15 March 2022

PIRAEUS FINANCIAL HOLDINGS

Full Year 2021
Financial Results

2021 Key Takeaways

- In twelve months, more than 95% of Sunrise plan has been executed, in absolute discipline with initial expectation
- NPE ratio down to c.12.5% vs c.45% a year ago, on track to c.8% level by end-2022
- Overperformance in annual organic NPE flow by €0.5bn (€1.2bn vs €1.7bn Covid-driven expectation)
- Total capital ratio at 15.9%
- New loan origination of €6.5bn, exceeding €5.7bn target; €1.0bn net credit expansion (disbursements minus repayments) in 2021
- Strong increase in client assets: deposits reached €55.4bn, up €5.8bn yoy, and mutual fund assets at record high of €3.4bn, up €0.9bn yoy

Financial Highlights

- Robust net fee income generation at €394mn, +25% yoy, with solid trends evident in almost all product lines; Q4.21 figure reached historical high level of €116mn
- Further cost containment with recurring operating expenses at €902mn, -4% yoy
- Pre provision income at €1,052mn on a recurring basis, +10% yoy
- Recurring cost-to-income at 46%, compared to 50% a year ago
- Organic cost-of-risk presented sizeable improvement to 53bps in Q4.21, on the back of accelerated derisking
- Recurring pre-tax profit of €665mn, more than double compared to a year ago
- Accounting for the NPE clean-up, reported result stood at -€3.0bn, in line with capital plan projections

Management Statement

"For Piraeus Group, 2021 was a year of complete turnaround, through the execution of its strategic business plan, which drove its NPE ratio to c.12.5% at the end of 2021 from 45% a year ago, and aspires for single-digit NPE ratio within 2022, while maintaining solid capital position and enabling sustainable profitability for the short and medium term.

Our 2021 journey is proof of the commercial strength of our franchise. We continued supporting our clients and disbursed €6.5bn of new loans, ahead of our target of €5.7bn, while at the same time we advised our corporate customers in the raising of approximately €3.0bn in debt and equity capital markets. Our customer assets, namely deposits and mutual funds, increased by €6.8bn, a record high.

Piraeus Group's 2021 financial performance demonstrated tangible improvement in all areas. Our recurring pre-tax profit reached €665mn, driven by resilient net interest income, despite the drastic NPE clean-up, record net fee income, continued cost discipline and significant improvement in organic loan impairments.

In 2021, the Greek economy posted strong GDP recovery of 8% and set the foundations for sustainable mid-single digit growth as of 2022 and for a number of years forward. The inauguration of projects under the Recovery and Resilience Facility and the implementation of related structural reforms, are expected to safeguard the growth prospects of the economy, even amid the uncertain environment that is evolving post the severe conflict between Russia and Ukraine.

The situation in Ukraine creates risks, affecting - among others - energy and agri prices, resulting in heightened inflationary pressures both in intensity and duration above initial estimates. Second-order effects may exert a negative impact on consumption and business activity. As the situation is still evolving, it is premature to assess the long-term impact to the Greek economy and society. However, as the prerequisites for sustainable growth for the Greek economy have been set, the consequences of the crisis could be mitigated based on relief measures at European level, similar to the ones taken to address the pandemic.

For Piraeus, the solid execution of our business plan to date, and the pragmatic assumptions that it is based on, allow us to be optimistic for the successful accomplishment of our targets, enabling us to support the Greek economy and provide attractive returns to our shareholders. In parallel, we continue contributing towards a cohesive and inclusive society, an objective more important now than ever before".

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 €1,410mn in FY.21, down 5% yoy, mainly due to the loss of NPE-related income. NII in Q4.21 stood at €318mn, -16% yoy, impacted by the accelerated NPE de-risking. NII, excluding forgone income from NPEs and TLTRO III one-off benefit, amounted to €907mn in FY.21, up 5.2% yoy. Low deposit costs rendered the income line resilient and traded-off some mild pressure on yields. The increase in performing loan balances, expected also under the utilization of RRF funds kicking-in within the next months, will generate additional loan interest income.

Solid growth in NFI, consistently above €100mn in the past three quarters

NFI amounted to €394mn in FY.21, 25% higher compared to FY.20. Net fee income (NFI) in Q4.21 reached €116mn, +35% yoy, a new record performance for a third 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 0.59% in Q4.21, 10bps better yoy, with our transformation program already bearing fruits.

Further operating cost containment

Operating expenses in FY.21 reached €902mn on a recurring basis, -4% yoy. Respectively, staff costs were down 10% yoy to €380mn on a recurring basis, as Piraeus is gradually realizing the benefits from staff restructuring efforts. G&A costs in FY.21 were up 5% yoy at €418mn, 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 46% in FY.21 vs 50% 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 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. As at 31 December 2021, the Group's headcount totaled 9,270 employees in the continuing operations, of which 8,904 were employed in Greece. The number of employees in Greece during 2021 decreased by 1,104, mainly due to the aforementioned VES, based on which 899 employees exited during the year. The staff restructuring costs booked in 2021 income statement amounted to €25mn, while additional €7mn non-recurring G&A expenses were booked within the year.

Core PPI exhibits the strength of the franchise

Core pre-provison income (NII plus NFI minus recurring OpEx) stood at €902mn in FY.21, 4% 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.

Massive improvement in organic cost of risk and ahead of initial estimates

The Q4.21 organic loan impairment charges stood at €47mn from €48mn in the previous quarter, on the back of the large NPE reduction executed in 2021, and the significant improvement in the new NPE flows. Further, €21mn credit-risk related charges on loans were booked during the quarter. Impairment losses of €126mn in Q4.21 were associated with losses incurred from the sale of the shipping NPE portfolio, amounting to €0.4bn gross book value, as well as with provisions regarding a sale scenario of Sunrise 3 NPE portfolio. Cost of risk over net loans decreased to 53bps as at Q4.21, compared to 148bps a year ago.

Pre-tax and net result in Q4.21

Reported pre-tax profit in Q4.21 stood at €250mn. On a recurring basis, pre-tax profit stood at €176mn. Group net result attributable to shareholders stood at €78mn in Q4.21, compared to losses of €511mn in Q4.20.

Balance Sheet Highlights: Growth in Customer Assets

Customer deposits up 12% yoy at lower cost

Customer deposits amounted to €55.4bn at the end of December 2021, up 12% yoy, a historical high for the Group. Deposit cost continued to decline to 6bps in Q4.21, compared to 7bps in Q3.21 and 13bps in Q4.20.

Strong liquidity and funding profile

Eurosystem funding stood at €14.5bn at the end of December 2021, up from €13.5bn at the end of September 2021, post €1.0bn TLTRO III take-up in the December auction. Piraeus Holdings Liquidity Coverage Ratio (LCR) stood at the very satisfactory level of 204%. Strong liquidity profile is also reflected on the Group's net loan-to-deposit ratio, standing at 63% at the end of December 2021.

Gross loans

Gross loans (grossed up with PPA adjustment) amounted to €38.5bn compared to €49.5bn at the end of December 2020, on the back of the significant NPE clean-up executed in 2021. During Q4.21, the classification of the shipping NPE portfolio as held-for-sale took place. Group net loans stood at €35.0bn as at 31 December 2021, excluding the seasonal OPEKEPE agri loan of €1.5bn. New loan disbursements in 2021 amounted to €6.5bn, addressing credit demand mainly from businesses (corporates, as well as SMEs and small businesses). It is noted that the gross loan figure as at Dec.21 includes €6.3bn of senior notes associated with the NPE securitizations concluded until now, namely Phoenix, Vega, Sunrise 1 and Sunrise 2.

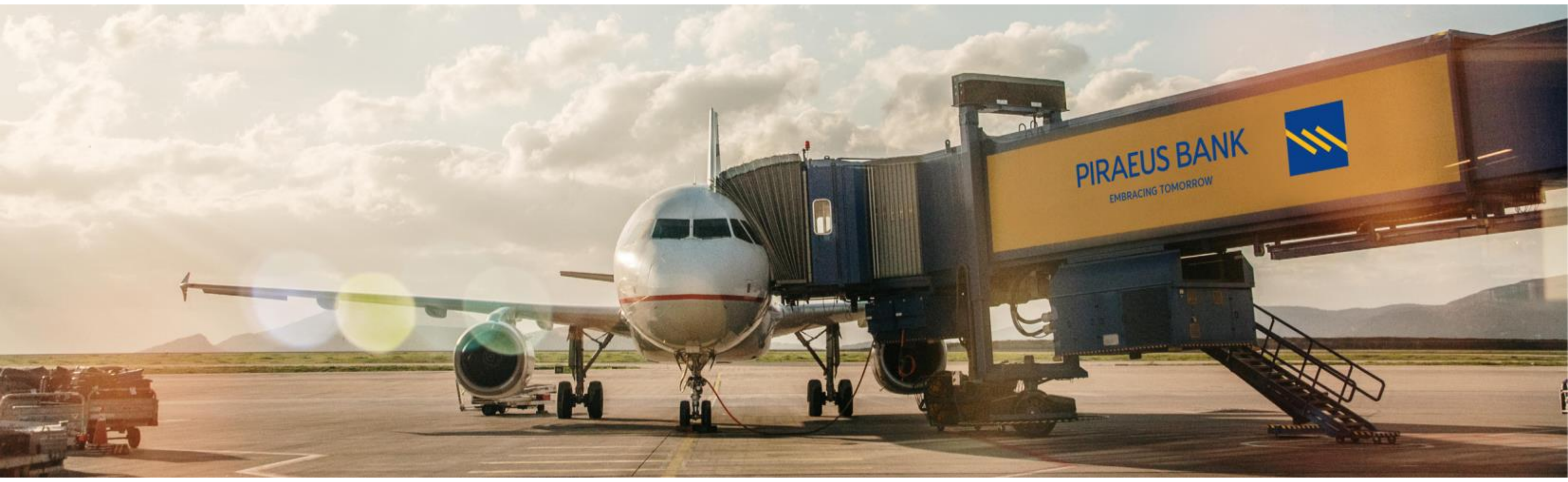
Record NPE reduction delivered

NPEs stood at €4.9bn at the end of December 2021, down from €22.5bn at the end of 2020. The NPE ratio decreased substantially to 12.6% vs 45.3% as at 31 December 2021, mainly driven by €16.8bn NPE securitizations through HAPS and direct NPE sales executed in 2021, topped by €0.8bn NPE reduction through organic management of NPEs and write-offs.

Capital ratios at satisfactory levels

The Common Equity Tier 1 (CET1) ratio of the Group at the end of December 2021 stood at 11.2%, while total capital ratio stood at 15.9%, comfortably above capital requirements. The ratios are proforma for the RWA relief post the derecognition of the shipping NPE securitization, for which losses have been fully booked in Q4.21.

Further information on the financials & KPIs of Piraeus Group can be found on the FY.2021 Financial Results presentation and the 2021 Annual Financial Report that is expected to be available on the company's website on 24 March 2022.



Selected Figures of Piraeus Financial Holdings Group

Consolidated Data (amounts in €mn)						
Selected Balance Sheet Figures	**31.12.21**	**30.09.21**	**Δ qoq**	**31.12.21**	**31.12.20**	**Δ yoy**
Assets	79,790	75,421	6%	79,790	71,576	11%
Customer Deposits	55,442	52,233	6%	55,442	49,636	12%
Net Loans	35,047	33,398	5%	35,047	38,108	-8%
Selected P&L Figures	**Q4.2021**	**Q3.2021**	**Δ qoq**	**FY.2021**	**FY.2020**	**Δ yoy**
Net Interest Income	318	319	0%	1,410	1,486	-5%
Net Fee & Commission Income	116	102	13%	394	317	25%
Net Gain (Losses) from Financial Instruments	193	1	n/m	682	44	n/m
Other Operating Income & Dividend Income	2	10	-74%	39	46	-14%
Net Income	629	432	46%	2,526	1,893	33%
-excluding one-off items [1]	445	432	3%	1,954	1,893	3%
Staff Costs	(76)	(95)	-20%	(405)	(571)	-29%
-excluding one-off items [1]	(91)	(95)	-4%	(380)	(424)	-10%
Admin. Costs incl. Gains from Sale of Property	(111)	(105)	6%	(418)	(399)	5%
-excluding one-off items [1]	(111)	(105)	6%	(411)	(399)	3%
Depreciation & Other Expenses	(27)	(28)	-2%	(110)	(115)	-4%
Total Operating Expenses	(215)	(228)	-6%	(933)	(1,084)	-14%
- excluding one-off items [1]	(230)	(228)	1%	(902)	(937)	-4%
Pre Provision Income	415	204	103%	1,592	809	97%
- excluding one-off items	215	204	5%	1,052	955	10%
Impairment Losses & Provisions	(194)	(811)	-76%	(4,245)	(1,104)	n/m
-o/w one-off items [1]	(126)	(734)	-83%	(3,896)	(695)	n/m
Associates' Results	17	9	93%	18	(16)	n/m
Pre-Tax Result	250	(603)	n/m	(2,691)	(530)	n/m
- excluding one-off items [1]	176	131	34%	665	312	113%
Income Tax	(173)	(32)	n/m	(316)	(128)	n/m
Net Result	74	(639)	n/m	(3,014)	(668)	n/m
Net Result Attrib. to SHs from Continuing Ops	78	(635)	n/m	(3,007)	(652)	n/m
Non-Controlling Interests for Continuing Ops	(2)	0	n/m	(1)	(6)	n/m
Net Result from Discontinued Ops	(2)	(3)	-39%	(7)	(10)	n/m

(1) One-off items refer to (a) the gains booked in trading income from sovereign bond portfolio amounting to €387mn in Q1.2021 and from Mayfair transaction amounting to €185mn in Q4.2021, (b) Voluntary Exit Scheme costs of €25mn in staff costs for 2021 and €147mn for 2020, (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 €695mn in FY.2020, €829mn in Q1.2021, €2,207mn in Q2.2021, €734mn in Q3.2021 and €126mn in Q4.2021.

Note: n/m refers to non material change

GLOSSARY / ALTERNATIVE PERFORMANCE MEASURES (APM)

#	Performance Measure	Definition
1	**CET1 Capital Ratio (Phased in) on a Pro forma basis**	CET1 capital, as defined by Regulation (EU) No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact, subtracting (-) from the denominator the RWA of the Dory shipping NPE portfolio, classified as HFS as at 31 December 2021
2	**Core PPI**	Net interest income plus (+) net fee and commission income minus (-) recurring operating expenses
3	**Cost of Risk (CoR)**	ECL impairment losses on loans and advances to customers at amortized cost of the period annualised over (/) Net Loans
4	**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 #26
5	**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
6	**Deposits or Customer Deposits**	Due to Customers
7	**Expected Credit Loss (ECL) Allowance grossed up with PPA adjustment**	ECL allowance for impairment losses on loans and advances to customers at amortised cost
8	**Financial Assets**	The sum of: financial assets at FVTPL, financial assets mandatorily at FVTPL, financial assets at FVTOCI, debt securities at amortised cost
9	**Gross Book Value (GBV)**	Gross loans and advances to customers at amortised cost
10	**Gross Loans grossed up with PPA adjustment**	Loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers
11	**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
12	**Impairment Charges**	ECL Impairment Losses on loans and advances to customers at amortised costs plus (+) other credit-risk related charges on loans and advances to customers at amortised cost, plus (+) Impairments losses on other assets plus (+) ECL Impairment Losses on financial assets at FVTOCI plus (+) Impairments on subsidiaries and associates plus (+) Impairment on property, equipment and intangible assets plus (+) Other impairments and provisions
13	**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
14	**Loan Impairment Charges**	ECL impairment losses on loans and advances to customers at amortised cost
15	**Net Loans**	Loans and advances to customers at amortised cost
16	**Net Fee & Commission Income (NFI)**	Fee Income minus (-) Fee Expense
17	**Net Interest Income (NII)**	Interest Income minus (-) Interest Expense
18	**Net Results - Net Profit**	Profit / (loss) for the period from continuing operations attributable to shareholders of the Parent
19	**Net Revenues**	Net interest income plus (+) Net fee and commission income plus (+) Dividend Income plus (+) Net gain/(losses) from financial instruments measured at fair value through profit or loss ("FVTPL") plus (+) Net gain/(losses) from financial instruments measured at fair value through other comprehensive income ("FVTOCI") plus (+)Net gain/(loss) from derecognition of financial instruments measured at amortised cost plus (+) Gain/(loss) from disposal of subsidiaries and associates plus (+) Net other income/ (expenses)
20	**Non Recurring (one-off) Expenses**	In FY.2020 Voluntary Exit Scheme ("VES") staff costs amounted to € 147 million, whereas in FY.2021 extraordinary costs related with VES of € 25 million, broken down to €40mn cost expenses booked in Q2.21 and €15mn reversal of reserves for VES costs booked in Q4.21. Additionally, G&A costs of €7 million related with transformation projects were booked in 2021.
21	**Non Recurring (one-off) Other Income**	In FY.2021 extraordinary other income related with (i) gains from GGBs exchange amounting to € 221 million, (ii) gains from interest rate derivatives of € 82 million, (iii) gains from the sale of sovereign bonds from the debt securities portfolio classified at amortised cost amounting to € 85 million, (iv) gain from the partnership for the management of non-core equity participations amounting to € 185 million
22	**Non Recurring (one-off) Impairments**	In 2021, € 3,896 million impairment charges related with the losses of the Phoenix, Vega and Sunrise I & II securitizations and other NPE sales, were classified as one-off. In 2020, € 695 million impairment charges related with Covid-19 impact and other impairments in the context of the new NPE reduction plan were classified as one-off

#	Performance Measure	Definition
23	**Non-Performing Exposures (NPEs)**	On balance sheet credit exposures before ECL allowance for impairment on 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
24	**NPE Ratio**	NPEs over (/) gross loans before impairments & adjustments
25	**NPE (Cash) Coverage Ratio**	ECL allowance for impairments on loans and advances to customers at amortised cost over (/) NPEs
26	**One-off (non-recurring) Items**	One-off items refer to (a) the gains booked in trading income from sovereign bond portfolio amounting to €387mn in Q1.2021 and from Mayfair transaction amounting to €185mn in Q4.2021, (b) Voluntary Exit Scheme costs of €40mn in Q2.21 in staff costs (c) Reversal of the reserves for Voluntary Exit Scheme costs of €15mn in Q4.2021 in staff costs (d) €7mn non-recurring costs in Q1.2021 in G&A expenses, (e) 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 €695mn in FY.2020, €829mn in Q1.2021, €2,207mn in Q2.2021, €734mn in Q3.2021 and €126mn in Q4.2021.
27	**Operating Expenses (Opex)**	Total operating expenses before provisions
28	**Other Income**	Balancing item: equals (=) Total net Income minus (-) Net Interest Income minus (-) Net Fee and Commission Income
29	**Performing Loans (Exposures)**	Gross loans adjusted for the seasonal OPEKEPE agri-loan of €1,474mn minus (-) Non Performing Exposures
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 #26
32	**Pre Tax Profit - Pre Tax Result**	Profit / (loss) before income tax
33	**Pre Tax Profit (recurring)**	Pre Tax Results excluding one-off items related to the corresponding period as per item #26
34	**Recurring Operating Expenses**	Operating expenses minus (-) One-off expenses
35	**Return on Tangible Equity (RoTE)**	Profit before income tax for the period annualised over (/) Tangible Equity
36	**Tangible book value or Tangible Equity**	Total equity minus the nominal value of cocos minus intangible assets and minority interests. Post 2020 and coco conversion, Tangible book value excludes intangible assets, minority interests and Additional Tier 1 capital
37	**Total Regulatory Capital (Phased in) on a Pro forma basis**	Total capital, as defined by Regulation (EU) No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact, subtracting (-) from the denominator the RWA of the Dory shipping NPE portfolio, classified as Held for sale (HFS) as at 31 December 2021

Disclaimer

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