth of 3% and cost reduction of 4%. The Group’s CET-1 ratio was maintained at the level of 17%, while we reduced NPLs by c.€300mn and NPEs by c.€700mn on a quarterly basis.

Along with our Q1.2017 financial results, we are announcing the new strategic plan for the period up to 2020, entitled “*Agenda 2020*”. The plan provides our key priorities and objectives and is aimed at strengthening confidence in the Bank’s prospects, focused on disciplined execution.





For the first time, the financial profile of our core banking franchise (“*Piraeus Bank*”), without legacy assets and businesses (“*Piraeus Legacy Unit*” or “*PLU*”) is presented separately. The core bank recorded profit of €104mn in Q1.2017, achieving a return on assets of 1.1%. On the other hand, the legacy businesses had losses of €110mn. The separate monitoring will allow us to focus on our core client segments, while at the same time dedicating resources to maximize the value of our legacy assets and businesses.”

**Christos Megalou, Chief Executive Officer**





## Group P&L Highlights: 11% increase in Pre Provision Income yoy

-  **Net interest and fee income**, which constitute the core sources of income and represent over 90% of total net revenues, amounted to €521mn in Q1.2017, at the same level as in Q1.2016. In Greece, net interest and fee income amounted to €478mn, 1% higher annually.
-  **Net interest income** reached €440mn, 2% lower vs. Q1.2016, negatively affected by loan deleveraging and the further reduction of Euribor that provides the base for pricing most asset items. This impact was partially offset by the ongoing decrease of funding costs. In Greece, net interest income reached €405mn, marginally lower by 1% annually. In Greece, the de-escalation of time deposit cost continued further: new time deposits cost reached 63 basis points (bps) in March 2017, down 2bps from year-end 2016, with the average interest rate for total deposits at 47bps in Q1.2017, dropping from 61bps in Q1.2016. The Group's **net interest margin (NIM)** improved slightly to 2.70% in Q1.2017 vs. 2.67% in Q1.2016, with Greece recording similar level of improvement.
-  **Net fee and commission income** stood at €81mn in Q1.2017, up 10% against Q1.2016, primarily from commercial banking activities. In Greece, net fee and commission income reached €74mn, posting an increase of 11% on an annual basis, driven by higher fees mainly from cards acquiring and payments. The Group's net fee and commission income as a percentage of assets stood higher in Q1.2017 at 50bps from 44bps in Q1.2016, while the same trend was also evident in Greek operations (49bps from 43bps in Q1.2016).
-  **Operating expenses** stood at €294mn, 4% lower compared to Q1.2016, as a result of a decrease in both personnel and administrative expenses. Personnel expenses amounted to €144mn or 5% lower than Q1.2016, on the back of crystallization of the benefit of 2016 voluntary exit scheme of around 1,200 employees. Administrative expenses reduced by around 3% vs. Q1.2016, because of 70 branch closures, digitalization initiatives, lower advertising and overall cost cutting efforts. The **cost to income ratio** for Q1.2017 eased to 53% from 57% a year ago, while in Greece the ratio was at 51% from 55% in Q1.2016.
-  **Pre provision income (PPI)** in Q1.2017 rose by 11% to €258mn vs. €232mn a year ago, on the back of 3% increase in net revenues and 4% decrease of operating expenses. In Greece, PPI reached €245mn vs. €216mn in Q1.2016, posting an increase of 13%.
-  **Loan impairment charges** amounted to €258mn in Q1.2017 against an almost equivalent amount in Q1.2016, while the NPL coverage ratio reached 68% against 66% in Q1.2016. The uncertainty in the external environment at the beginning of the year, did not allow the de-escalation of the cost of risk, which stood at 218bps in Q1.2017 at a Group level from 212bps in Q1.2016.
-  **Net result from continuing operations attributable to shareholders** amounted to a minimal loss of €6mn for Q1.2017 compared to a loss of €35mn in Q1.2016. In Greece net losses of €13mn were recorded in Q1.2017 vs. a loss of €19mn in Q1.2016.





## Balance Sheet Highlights: 6th Consecutive Quarter of NPL|NPE Drop

-  **Customer deposits** reached €41.0bn at the end of March 2017, lower by €1.4bn vs. December 2016 (-3%), mainly from outflows in Greece (€1.3bn), following a similar trend as in the same period of 2016 (-€1.1bn), while on an annual basis deposits increased by €2.6bn or 7%. Deposits in Greece amounted to €38.0bn, while international deposits reached €2.9bn at the end of Q1.2017.
-  **Eurosystem funding** almost halved in the last 12 months dropping to €15.5bn at the end of March 2017 from €30.4bn at the end of March 2016. Eurosystem funding decreased by around €5.5bn in Q1.2017. In particular, ELA funding dropped to €11.0bn at the end of March 2017 from €16.1bn at the end of March 2016 and €11.9bn at the end of December 2016, while ECB to €4.5bn from €14.4bn and €9.0bn respectively. Interbank repo balances increased further to €8.0bn in March 2017 versus €3.3bn a year earlier and €5.9bn at the end of 2016.
-  **Gross loans before impairments and adjustments** amounted to €63.8bn at the end of March 2017, while net loans amounted to €47.4bn. Total gross loans in Greece stood at €60.2bn, while loans from international operations amounted to €3.6bn. Loans were down by €0.4bn from the beginning of the year, or €1.2bn including write-offs. The net loans to deposits ratio improved to 116% from 128% at the end of March 2016.
-  The **Common Equity Tier 1 ratio** of the Group was 16.8% at the end of March 2017. The fully loaded CET-1 ratio stood at 16.3%. At the end of March 2017, total equity amounted to €9.8bn, flat from the beginning of the year.
-  **The loans in arrears over 90 days ratio** reached 37.8% in Q1.2017, with the NPL stock reduced for the 6th consecutive quarter. The total reduction in the last 12 months has reached €2.3bn, bringing NPLs down to €24.1bn in March 2017. Group non-performing loans formation, after falling for four consecutive quarters, increased by €0.4bn in Q1 2017, affected by adverse economic conditions and on the back of two corporate accounts, in relation to which the Bank decided to take a conservative approach. The Group **coverage ratio of loans in arrears over 90 days by cumulative provisions** at the end of March 2017 reached 68% from 66% at the end of March 2016. **Non-performing exposures (NPEs) ratio** at the end of March 2017 was at 52%, with coverage by cumulative provisions at 46%.
-  During Q1.2017, within the framework of the short-term measures for the relief of Greek public debt, floating rate **EFSF and ESM notes with a nominal value of €2.0bn held by the Bank had been exchanged** with new fixed rate ESM bonds or cash.
-  The **branch network** in Greece at the end of March 2017 was at 649 units (reduced by 11 branches qoq and 52 annually), while on a Group level it stood at 911. Thus, the Bank's Restructuring Plan target of 650 branches in Greece by the end of 2017 has already been achieved.
-  The **Group's headcount** for continuing operations at the end of March 2017 was 17,641 employees, of which 14,054 in Greece.

Note: As of Q1.2017 the operations of two domestic subsidiaries, namely Olympic SA (Avis Hellas) and Imithea SA (H.Dunant hospital) have been classified as discontinued. The P&L results of 2016 have been restated accordingly.





## Selected Figures of Piraeus Bank Group

Consolidated Data (amounts in €mn)	31.03.17	31.12.16	31.03.16	Δ qoq	Δ yoy
<b>Selected Balance Sheet Figures</b>					
Assets	76,647	81,501	86,090	-6%	-11%
Deposits <sup>1</sup>	40,960	42,365	38,319	-3%	7%
Gross Loans before Adjustments <sup>2</sup>	63,787	66,648	66,291	-4%	-4%
Cumulative Provisions	16,370	16,941	17,378	-3%	-6%
Total Equity	9,799	9,824	9,947	0%	-1%
<b>Selected P&amp;L Results</b>					
	Q1 2017	Q4 2016	Q1 2016	Δ qoq	Δ yoy
Net Interest Income	440	453	447	-3%	-2%
Net Fees & Commission Income	81	91	74	-11%	10%
Net Trading & Inv. Securities Income	32	38	6	-15%	>100%
Other Operating & Dividend Income	(2)	(13)	10	-	-
Net Revenues	552	569	537	-3%	3%
Personnel Expenses	(144)	(148)	(152)	-2%	-5%
Administrative Expenses	(123)	(165)	(127)	-25%	-3%
Depreciation & Other Expenses	(27)	(27)	(27)	0%	0%
Total Operating Costs	(294)	(339)	(305)	-13%	-4%
Pre Provision Income (PPI)	258	230	232	12%	11%
Impairment Losses on Loans <sup>3</sup>	(258)	(310)	(259)	-17%	0%
Impairment Losses on Other Assets	(12)	(113)	(11)	-90%	3%
Associates' Results	(7)	(10)	(0)	-	-
Pre Tax Result	(19)	(204)	(39)	-90%	-50%
Income Tax	13	189	3	-	-
Net Result Attrib. to SHs Cont. Operations	(6)	(12)	(35)	-	-
Non Controlling Interest Cont. Operations	0	(3)	0	-	-
Net Result from Discontinued Operations	(1)	(3)	(8)	-	-

(1) In deposits, an amount of €0.4bn related to time deposits of the Investment Cover Scheme and the Supplementary Deposits Cover Fund of the Hellenic Deposit and Investment Guarantee Fund has been included in Q1.2016.

(2) At year-end 2016 gross loans include a seasonal agri-loan to OPEKEPE (Payment Authority of Common Agricultural Policy) of €1.7bn (€1.0bn at year-end 2015), which was repaid in early 2017.

(3) P&L for 2016 has been restated for the classification of Olympic SA (Avis) and Imitheia (H.Dunant hospital) in discontinued operations.

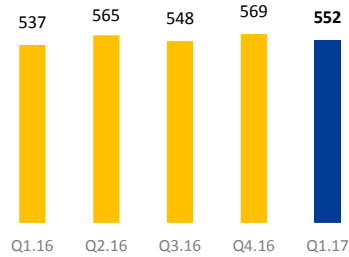
The Consolidated Financial Statements for Q1.2017 of Piraeus Bank Group will be posted on the corporate website ([www.piraeusbankgroup.com](http://www.piraeusbankgroup.com)) on 24 May 2017. The financial statements of FY.2016, as well as the Q1.2017 investor presentation, contain tables with references to the Alternative Performance Measures as per the European Securities & Markets Authority guidelines.





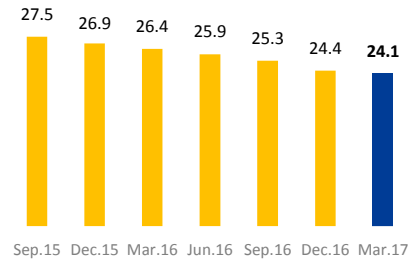
# PIRAEUS BANK GROUP - Q1 2017 FINANCIAL RESULTS

## Net Revenues (€mn)

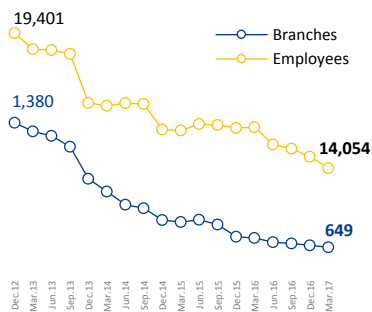


\*Q2.16 excl. one-off trading gain of €77mn

## NPL Stock (€bn)

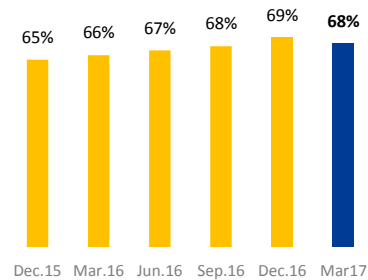


## Employees & Branches in Greece (#)

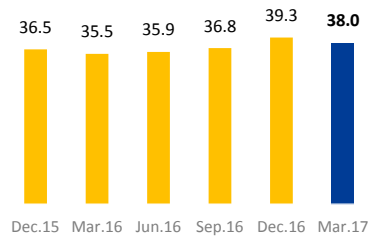


\*Mar.17 excl. employees of Olympic SA (AVIS)

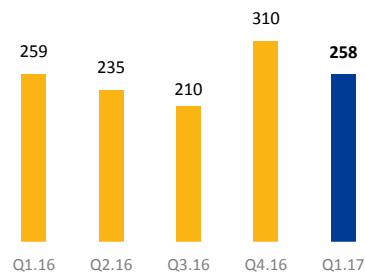
## NPLs Coverage Ratio (%)



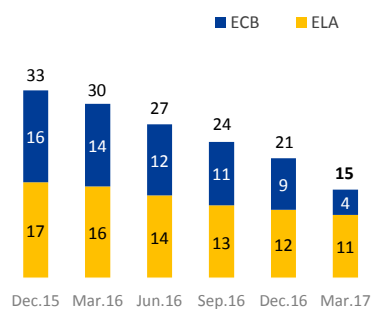
## Customer Deposits in Greece (€bn)



## Loan Impairment (€mn)



## Eurosystem Funding (€bn)



## CET-1 Ratio (Mar.17)

