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The 2017 Business Report of Piraeus Bank is available online at: www.piraeusbankgroup.com/annual-report

FSC® (Forest Stewardship Council®), Its mission is to promote environmentally responsible, socially beneficial and economically viable management of the world’s forests.
The word "praxis" in Greek is used in reference to mathematical calculations but also to human actions. This is no coincidence but evidence of the close interconnection of people and numbers.

At Piraeus Bank, fully aware of this connection and focused on the values that inspire us, we operate with absolute integrity and consistency.

All of our actions are related to people and we shape our activities for the future with people at the center of all activities. So that we can be by their side, in "praxis".
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In 2017, Piraeus Bank inaugurated a new corporate culture model and the shaping of new corporate values to activate the creative strengths of its people so that they may successfully respond to the opportunities of the new era.
Historical Timeline

1916-1991 THE EARLY YEARS

1. 1916: Founding of Piraeus Bank.
2. 1918: Listing of Piraeus Bank shares on the Athens Stock Exchange (ATHEX).
4. 1975: Piraeus Bank, as part of Emporiki Group, comes under state control.

1992-1999 GROWTH AND CREATION OF "CRITICAL MASS"

2000–2008 DOMINANT DOMESTIC PRESENCE AND INTERNATIONAL EXPANSION

1. 2000: Completion of merger by absorption of Xiosbank and Macedonia-Thrace by Piraeus Bank. Creation of winbank, the first integrated e-banking platform in Greece.

2. 2001: Completion of reorganisation of asset management and investment banking sectors, with merger of similar mutual funds, and absorption of Xios Securities and Macedonia-Thrace Securities by Sigma Securities SA. Agreement for the acquisition of ETVAbank. Expansion of the Group’s market shares in banking, leasing and third-party wealth management.

3. 2002: Completion of a 57.8% acquisition of ETVAbank.

4. 2003: Merger by absorption of ETVAbank by Piraeus Bank, of Piraeus Investment SA by Hellenic Investment Company and of ETVA Leasing by Piraeus Leasing SA.


6. 2005: Acquisition of 99.7% of Bulgarian Piraeus Eurobank AD (renamed Piraeus Bank Bulgaria AD). Acquisition of 80% of Serbian Piraeus Atlas Banka AD (renamed Piraeus Bank Beograd AD). Acquisition of 69.3% of Egyptian Commercial Bank (renamed Piraeus Bank Egypt).


8. 2007: Acquisition of International Commerce Bank in Ukraine (renamed JSC Piraeus Bank ICB). Acquisition of Arab Bank’s branch network in Cyprus. Renewal of the cooperation with the international ING Group in the field of bancassurance in Greece. Completion of the Bank’s Share Capital Increase by €1.35 bn.


2009–2016 CONFRONTING THE FINANCIAL CRISIS

1. 2009: Issuance of non-voting preferred shares, to the amount of €370 mn, in favour of the Hellenic Republic, pursuant to Greek Law 3723/2008. Agreement with Victoria General Insurance Company SA, subsidiary of ERGO International in Greece and member of the Munich Re Group, for the implementation of a ten-year exclusive cooperation in the general insurance field.

2. 2010: Creation of winbank Direct (www.winbankdirect.gr), the first online channel for the delivery of banking services in Greece.

3. 2011: Completion of a Share Capital Increase of €0.8 bn. Issuance of additional non-voting preferred shares, to the amount of €380 mn, in favour of the Greek State, pursuant to L. 3723/2008. Participation in the PSI programme with total eligible bonds amounting to €7.7 bn; the total impairment recognised in the financial year 2011 amounted to €5.9 bn before taxes.

4. 2012: Acquisition of the ‘healthy’ part (selected assets and liabilities) of ATEbank, which was placed under special liquidation at the time. Sale of the participation (98.8%) in Marathon Banking Corporation. Acquisition of the total participation of Societe Generale (99.1%) in Geniki Bank. Participation in the Greek Government Bond (GGBs) Buyback Programme for the reduction of public debt.

5. 2013: Acquisition of deposits, loans, branches and employees in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank. Agreement for the sale of Piraeus Bank’s stake (93.72%) in the share capital of ATEbank Romania SA. Agreement with Millennium BCP for the acquisition of the capital share of Millennium Bank Greece SA. Share capital increase of €8.429 bn. Integration of the information systems of former ATEbank, Hellenic Bank, Bank of Cyprus and Cyprus Popular Bank in the uniform IT environment of Piraeus Bank. Legal merger and integration of IT systems of Millennium Bank Greece SA, completing the integration of all banking activities that were acquired by Piraeus Bank, with the exception of Geniki Bank.

6. 2014: Issuance and placement of €0.5 bn three-year senior bonds in the international markets, to raise medium-term liquidity. Share capital increase of €1.75 bn. Redemption of Greek State’s Preferred shares in the amount of €750 mn (L. 3723/2008). Approval of the merger of Piraeus Bank with Geniki Bank SA, with the acquisition of the latter by the former and completion of the Geniki Bank’s systems integration in the uniform IT environment of Piraeus Bank Group.

7. 2015: Acquisition of the “healthy” part of Panellinia Bank SA. The integration of its systems was completed in July 2015. Return to the Public Debt Management Agency (PDMA) of the sum of special bonds issued to the Bank within the framework of Pillar III of L. 3723/2008, with a total nominal value of €2.2 bn. Liability Management Exercise (LME) involving the exchange of securities for cash or shares (or any combination of the aforesaid), in relation to the senior unsecured bonds and preferential securities of €500 mn with fixed interest rate maturing in 2017, of €400 mn with floating interest rate maturing in 2016 and of €200 mn with floating interest rate and indefinite duration. The LME was conducted in order to strengthen the Bank’s capital base. Following a decision of the bond holder assemblies, an exchange was approved for the sum of the securities. ECB Banking Supervision conducted a comprehensive assessment of the four Greek systemic banks. Agreement on the sale of its stake in the subsidiary Piraeus Bank Egypt SAE. Completion of the book-building process regarding the offering of new common shares in cash.
amounting to €1.34 bn. Approval from the European Commission of the revised Restructuring Plan of the Bank. Completion of raising funds to the amount of €4.7 bn, with a share capital increase with cash, capitalisation of liabilities via cash payments and contribution in kind of ESM bonds, and issuance of contingent convertible bonds (CoCos) that were covered solely by the Hellenic Financial Stability Fund (HFSF).

8. 2016: Redemption of the last remaining guarantees of the Hellenic Republic (Pillar II), used for liquidity purposes, issued under the framework of L. 3723/2008. Upon redemption of Pillar II bonds, Piraeus Bank no longer made use of the measures of L. 3723/2008, and therefore was no longer subject to the restrictions of the support scheme, which, inter alia, required the appointment of a Greek State representative on its Board of Directors (BoD).

Announcement by Piraeus Bank regarding agreement for the sale of shares in its subsidiary in Cyprus, Piraeus Bank Cyprus Ltd.

In November, the BoD of the Bank elected Mr George Handjinicolaou as its Chairman.

Piraeus Bank announced the sale of 100% of the share capital of ATE Insurance to Ergo International AG, a subsidiary of Munich Re, following the fulfilment of all the conditions under the relevant agreement.

Piraeus Bank was the first to launch into the Greek market a new model of a fully automated e-branch offering a range of full-service banking transactions and a unique banking experience.
Piraeus Bank has completed the overall revamp of its Board of Directors, incorporating members with international financial expertise, strengthening its corporate governance. Furthermore, with CEO Christos Megalou it has reinvigorated its top management, strengthening its executive management team and thoroughly reviewing all internal control functions and policies.

January 2017
Following the agreement for the sale of Piraeus' holdings in Trastor REIC, the Bank’s stake was reduced to 39% from 58%.

February 2017
The redesigning of winbank web banking for businesses is completed.

March 2017
The BoD of Piraeus Bank, in its meeting of 8 March 2017 unanimously elects Mr Christos Megalou as the Bank’s new CEO.

April 2017
The European Investment Fund (EIF) has signed 2 agreements of €270 mn with Piraeus Bank which will provide financing to over 1,000 small and medium sized enterprises (SMEs) across all sectors of the Greek economy.

May 2017
On 24 May 2017, Piraeus Bank announced its strategic plan for 2020, entitled "Agenda 2020". The plan establishes a clear set of strategic priorities that, combined with focused and effective execution, provides a clear and visible path to the Bank’s full recovery.

2017 at a Glance
The new innovative site properties4sale.gr is launched, aiming at the sale of REO assets through online and publicly accessible auctions.

**June 2017**
The Annual General Meeting of Shareholders of Piraeus Bank, elects the new 11-member Board of Directors (including the HFSF representative) with a 3-year mandate and appoints 5 independent members according to the provisions of the Greek Law 3016/2002.

**July 2017**
The first e-auction is successfully conducted by properties4sale.gr for the sale of 58 real estate owned assets.

**August 2017**
The renewal of bancassurance agreement with NN Hellas is announced.

The collaboration with UnionPay International – is launched. QuickPass is introduced to Southern Europe for the first time.

**September 2017**
The sale agreement of Piraeus Bank Beograd in Serbia to Direktna Banka AD, is announced.

**October 2017**
A 5-year €0.5 bn covered bond issue is announced, launched under Piraeus Bank’s €10 bn Covered Bond Programme. This represented the first covered bond issuance by Piraeus Bank and the first time that supranational financial organisations have invested in covered bonds issued by Greek banks since the beginning of the financial crisis.

**November 2017**
The sale of Piraeus’ subsidiary Olympic Commercial and Tourist Enterprises SA, which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece is announced.

"Project Horizon" is launched, a specific zero cost-based strategic project, where specific interventions are designed and carefully planned for Piraeus Bank’s operating model across four main pillars: customer reach, internal delivery model, digitalisation of core processes and building a market leading procurement.

**December 2017**
The agreement with JC Flowers & Co. for the sale of Piraeus Bank's entire shareholding stake in its subsidiary Piraeus Bank Romania SA, its banking subsidiary in Romania is announced.
Vision and Values

Piraeus Bank today stands in the first place, committed to its vision to be the most trusted Bank in Greece, and defines the future based on its values.

Accountability. Meritocracy. Transparency. Concepts and values that clearly represent its identity and its position in the modern environment, and at the same time determine all its operations.

With its management responsibility and conviction for continuous development Piraeus Bank paves innovative ways, with a view on creating value for all stakeholders: shareholders, customers, employees and the society in which it operates.

It promotes profitable and sustainable entrepreneurship, guides its people with integrity, provides high quality services.

Piraeus Bank places customers and their needs at the centre of its operations. Taking into account social and economic factors, confident and certain about its ability to ensure quality and transparency, the Bank's continued partnership, collaboration, and cooperation with its customers, shapes deep and confident relationships for tomorrow.
Leading position in the Greek banking market, with a **30%** market share in deposits and loans.

Market leader in business lending, with a **35% market share**.

753 branches¹ (continuing operations),
620 in Greece and 133 abroad.

15,115 employees¹ (continuing operations),
13,253 in Greece and 1,862 abroad, young in age (42 years old is the average),
technologically savvy, fully-trained, willing to learn new methods and procedures.

Pioneer in supporting agricultural and green entrepreneurship.

Pioneer in environmentally-friendly and user-friendly e-banking through its winbank web-banking platform.

5.2 mn customers¹ in Greece.

Constantly among the top-ranking banks in Greece, regarding customer satisfaction and loyalty.

Social, cultural and environmental responsibility through a systematic and defined framework of actions and initiatives

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*Selected Figures of Business Report 2017*

¹Data as at 31.12.2017.
**Group Total Assets (€ bn)**

*The evolution of volumes incorporates divestment of operations, in accordance with the approved Restructuring Plan of Piraeus Bank.*
<table>
<thead>
<tr>
<th>Year</th>
<th>Group Net Loans**</th>
<th>Group Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>39.4</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>42.4</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>42.7</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>49.6</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>48.0</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>43.1</td>
<td></td>
</tr>
</tbody>
</table>

*Group Net Loans and Group Deposits (€bn)*

*The evolution of volumes incorporates divestment of operations, in accordance with the approved Restructuring Plan of Piraeus Bank.

**Net Loans exclude the seasonal agro-loan facility to OPEKEPE.
<table>
<thead>
<tr>
<th>Year</th>
<th>Group NPL ratio</th>
<th>Group NPL coverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>40.1%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>37.5%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>35.3%</td>
<td></td>
</tr>
</tbody>
</table>

*Group NPL ratio* and *Group NPL coverage ratio*

*NPL ratio excludes the seasonal agro-loan facility to OPEKEPE.*

**Dec. 2017 NPL cash coverage is pro-forma for IFRS9 FTA.*
<table>
<thead>
<tr>
<th>Year</th>
<th>Group NPE ratio</th>
<th>Group NPE coverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Group NPE ratio* and *Group NPE coverage ratio*:

*NPE ratio excludes the seasonal agro-loan facility to OPEKEPE.

**Dec. 2017 NPE cash coverage is pro-forma for IFRS9 FTA.*
Group Pre-Provision Profit (€ bn)
Group Operating Costs (€ bn)
Group Branch Network*

*The evolution of the branch network incorporates divestment of operations, in accordance with the approved Restructuring Plan of Piraeus Bank.
### Group Human Resources*

*The evolution of the number of employees incorporates divestment of operations, in accordance with the approved Restructuring Plan of Piraeus Bank.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total:</td>
<td>19,279</td>
<td>18,075</td>
<td>15,115</td>
</tr>
<tr>
<td>International operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Group Common Equity Tier-1*

*CET-1 ratio for 2017 incorporates divestments that are under way.
A Note from the CEO

The Greek economy returned to growth in 2017. Real GDP increased by 1.4%, the unemployment rate came down to 21.5% and the economic sentiment indicator (ESI) climbed to the highest level since 2014. Real GDP is expected to expand by circa 2% from 2018 onwards.

The improved prospects for the domestic economy have bolstered the economic climate and led to an increase in bank deposits in 2017, to upgrades of the credit ratings of the Greek sovereign and to successive reductions in Greek banks’ dependence on the ELA mechanism. Sovereign bond yields dropped thereby allowing the Greek State to return to the markets for the first time in many years. Furthermore, the Greek banks re-tapped the international financial markets with covered bond issues.

In 2017, the domestic banking sector exhibited resilient operating profitability, maintained capital adequacy at satisfactory levels, reduced the reliance on Eurosystem funding, and diversified its funding sources, as well as recorded a drop in the stock of non-performing exposures (NPEs).

With respect to loans in the Greek banking market, the annual adjusted contraction rate of domestic private sector financing in December 2017 reached -0.8% (€184 bn) from -1.5% in 2016. The loans-to-deposits ratio for the Greek banking market improved to 111% in December 2017 from 120% a year before.

Bank deposits by non-financial corporations and households increased in 2017, as a result of the economic upturn and the gradual recovery of confidence in the banking system, with the relaxation of capital controls.
Domestic deposits, increased by 5% and amounted to €137.8 bn. Banks considerably reduced their funding from the Eurosystem, which dropped to €33.7 bn at the end of December 2017 from €67 bn a year earlier, of which €21.6 bn were covered through the ELA liquidity mechanism (-€22.1 bn yoy) and €12.1 bn from ECB refinancing (-€10.9 bn yoy).

At the beginning of 2018, the exchange programme for EFSF/ESM bonds held by Greek banks –in the framework of short-term public debt relief measures– was completed, resulting in the deleveraging of the banks’ balance sheets and the reduction of their dependence on central bank financing.

Taking into consideration the implementation of the economic adjustment programme, the continuous relaxation of capital controls, and the imminent completion of the financial support programme in August 2018, the Greek banks are now in a position to improve their funding profile and strengthen their deposit base.

The effective management of NPEs is the biggest challenge for the Greek banking system. In late November 2016, the Bank of Greece (BoG) and the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB) published the Greek Banks’ operational targets for NPE reduction, accompanied by key performance indicators. Quarterly operational targets were set, beginning from June 2016 up until the end of 2017 and annual targets for the years 2018 and 2019. In September 2017, the operational targets were revised, aiming at a 37% reduction of NPEs during the period June 2017 – December 2019, with a view to bringing down the outstanding amount of NPEs to €64.6 bn at the end of 2019, €2.2 bn below the target set in September’s 2016 submission. Operational targets have been incorporated in the banks’ strategies as defined in their business plans.

To this end, the legal and regulatory framework has been strengthened and Greek banks have undertaken important initiatives. Specifically, electronic platforms for Out of Court Workouts (OCW) of debts and e-auctions of real estate were launched, the institutional framework governing credit servicing companies has been amended, simplifying market entry, and the first sales of loan portfolios took place. In addition, new legislation now offers immunity to bank officers involved in bad loan restructuring and the rights of secured creditors have been enhanced.

Based on December 2017 data, NPEs decreased by 4.8% and 10.0% compared to September 2017 and December 2016 respectively, to €95.7 bn or 43.1% of total gross loans, while compared to March 2016 (when NPEs reached their peak) there is a decrease of 12% or €13 bn. The banking system NPE coverage by cumulative provisions dropped marginally to 47.4% in December 2017 from 48.0% in September 2017, mainly due to extensive write-offs and sales of loans with high coverage levels. When collateral is incorporated in the coverage calculations then NPE coverage is almost complete.

In May 2017, Piraeus Bank launched its strategic plan for 2020, entitled "Agenda 2020", having the following key goals and objectives: a) reduction of NPLs and NPEs according to the operational targets for 2017-2019, b) creation of a profitable and sustainable business model, with attractive returns to shareholders over the medium-term, c) maintenance of a strong capital base; and d) re-accessing the wholesale markets.

"Agenda 2020" comprises six specific priorities:

1. De-risk the balance sheet, which will be achieved through the operational but not legal separation of the Group in two operating pillars: the core banking activity –Piraeus Core Bank– and the non-core assets – Piraeus Legacy Unit (PLU).
2. Refocus/business redefinition.
3. Create a profitable and sustainable business model, capitalising on existing high-value customers relationships.
4. Optimise capital allocation through the implementation of a Risk Appetite Framework that includes a portfolio-based approach.
5. Strengthen risk monitoring and controls.
6. Adopt superior governance standards.
The most important corporate events for Piraeus Bank Group during 2017 were the following:

1. The exchange of floating rate EFSF and ESM notes held by Piraeus Bank with fixed rate ESM bonds was initiated during the first quarter 2017, within the framework of the short-term public debt relief measures. During 2017, a notional amount of notes held by Piraeus Bank totalling €10.9 bn was exchanged for cash and another €1.5 bn for fixed coupon notes, which were subsequently exchanged for cash, raising the total amount of notes exchanged to €12.4 bn. Following the exchange on 17 January 2018, the bond exchange scheme has been concluded.

2. In the summer of 2017, Piraeus Bank announced that the Bancassurance agreement with NN Hellas, which was due to end on 31 December 2017, was renewed for ten years with a further five-year extension possibility. Piraeus Bank will continue to offer, on an exclusive basis, the Life and Health products of NN Hellas to its customers.

3. In October 2017, Piraeus Bank announced an agreement to dispose of its Serbian banking and leasing operations to Direktna Banka AD, a local Serbian banking group, for a total cash consideration of €61.0 mn. The transaction was completed in April 2018, after receiving all necessary corporate and regulatory approvals, including those from the National Bank of Serbia and the HFSF.

4. In October 2017, Piraeus Bank proceeded with a 5-year covered bond issue of €500 mn, as part of its covered bond programme. The issue was placed privately and was fully subscribed by the European Investment Bank (EIB), the European Investment Fund (EIF) and the European Bank for Reconstruction and Development (EBRD). It is the first covered bond issuance by Piraeus Bank since the beginning of the financial crisis. The bond is secured by a pool of Greek residential mortgages, while the funds raised from the issue are used to finance Greek SMEs from all sectors of the economy. The covered bonds are floating rate, bearing a coupon of 3M Euribor + 250 bps.

5. In November 2017, Piraeus Bank announced the sale of its subsidiary “Olympic Commercial and Tourism Enterprises” – which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece – to Avis Budget Group. The transaction was completed in March 2018.

6. In December 2017, the Bank announced an agreement with JC Flowers & Co. for the sale of its entire shareholding stake in its banking subsidiary in Romania, Piraeus Bank Romania SA. The transaction has been approved by the BoD of Piraeus Bank and the Hellenic Financial Stability Fund, and is expected to be completed in the first half of 2018.

7. On 1 January 2018, Piraeus Bank Group adopted IFRS9. The impact of the first time adoption of IFRS 9 on Piraeus Bank Group’s consolidated financial position as at 1 January 2018, was the strengthening of accumulated provisions by €1.6 bn.

2017 was a pivotal year for Piraeus Bank. On a financial level, 2017 signalled the stabilisation of the Bank’s financial performance, especially during the second half of the year, when market conditions allowed it. The improvement in liquidity and asset quality accelerated, as evidenced by all the financial ratios. On an institutional level, 2017 was marked by the completion of the changes in the BoD, in compliance with international best practices and regulatory rules and the assumption of my position in April 2017. The institutional ring-fencing of the Bank allows further strengthening and business continuity to the benefit of the shareholders, customers and employees.

In 2017, Piraeus Bank took significant steps forward, using its strong capital base to increase provisioning. The combination of increased provisioning and IFRS9 First Time Adoption (FTA), significantly increased NPE & NPL cash coverage, overhauls balance sheet de-risking, and cost of risk de-escalation going forward.

Piraeus Bank’s asset quality performance in the second half of 2017 was strong. The NPE and NPL stock in December 2017 was at the lowest level since the September 2015 peak, down by €3.0 bn and €3.7 bn yoy to €32.9 bn and €20.7 bn respectively, outperforming the targets set for year-end 2017, for both NPEs and NPLs.

Furthermore, intensifying and frontloading efforts to deal with the NPL portfolio, Piraeus Bank doubled its loan provision expenses to €2.0 bn in 2017 versus €1.0 bn in 2016, resulting in a breakeven bottom line result for continuing operations in FY 2017. NPE and NPL cash coverage pro-forma for IFRS9 FTA on 1 January 2018 increased to 52% and 83% respectively.

Piraeus Bank takes all necessary actions to meet its NPE operational targets via restructurings, collections,
liquidations and sales. The Bank has two NPE disposal projects under way: (a) €2.0 bn (legal claims) of secured business loans that was completed successfully and announced the agreement with Bain at the end of May 2018 resulting in an increase of CET 1 ratio by approximately 20bps, while reducing by more than 100bps the NPE ratio of the Bank; and (b) €2.3 bn (legal claims) unsecured denounced consumer loans.

Piraeus Bank’s deposit base restoration path remains strong and stable. In the second half of 2017, inflows to the Greek banking system amounted to €7 bn, of which 38% (€2.7 bn) went to Piraeus Bank. The Loan to Deposit Ratio of the Bank at the end of 2017 stood at 98%, below the 115% Restructuring Plan target for 2018. ELA reliance has been reduced significantly, standing at €5.7 bn in December 2017 from €12 bn in December 2016, and currently below €1.0 bn. Piraeus Bank aims at zero ELA funding by Q3 2018.

In early May 2018, the results of the 2018 EU-Wide Stress Test Exercise conducted by the ECB concerning the four Greek systemic banks were announced, confirming that the market environment in Greece is improving considerably, even under the conservative assumptions applied in such a demanding regulatory exercise.

In particular, the results indicate, that on a consolidated basis at year-end 2020, Piraeus Bank will post a Transitional Common Equity Tier 1 capital ratio (CET-1 ratio) of 14.5% under the "Baseline" scenario, and 5.9% under the "Adverse" scenario. Since the stress test methodology adopted by EBA is based on the assumption of a static balance sheet, it does not take into account any planned or ongoing initiatives. As part of these initiatives, Piraeus Bank is executing a Capital-Strengthening Plan to ensure that it continues to remain above the applicable capital requirements at all times, and to accelerate its balance-sheet de-risking process and NPE deleveraging strategy. Piraeus Bank remains committed to the execution of its strategic plan “Agenda 2020” to further strengthen the Bank’s financial position and support the country’s ongoing economic recovery.

One of the key objectives of Piraeus Bank’s new management team is to create a profitable and sustainable business model for the Group. Accelerated cost efficiency initiatives have driven cost-to-income ratio in Greece to 52% in 2017 from 55% in 2016, forming the basis for intensifying cost optimisation efforts by €200 mn cost savings until 2020. In 2018, the Management commits to complete its Restructuring Plan, fulfil its NPE targets, eliminate ELA reliance and provide financing of more than €3.0 bn to its customers in Greece.

The first months of 2018 have undoubtedly been positive for the domestic economic and banking environment. The reforms defined in Greece’s Economic Adjustment Programme are expected to accelerate the recovery and restructuring of the economy, while estimates from most international organizations and agencies are looking at a positive GDP growth rate of approximately 2% in 2018.

The successful completion of the Economic Adjustment Programme and Greece’s return to sustainable growth are underpinned by the implementation of the agreed reforms starting with the removal of barriers to large investments, and the sustainable achievement of fiscal targets.

As part of its business plan, Piraeus Bank focuses on all opportunities for recovery. Key issues to be managed in 2018 remain: (a) the improvement of asset quality, with the consistent implementation of the 2018-2019 operational targets for reducing NPEs; (b) the improvement of liquidity through the gradual return of deposits and elimination of ELA reliance; (c) maintaining a satisfactory capital base by implementing the Capital Plan; and (d) returning to profitable results, through the continuous improvement in revenue sources and operational efficiency. In addition, the deleveraging effort, mainly of foreign activities, will continue and be completed in accordance with the Restructuring Plan commitments.
Piraeus Bank continues to play a key role in the further strengthening of the Greek economy, assisting entrepreneurship and investment, critical drivers for sustainable, long-term growth. The Bank’s improved fundamentals facilitate its strong and positive contribution to the country’s economic growth.

Christos Megalou
CEO
In 2017, Piraeus Bank significantly enhanced its liquidity profile and differentiated its sources of funding.
Group’s Financial Data Analysis

EVOLUTION OF GROUP VOLUMES

Piraeus Bank has a leading position in the Greek banking market in terms of assets, deposits (30% market share) and loans (30% market share, with 35% in business lending). Piraeus Bank is a universal bank covering all types of financial and banking activities. Savings constitute 36% of the total domestic deposits of the Bank with time deposits at 37% and sight deposits at 27%. Business deposits correspond to 24% of the Bank’s total domestic deposit base, with retail deposits at 76%.

Piraeus Bank as primary bank of small and medium-sized enterprises maintains a customer relationship with 80% of SMEs in Greece. The Bank’s domestic loan book consists of business (65%), mortgage (26%) and consumer loans (9%).

The Bank has an extensive footprint in Greece with 620 branches and a wide customer base of 5.2 mn active customers.

Regarding the financial position of Piraeus Group, total assets amounted to €67.4 bn on 31 December 2017, compared to €81.5 bn on 31 December 2016.

Group customer deposits reached €42.7 bn on 31 December 2017, up 0.8% yoy, with the restoration process gaining pace in the second half of 2017. This increase is mainly attributable to the Group’s operations in Greece, where deposits increased by 4.0% to €40.9 bn. The declining trend in time deposit cost continued throughout 2017, with new time deposit cost at 0.71% in Q4 2017 versus 0.76% a year earlier. Group international deposits (continuing operations) amounted to €1.8 bn on 31 December 2017 from €3.0 bn on 31 December 2016. The decline in deposits by €1.2 bn is due to the classification of operations in Serbia and Romania as discontinued.

Piraeus Bank’s Eurosystem funding dropped to €9.7 bn on 31 December 2017, reduced by €11.2 bn since
31 December 2016. In particular, ELA funding dropped to €5.7 bn on 31 December 2017 from €11.9 bn on 31 December 2016. Interbank repo balances stood at €1.5 bn on 31 December 2017 from €6.1 bn on 31 December 2016, reflecting the lower EFSF/ESM bond holdings due to the ongoing exchange in the framework of short term measures for Greek Public Debt relief. At the end of October 2017, Piraeus Bank proceeded with a 5-year covered bond issue of €500 mn. The issue was placed privately and was subscribed by the EIB, the EIF and the EBRD.

Gross loans before impairments and adjustments on 31 December 2017 totalled €60.3 bn. Total gross loans in Greece stood at €58.2 bn, including the disbursement of a seasonal agro-loan facility of €1.6 bn to OPEKEPE (Greek Payment and Control Agency for Guidance and Guarantee Community Aid) for the payment of EU agricultural subsidies to approximately 700 thousand farmers (the loan was repaid in February 2018). Loans from the Group’s international continuing operations amounted to €2.0 bn on 31 December 2017 from €3.7 bn a year earlier. Per business line, on 31 December 2017, Group business loans were €39.6 bn, representing 65.7% of the total loan portfolio, while retail loans amounted to €20.7 bn or 34.3% of the total portfolio. Net loans stood at €44.7 bn, with the Group’s net loans to deposits ratio at 101% (excluding OPEKEPE loan), having improved since 31st December 2016 (113%).

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</thead>
<tbody>
<tr>
<td>Business</td>
<td>39,595</td>
<td>44,213</td>
<td>-10%</td>
</tr>
<tr>
<td>Retail</td>
<td>20,665</td>
<td>22,435</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>Total loans</strong></td>
<td><strong>60,260</strong></td>
<td><strong>66,648</strong></td>
<td><strong>-10%</strong></td>
</tr>
<tr>
<td>Greece</td>
<td>58,230</td>
<td>62,998</td>
<td>-8%</td>
</tr>
<tr>
<td>International Operations</td>
<td>2,030</td>
<td>3,650</td>
<td>-44%</td>
</tr>
</tbody>
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<tr>
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</thead>
<tbody>
<tr>
<td>Sights–Savings</td>
<td>26,816</td>
<td>26,186</td>
<td>2%</td>
</tr>
<tr>
<td>Time</td>
<td>15,900</td>
<td>16,179</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Total deposits</strong></td>
<td><strong>42,715</strong></td>
<td><strong>42,365</strong></td>
<td><strong>1%</strong></td>
</tr>
<tr>
<td>Greece</td>
<td>40,889</td>
<td>39,322</td>
<td>4%</td>
</tr>
<tr>
<td>International Operations</td>
<td>1,826</td>
<td>3,043</td>
<td>-40%</td>
</tr>
</tbody>
</table>

**LOAN PORTFOLIO QUALITY**

The Group’s NPL ratio dropped to 34.4% on 31 December 2017 from 36.6% on 31 December 2016, with the NPL ratio for domestic operations dropping to 34.2% from 36.5%. The Group’s NPL coverage by cumulative provisions ratio reached 75.0% on 31 December 2017 from 69.5% a year earlier, and in Greece NPL coverage ratio reached 75.6% from 69.8% a year earlier. The Group had a particularly high level of cumulative provisions over gross loans ratio of 25.8% on 31 December 2017. Group NPL formation pre write-offs, after the increase noted in Q1 2017 for the whole banking sector, returned to negative territory for the rest of the year (Group and domestic operations), due to the Bank’s Recovery Banking Unit (RBU) intensive efforts. Respectively, the Group’s NPE ratio stood at 54.5% on 31 December 2017 from 53.8% on 31 December 2016, a small rise on an annual basis, mainly due to the continuous deleveraging of the loan portfolio.
Non-performing loans over 90 days past due declined to €20.7 bn on 31 December 2017 from €24.4 bn on 31 December 2016, while non-performing exposures declined to €32.9 bn from €35.8 bn at the respective dates, at a slower pace compared to non-performing loans, in accordance with EBA rules regarding non-performing exposures classification for a probation period following any restructuring.

As per the operational targets for asset quality submitted to SSM and BoG, Piraeus Bank targets reducing its parent stock of NPEs by approximately 41% from June 2016 to December 2019, with NPLs at parent level also targeted to be reduced by 58% over the same period. Piraeus met both NPE and NPL operational targets in 2017.

**CAPITAL ADEQUACY**

As at 31 December 2017, the Group’s total equity amounted to €9.5 bn from €9.8 bn a year earlier, mainly due to the payment of interest of €165.5 mn for the contingent convertible bonds of €2.0 bn in Q4 2017 (€117.5 mn net of tax). The Group’s Basel III total capital adequacy ratio incorporating divestments that are under way stood at 15.4% on 31 December 2017, equal to the Common Equity Tier 1 (CET-1) ratio. The Group’s fully loaded CET-1 ratio stood at 14.3%.

Following the conclusion of the SREP (Supervisory Review and Evaluation Process) for 2017, the ECB informed Piraeus Group of its total capital requirement, valid from 1 January 2018. According to the decision, Piraeus Bank must maintain, on a consolidated basis, an overall capital requirement ratio of 13.625%, which includes:

1. The minimum Pillar I total capital requirements (8.00%) as per article 92(1) of Regulation 575/2013/EU.
2. The additional Pillar II capital requirement (3.75%) as per article 16(2) of Regulation 1024/2013/EU.
3. The transitional capital conservation buffer of Regulation 575/2013/EU, which for 2018 is set at 1.875%.

On 27 February 2018, Moody’s Investor Services upgraded the long term deposit and senior debt rating of Piraeus Bank to Caa2 from Caa3 with a stable outlook.

**GROUP RESULTS EVOLUTION**

The Group’s net interest income amounted to €1.7 bn during 2017 from €1.8 bn during 2016, despite the improvement from the drop in the cost of funding, as a result of asset deleveraging and a slight decrease in average loan rates. Net fee income (NFI) increased by 20% yoy to €0.4 bn, driven by higher fees - mainly from cards, with a €35 mn one-off bancassurance persistency fee recorded in Q3 2017. Total net revenues for 2017 amounted to €2.2 bn, at the same level as 2016.

The Group’s total operating expenses in 2017 stood at €1.2 bn, down 2% compared to 2016, as a result of Piraeus Bank’s cost containment efforts.

As a result of the above, Group profit before provisions, impairment and income tax for 2017 amounted to €1.0 bn, remaining at 2016 levels. The results of 2017 were burdened by loan provisions and impairments of €2.0 bn, compared to €1.0 bn in 2016. The high level of cumulative provisions enables the Bank to address effectively the NPLs issue with long-term solutions, a project already carried out by the RBU. In addition, other receivables and assets were impaired by €0.2 bn, at the same level as in 2016.

In 2017, the Group reported pre-tax losses of €1.2 bn (€150.6 mn in 2016), while profit after tax from continuing operations attributable to shareholders amounted to a gain of €1.5 mn in 2017 compared to a gain of €36.8 mn in 2016, positively affected from the recognition of deferred tax in impairments for losses on loans.
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<tr>
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<tbody>
<tr>
<td><strong>Selected Balance Sheet Figures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>67,417</td>
<td>81,501</td>
<td>-17%</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>42,715</td>
<td>42,365</td>
<td>1%</td>
</tr>
<tr>
<td>Net Loans*</td>
<td>44,720</td>
<td>49,708</td>
<td>-10%</td>
</tr>
<tr>
<td>Total Equity</td>
<td>9,544</td>
<td>9,824</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Selected P&amp;L Figures</strong></td>
<td>FY 2017</td>
<td>FY 2016</td>
<td>Δ% yoy</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>1,670</td>
<td>1,765</td>
<td>-5%</td>
</tr>
<tr>
<td>Net Fee &amp; Commission Income</td>
<td>369</td>
<td>309</td>
<td>20%</td>
</tr>
<tr>
<td>Net Trading &amp; Inv. Securities Income</td>
<td>73</td>
<td>156</td>
<td>53%</td>
</tr>
<tr>
<td>Other Operating &amp; Dividend Income</td>
<td>46</td>
<td>(3)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Revenues</strong></td>
<td>2,158</td>
<td>2,226</td>
<td>-3%</td>
</tr>
<tr>
<td>- excl. one-off items</td>
<td>2,123</td>
<td>2,150</td>
<td>-1%</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>(563)</td>
<td>(556)</td>
<td>1%</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>(500)</td>
<td>(535)</td>
<td>-6%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>(103)</td>
<td>(99)</td>
<td>4%</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>(1,166)</td>
<td>(1,189)</td>
<td>-2%</td>
</tr>
<tr>
<td>- excl. one-off items</td>
<td>(1,150)</td>
<td>(1,189)</td>
<td>-3%</td>
</tr>
<tr>
<td>Profit before Provisions, Impairment &amp; Income Tax</td>
<td>992</td>
<td>1,037</td>
<td>4%</td>
</tr>
<tr>
<td>- excl. one-off items</td>
<td>973</td>
<td>960</td>
<td>1%</td>
</tr>
<tr>
<td>Impairment losses on loans</td>
<td>(2,013)</td>
<td>(1,004)</td>
<td>-</td>
</tr>
<tr>
<td>Impairment losses on other receivables &amp; other Provisions</td>
<td>(156)</td>
<td>(166)</td>
<td>-6%</td>
</tr>
<tr>
<td>Share of profit of associates</td>
<td>(31)</td>
<td>(18)</td>
<td>-</td>
</tr>
<tr>
<td>Pre-Tax Result</td>
<td>(1,208)</td>
<td>(151)</td>
<td>-</td>
</tr>
<tr>
<td>Income Tax</td>
<td>1,206</td>
<td>182</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Result Attributable to Shareholders, Continued Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Controlling Interest, Continued Operations</td>
<td>(4)</td>
<td>(6)</td>
<td>-</td>
</tr>
<tr>
<td>Net Result from Discontinued Operations</td>
<td>(202)</td>
<td>(72)</td>
<td>-</td>
</tr>
</tbody>
</table>

* Including the seasonal loan facility to OPEKEPE to aid the Greek farmers.

An amount of €69 mn was transferred from "Impairment losses on other receivables & other provisions" to "Other operating & dividend income" in the table in 31.12.2017.
In 2017, Piraeus Bank maintained its leading position in the Greek market.
**Economic Developments**

**GREEK ECONOMY**

2017 marked a series of important developments for the Greek economy, such as the return of the Greek economy to positive growth, the stability in the fiscal adjustment front, the further relaxation of capital controls, as well as the significant rebound of sentiment and market confidence. The improved prospects for the domestic economy bolstered the economic climate and led to an increase in bank deposits and to successive reductions in Greek banks’ dependence on the ELA mechanism. The conclusion of the second review for the Third Economic Adjustment Programme, as well as the positive prospects for growth and the public finances of Greece, resulted in upgrades of the credit ratings of the Greek sovereign, in a significant reduction of sovereign bond yields and the successful return of the Greek government to the markets for the first time in three years, through the issue of a 5-year bond and the successful exchange of bonds issued during the PSI.

GDP increased by 1.4% in 2017 (non-seasonally adjusted data), following a marginal decrease of 0.2% in 2016, recording the best performance over the last 10 years. The GDP increase is attributable to the increase in gross fixed capital formation and exports of goods and services. However, the increase in imports led to the widening of the trade deficit and its negative contribution to the change in GDP. In addition, the Economic Sentiment Indicator (ESI) improved to 96.6 points in 2017 from 91.8 points in 2016, the highest level during the last 3 years. This increase is attributed to the improvement of sentiment in all business sectors, with the exception of the construction sector, as well as the improvement of the Consumer Economic Sentiment Indicator. During 2017 Greece emerged from four years of deflation. The annual Consumer Price Index (CPI) increased by 1.1% on an annual basis versus -0.8% in 2016. The unemployment rate dropped to 21.5% compared to 23.5% for FY 2016 (based on the average of the non-seasonally adjusted quarterly data), the lowest rate since 2012, while employment increased by 2.2% on an annual basis. In 2017, the current account showed a deficit of €1.5 bn, down by €418 mn from 2016, mainly due to the improvement in the services balance, which more than offset an increase in the deficit of the balance of goods. At the same time, 2017 was a new record year for tourism, with travel receipts at €14.6 bn, up 10.5% compared to 2016.
In 2017, the country continued its positive fiscal performance, with the general government balance recording a fiscal surplus for the second consecutive year, at 0.8% of GDP, from a surplus of 0.6% of GDP in 2016. Similarly, the economy recorded a primary surplus of 4.0% of GDP in 2017, up from a surplus of 3.9% of GDP in 2016. Based on the methodology of the Economic Adjustment Programme, the primary surplus is estimated at 4.2% of GDP significantly above the target of 1.75% of GDP.

The prospects of the Greek economy for 2018 are favourable, provided that it maintains its positive dynamic and that the implementation of ESM programme continues uninterrupted. Positive developments are reaffirmed, as in the first two months of 2018 all three major credit rating agencies have upgraded Greece’s ratings. The economy is expected to grow in 2018, on the back of the increase of consumption and strengthening of investment. Exports are projected to further improve assisted by stronger external demand and tourist arrivals. However, the growing demand for imports as a result of the increase in investment is expected to reduce the contribution of net exports to the change in GDP.

Faced by many challenges in 2018, Greece must capitalise on a stronger international sentiment, its fiscal stabilisation and the improvement in economic activity, so as to ensure its fast and secure exit from the fiscal adjustment programme. At the same time, it should maintain the positive momentum of structural reforms and the necessary change in its economic development model.

INTERNATIONAL ECONOMY

In 2017, the global economic growth rate accelerated, with global real GDP growing by 3.8%, from 3.3% in 2016 (IMF data). More specifically, growth accelerated in both developed economies (2.3% from 1.7%) and in developing and emerging economies (4.8% from 4.4%). The majority of the most important leading economic indicators stood at a high level at the end of 2017. For 2018, the global economic growth rate is expected to further accelerate to 3.9%.

The most important developments for the US economy in 2017 included Congress voting the bill for lower tax rates and the continuation of the return to a tighter monetary policy. The Fed proceeded to three base rate hikes (from 0.50%-0.75% to 1.25%-1.50%) and started the process of shrinking its balance sheet. GDP growth accelerated to 2.3% in 2017 (from 1.5% in 2016), while for 2018 a further acceleration to 2.9% is expected, mainly due to tax cuts and possibly other measures of fiscal easing. The Fed expects to hike base rates three times in 2018 (from 1.25%-1.50% to 2.00%-2.25%).

In the Eurozone, the GDP growth rate accelerated to 2.4% in 2017 from 1.8% in 2016 as the ECB’s QE programme continued (with monthly purchases of €60 bn). In addition, the political risk lurking in the Eurozone was significantly reduced following the results of the French elections.

For 2018, the ECB has decided to continue its QE programme (at least until September) at half the pace of 2017 (€30 bn monthly). The GDP growth rate is estimated to decline slightly to 2.3% in 2018. In addition, it is possible that ECB will terminate its QE programme at the end of 2018 or the beginning of 2019.

A positive surprise came from China, where the GDP growth rate accelerated to 6.9% in 2017 (from 6.7% in 2016), despite estimates for a sharp deceleration. 2018 projections call for a deceleration of GDP growth to 6.6%.

2018 is expected to be characterized by the positive impact of the US fiscal easing on the US and the global economy, combined with the continuation of Fed’s return to the “normalcy” of its monetary policy and the softer easing of ECB’s policy.
SOUTHEAST EUROPE

2017 can be described as a year in which the developing countries of South East Europe set the course for the rest of Europe. Growth rates were particularly high in some cases, such as Romania, approaching the long-term average. The increase in investment in South East Europe (SEE) countries, with the corresponding export pattern, as well as the recovery of domestic consumption are the main drivers of economic growth. Significant efforts have been made in recent years to redefine the growth model for SEE countries, with emphasis on productivity and investment. This was achieved through fixed low tax rates, combined with low labour costs. For 2018, economic activity is expected to stabilise, with a correction to the deflationary trends of previous years. Consequently, central banks have entered a strict monetary policy cycle. Improved conditions in domestic economies, low inflation and global trade recovery have a positive impact on the countries’ fiscal and external balances, as deficits are expected to shrink and surpluses to stabilise.
Market Review

Equity markets saw positive performances during 2017, as the prices of US equities (S&P500 Index) gained 19.4%, the prices of European equities (Euro Stoxx 600 Index) 7.7%, the prices of British equities (FTSE100 Index) 7.6% and the prices of Japanese equities (NIKKEI 225 Index) 19.1%. The equity prices in developing countries gained an impressive 34.5%. In total, share prices (MSCI World Index) gained 20.1%.

The yields for German Bunds increased in 2017, due to the expectations created regarding the completion of the ECB's QE programme. Indicatively, the yield on German 10-year Bunds rose 22 bps (to 0.43%). The 10-year US Treasury yield remained broadly unchanged (at 2.41% from 2.44%) in 2017. Despite the rise in German Bund yields, yields on Greek and Portuguese sovereign bonds dropped significantly in 2017.

International energy prices increased during 2017, with American crude oil prices up by 12.5% and Brent prices up by 17.5%. At the same time, the gold price was up 13.1%. Overall, international commodity prices (S&P GS Commodities Index) increased by 11.3% and freight rates (Baltic Dry Index) by 42.1%, remaining however at relatively low levels.

The US dollar slipped by 9.9% (trade-weighted exchange rate) in 2017, while the Euro gained 22.3% (trade-weighted exchange rate). More specifically, the Euro gained 14.1% against the US dollar, which slipped 3.7% against the Yen and 6.3% against the Chinese Yuan.

In 2018, bond yields are likely to rise, as the Fed's further shift to restrictive monetary policy and the possible end of the ECB's QE programme are anticipated.

PIRAEUS BANK SHARE

On 31 December 2017, the Bank's share capital amounted to €2,619,954,984 divided into 436,659,164 ordinary
registered voting shares, of a nominal value of €6.00 each. The ordinary shares of Piraeus Bank are dematerialised and listed on the Athens Stock Exchange.

On 2 January 2018 (T) the ninth and last exercise of Piraeus Bank’s Titles Representing Share Ownership Rights (Warrants) took place. 7,136 Warrants on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) were exercised and 15 shares exchanged, increasing the Bank’s free float. The Warrants which were not exercised until that date, amounting to 843,629,886, automatically expired and were cancelled by the HFSF, after the settlement date of the exercise orders, on 5 January 2018 (T+3).

The number of outstanding shares of the Bank after the completion of the last warrant exercise is the following:

| Number of other Common Shares Owned by the HFSF/Percentage of Total Share Capital | 115,375,400 | 26.4% |
| Number of Common Shares Owned by Private Investors/Percentage of Total Share Capital | 321,283,764 | 73.6% |
| Total Number of Outstanding Common Shares/Percentage of Total Share Capital | 436,659,164 | 100% |

Pursuant to par. 1, art. 16C of Law 3864/2010 the acquisition of treasury shares by the Bank is not permitted, without the approval of HFSF, for as long as the HFSF is a shareholder of the Bank. The purchases and sales of treasury shares during 2017, as well as the treasury shares owned as 31.12.2017, are related to transactions that are carried out by the Group’s subsidiary Piraeus Securities S.A. in its capacity as market maker.
Maintaining its dominant position in the Greek banking market, Piraeus Group continues to play a central role in the further strengthening of the Greek economy.

At the same time, Piraeus continues to maintain its character as a bank specialising in providing services to SMEs.

Piraeus Bank seeks to contribute actively in providing liquidity to businesses and households and to support the financing of creditworthy investment plans.

In 2017, the domestic financial and banking environment returned to growth. Reforms stemming from Greece's economic support programme are expected to further enhance the growth and restructuring of the Greek economy, while most international organisations and institutions estimate a positive GDP growth rate in 2018. The successful conclusion of the Third Economic Adjustment Programme is expected to have a positive impact on the restoring of confidence in the Greek economy.

Piraeus Bank Group, under the new management of its Chief Executive Officer Christos Megalou, announced in late May 2017, its strategic plan for 2020 entitled "Agenda 2020", aiming to make Piraeus Bank the most trusted bank in Greece, creating value for its shareholders, customers and employees.

"Agenda 2020" sets 6 distinct strategic priorities in the medium-term that will enhance the confidence of shareholders, customers and employees in the prospects of Piraeus Bank, while at the same time supersede its current goals. Thus, Piraeus Bank will be able to meet the big challenge of substantially supporting the restart of the Greek economy.
"Agenda 2020" is based on the following key goals and objectives:

1. Reduction of NPLs and NPEs to internationally accepted levels.
2. Creation of a profitable and sustainable business model, with attractive returns to shareholders over the medium term.
3. Maintenance of a strong capital base.
4. Re-establishment of wholesale market funding access.

First strategic priority of "Agenda 2020" is to de-risk the balance sheet, achieved through the organic separation of the Group in two operating pillars to maximise value from the core businesses of the Group and focus on realising value from legacy holdings.

With this split, Piraeus Bank streamlines its operations and enhance organic capital generation.

The two pillars are:

1. **Piraeus Core Bank:**
   - concentrates on the competitive advantages of its core domestic business, with risk weighted assets of €28.6 bn (Dec. 17). It will focus on financing healthy borrowers, while aiming to maintain its leading market position in customer deposits. Piraeus will remain a prominent SME & corporate bank, along with increased generation of retail loan products under a conservative risk-adjusted approach.

2. **Piraeus Legacy Unit (PLU):**
   - comprises of non-core assets that also include attractive long-term businesses with strong market positions that, however, do not meet the targeted return profile of the Group. A dedicated management team will seek to maximise value by executing value-generating disposals or pursuing additional transformational opportunities. These businesses and assets include RBU loans, stakes in non-core domestic assets, repossessed real estate properties (REO) and international operations included in the Bank’s Restructuring Plan. Total risk weighted assets of PLU amount to €21.9 bn (Dec. 17).

By the end of 2020, it is expected that total Group assets will be reduced to c. €65-70 bn, with more than 80% contribution by Piraeus Bank (core) assets vs. c. 65% currently. PLU loans will decrease from €34 bn to below €18 bn, while PLU RWAs will be halved from c. €22 bn (Dec. 17). The Group’s cost-to-income ratio will be improved to c. 40%, while the Group’s return on assets (RoA) will increase to the level of 1%.

In addition, the other strategic priorities are the following:

1. Resize and Focus by conducting a disciplined review of all existing businesses, in order to maximise resources deployed in the areas that Piraeus Bank has a historically dominant position. This will include a simplified Group structure and effective cost rationalisation measures, as well as further optimisation of the branch network and targeted investments in digitalisation.
2. Implement a Profitable and Sustainable Business Model, leveraging existing valued core client relationships, and focusing on greater cross-selling opportunities, as well as fee-generating activities. Piraeus Bank will continue developing innovative products, marketing through a multi-channel distribution, while deploying a targeted and risk-based credit policy, implementing advanced risk-based pricing methodologies to ensure sustainably attractive returns on its core operations.
3. Optimise Capital Allocation through the implementation of a Risk Appetite Framework that includes a portfolio-based approach to capital allocation. Piraeus plans to maintain a well-capitalised balance sheet, able to withstand unexpected external shocks, while ensuring high returns to its shareholders.
4. Strengthen Risk Monitoring and Controls. Piraeus Bank places particular emphasis on effective risk monitoring and management, aiming to maintain stability and continuity of operations. Piraeus will further strengthen its support and audit operation (Audit, Compliance, Credit Risk, Finance, Legal, and Operational Risk Management) consistent with the three lines of defence.
5. Adopt Superior Governance Standards. Piraeus Bank has already executed on specific requirements as per the HFSF law, and has revised its corporate governance framework, in line with RFA and Restructuring Plan commitments, adapted to international best practices. The Bank has also concluded the re-composition of its BoD, ensuring uninterrupted operation of the BoD and its Committees. Piraeus Bank currently has a BoD with well-esteemed international members, who bring with them significant, diverse experience in banking, risk, and NPL management.

"Agenda 2020" establishes a clear set of strategic priorities that, in conjunction with focused and effective execution, will provide a clear and visible path to the Bank's full recovery.
In 2017, Piraeus Bank, as the leading bank in financing the Greek economy, provided €2.7bn in new loans.
Core Banking Activity

Piraeus Bank Group is the largest banking institution in terms of assets, loans and deposits in Greece playing a leading role in the provision of banking services and credit, especially to SMEs with an annual turnover ranging between €2.5 mn and €50 mn. Moreover, the Bank is among the key providers of banking services to individuals and one of the main providers of advisory services for capital markets, investment banking, leasing and shipping banking in Greece. The Group also has a leading position in web banking services and applications, in green banking, as well as in funding the agricultural sector with customised products and services.

Piraeus Bank was one of the first institutions to participate in the restructuring of the domestic banking system and is one of the four systemic banks in Greece.

Piraeus Bank Group’s core banking activities are targeted to the Greek market and include retail, commercial and investment banking, as well as capital management.

Piraeus Bank continues to have a wide presence in various sectors of the economy, while its credit exposures are significantly secured with collateral and guarantees, on top of the cumulative provisions. In 2017, Group gross loans in Greece amounted to €58.2 bn, out of which approximately €1.6 bn, which was repaid in early 2018, was related to a seasonal agri-loan facility to OPEKEPE, enabling the disbursement of EU subsidies funds to farmers. The business portfolio constitutes 65% of the total portfolio, while loans to individuals 35%. In Greece, the NPL ratio was 35.1% at the end of 2017 (or 34.2% including OPEKEPE) from 37.5% at the end of 2016 (or 36.5% including OPEKEPE). Group deposits in Greece amounted to €40.9 bn, increasing 4% yoy.
Piraeus Bank is the leading bank in Greece in terms of deposit and loan market shares, which amounted to 30% at the end of 2017.

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<tr>
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<tbody>
<tr>
<td>Gross Loans (€ mn)*</td>
<td>58,230</td>
<td>62,998</td>
<td>-8%</td>
</tr>
<tr>
<td>Customer Deposits (€ mn)</td>
<td>40,889</td>
<td>39,322</td>
<td>4%</td>
</tr>
<tr>
<td>Branches (#)</td>
<td>620</td>
<td>660</td>
<td>-6%</td>
</tr>
<tr>
<td>Employees (#)</td>
<td>13,253</td>
<td>14,492</td>
<td>-9%</td>
</tr>
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* Including the seasonal loan facility to OPEKEPE to aid the Greek farmers.

**RETAIL BANKING**

The Group’s domestic Retail Banking operations are carried out through the Bank and the branch network, as well as through digital service channels, such as the winbank e-banking platform and the winbank mobile application. In 2017, Retail Banking focused on developing and implementing a comprehensive network of channels, services and products to customers, covering the whole range of their needs, offering a comprehensive multi-channel and unique banking experience.

Retail Banking, combining market knowledge and years of experience and know-how, continues to support responsibly and actively individuals and businesses at every step. It invests significantly in the exploitation of innovative technology and modern methods for using large datasets, so that services offered are affordable and improve the customers’ day-to-day business, adding value to their business plans. The Bank’s retail banking customers are offered a wide range of different types of deposit, credit, investment products –including savings or current accounts, time deposits, investment products, consumer loans and mortgages, credit cards, bancassurance and insurance products– as well as integrated banking services.

Emphasis is placed on the digital banking service channels. Piraeus Bank continues to focus on the innovative design and configuration of its infrastructure for 24/7 customer service, through sophisticated and easy-to-use web and mobile banking, and easy ATM access. At the same time, it supported the increasing use of digital channels so as to ensure a unique excellent experience through all available channels. As part of the Bank's integrated digital strategy, innovation and the use of new technologies aim at simplifying the customers' daily transactions and save time, in order to transform the branch's role from a channel of processing transactions and simple requests to a service channel offering integrated solutions and advisory services to customers, private or business, offering the whole range of their needs. In 2017, a large number of customers used these top e-banking services, as well as the Bank's payment systems, contributing to the improvement in transaction service and the reduction in operating costs.

Aiming to provide high quality service and with its customer-centric strategic decisions, Piraeus Bank retained the largest coverage in Greece in 2017, focusing on areas of high economic and commercial dynamics.

For another year, the Bank focused on honest communication with its depositors, providing substantial information, so as to ensure and facilitate smooth transactions, as much as possible. The Bank's positive impressions on customers and the market in general is reflected in customer satisfaction surveys, where the Bank remains firmly in the first place.

Implementing new international standards, 2018 is expected to become another milestone for Retail Banking.
Piraeus Bank will continue its contribution to restoring customer confidence in the Greek banking system and will support entrepreneurship and the restart of the Greek economy.

RETAIL BANKING OPERATIONS DEVELOPMENT

Branch Network

Piraeus Bank’s branch network consistently and methodically operates within the new Global Bank environment, respecting the customers’ ever-changing needs and improving its efficiency. At 31 December 2017 the Branch Network constituted of 620 Branches, providing wide geographical and population coverage.

In 2017, the implementation of the "Hub & Spoke" branch model in Retail Banking was successfully completed aiming at the transformation and quality upgrade of the customer service model, the creation of a modern and unique banking experience with emphasis on multi-channel service and the enhancement of commercial activity and effectiveness of the Bank’s Branch Network.

The main Pillars of the Programme are summarized below:

Migration of transactions to Digital Channels

1. To educate customers on the use of the upgraded winbank e-platform, mobile app as well as ATM & easypay machines:
   - the Branch Network actively participated, through the creation of a special training point, the Digital Zone, in selected branches;
   - colleagues from the Bank’s Central Units participated during peak hours in the Branch Network through the voluntary initiative "Participate" in co-operation with the HR.
2. Campaigns were carried out targeting customers to:
   - activate inactive winbank users;
   - transfer their transactions to the ATM network;
   - decongest "Anti-Peakness" network transactions and investigate transaction behaviour.
3. The launch of e-branches significantly strengthened the Network’s competitiveness and stimulated the Bank’s innovative dimension (more detailed information in the "Group Digital Business" section).

Strengthening of the Branch’s Commercial Activities

1. Focus on targeted sales that will generate value for the customer and revenues for the Bank.
3. Introduction of new “Meeter-Greeter” role in the Branch structure.
5. Introduction of a non-financial incentive framework for the Branch Network.
6. Incorporating the practice of scheduled appointments to the service culture which contributes decisively to the further development of customer relationships and enhances commercial effectiveness.
7. Observing the weekly (and monthly) meetings of the Branch’s staff: under the direction of the Manager as “Manager-Coach” and with the active participation of all the roles, the branch’s action plan is planned and agreed in a structured manner for the near future.

Network Structure Optimisation

1. Strengthening customer service quality, focusing on Advisory Banking, through the new flexible architectural structure of the Branch Network, including a System of branches (“Hub” Branches and “Spoke” Branches) and “Independent” Branches, aiming at the further development and penetration of commercial areas determined by the geographical locations of Branches/“Members” of each Branch System.
2. Paperless Cashier
   - Its implementation helps minimize cash management and service time and promotes the use of innovation by the Bank, tailored to the needs of each customer.
3. Process automation, such as winbank remittance correction, automation of safe deposit process.

All the above, are operational in the Pilot Branch of Agia Paraskevi, which was renovated so as to create
a pioneering bank branch, where there is direct contact between the customer and the bank staff, quality
and managerial flexibility – an area offering both comfort and privacy, through the functional delineation
of interior spaces in distinct areas such as:

1. Reception
2. Transactions (Cash/Digital)
3. Waiting Room
4. Meeting Rooms
5. Special Role Meeting Rooms

Mass Retail Segment
The Mass Segment is the largest part of the Bank's customers and retail banking portfolio, with a significant
contribution to the Bank's deposits and revenues.

In 2017, the Mass Segment stepped up its initiatives to support Piraeus Bank's strategic goals as set out in "Agenda
2020", notably in strengthening customer relationships and in transferring transactions to digital channels.

In terms of results, the cross-selling index in the Mass Segment was strengthened and stood at 3.2x at
31.12.2017 for active customers. The possession of debit and credit cards and general insurance products
increased, and customer participation in the "yellow" loyalty programme was particularly important.

Also remarkable was the increase in the registration for and use of web & mobile banking, enhancing the
attempt to migrate transactions to digital channels. In this context, making use of technology, the Mass Seg-
ment introduced a new methodology of customer training. "Smart" mobile phones were placed inside Network
Branches, enabling customers to become acquainted with the Bank's applications and be trained in how to
conduct banking transactions electronically. Targeted promotions were and are still carried out to support this
initiative. Lastly, during 2017, training programmes for Branch Network staff were developed and held in their
workplace, aiming at developing the multi-channel behaviour of Mass Segment customers.

Affluent Banking Segment
Throughout 2017, the Affluent Banking Segment, backing the strategic guidelines set out, contributed effectively
to attracting deposits, increasing commission income, and strengthening relationships with affluent customers
through more frequent communication and more active promotion of cutting-edge products and services.

In addition, it adapted its structure and operations to the needs of the Retail Banking restructuring project and
in particular the Hub & Spoke Branch Network model. It has improved all of the key indicators for customers
served by Personal Partners, while at the same time it has managed to increase the satisfaction indicators of
Personal Banking customers as recorded in the relevant surveys.

As a result of the coordinated actions throughout the year, in 2017 there was a notable involvement of affluent
clients in the inflow and recovery of deposits and the level of insurance products held. Also, in the context of
the ongoing attempt to migrate transactions to digital channels and promote alternative means, the increasing
trend in card issuance (credit and debit) and the registration of new e-banking users continued. The cross-
selling index in the Affluent Segment stood at 5.9x on 31 December 2017.

A range of initiatives and actions were carried out in 2017, the most important of which are the following:

1. First time promotion of corporate identity and Personal
   Banking services through advertising on traditional
   and new media, to highlight the benefits of using this
   service model.
2. Increasing commercial dialogues about investment and
   insurance and promoting specialised products to meet
   customer needs and the opportunities of the economic
   environment.
3. Collaboration with external consultants and the relevant Bank's Units to optimise operations and build the infrastructure for promoting investment products as well as to investigate the needs of special customer groups.
4. Continuation of successful initiatives, in cooperation with third parties and Bank Units, for the targeted promotion of value-added services, for informing customers about exclusive partnerships and services, and for the implementation of promotional activities in cutting-edge products.
5. Aligning the operations of Affluent Banking with the Hub & Spoke Branch Network model by adapting infrastructure, covering the expanded Personal Banking customer base and adopting day-to-day practices in serving affluent clients, according to the project's standards.
6. Continuing the successful School for Personal Banking Officers, by adding three new cycles for 85 new Personal Banking Officers, enriching the modules with current subjects and organising the first graduation of Personal Banking Officers.
7. Strengthening the Personal Banking Customer Service at Piraeus Direct Services (PDS) and promoting e-banking & mobile banking electronic channels, aiming at faster and 24/7 customer service on daily banking services.
8. Implementation and assessment of pilot projects for customer response to alternative service routes and methods, with a view to further expand its customer-base and enhance customer satisfaction indicators.
9. Design and introduction of new functionalities in the support instruments used by Personal Banking Officers, to modernise multi-channel customer service and to adopt new trading tools.

At the end of 2017, Piraeus Bank's Personal Banking served customers in more than 90% of Network Branches, with the largest portion of the Bank's affluent customers served by Personal Banking Officers.

Small Business Banking Segment

The Small Businesses Banking Segment (SBB) (Small Businesses & Professionals with a turnover of up to €2.5 mn) is one of the Bank's most important segments in terms of interest and commission income contribution. Moreover, it is of strategic importance to the Bank, as of its large size and growth prospects, it is a key source of production of new higher-yielding loans. In 2017, the SBB further consolidated its activity, contributing significantly to deposit generation, loan production and commission income.

The most important measures and initiatives implemented were the following:

1. The "premium" clientele, the Bank's cutting-edge customers with the optimal combination of relationship with the Bank, risk and growth prospects, has been streamlined and enriched.
2. The "Small Business Banking" business model was expanded to cover this clientele, taking advantage of the new Branch Network structure. By the end of 2017, the model had been implemented and was fully operational in most of the Branches, serving customers through more than 300 Small Business and Professional Partners (SBPPs).
3. Increased communication and collaboration between customers and the SBPPs, through a specific methodology based on extroversion and active management of relations across the range of their activities, leading to the development of a relationship with the Bank.
4. A dedicated online platform has been set up for external consultants through which the Bank has signed cooperation agreements to recommend customers who have included their investment projects in a NSR-financed programme, and need a letter of guarantee and/or financing for an approved investment plan. The goal is to make the platform an additional channel for attracting customers, increasing business and providing services and support to customer investment plans.
5. Responding to the need of businesses for a flexible and modern information point to facilitate the dissemination of the available information on financial support programmes that up to now has been difficult, fragmented and incomprehensible for the beneficiary, and aiming to serve its strategic goal of becoming the leading bank for healthy companies with sound business prospects, through the end-to-end service and support of their investment plans, Piraeus Bank launched an innovative portal, www.360funding.gr. The new portal provides free, valid, timely and simplified access to the full range of information relevant to businesses looking for financial support programmes such as the NSRF, development law, Agricultural Development Programme, and European programmes. 360funding.gr offers businesses the opportunity to identify the appropriate programme for their investment needs, while providing information on Piraeus Bank's products and service packages that may be combined with support programmes, such as Piraeus Business 360°, and support the implementation of any investment through modern financial instruments.
6. Many support targeted actions have been carried out through different channels, to enhance commercial efficiency and maintain the quality of the business loan portfolio.
7. A Voice of the Customer mechanism has been implemented in specific and important points of contact with the Bank (Moments of Truth), aiming at creating the Intelligence and identifying improvements for products, services, processes and practices.

8. Upgrade of infrastructure by setting up processes and instruments for SBPPs.

9. In 2017, most of the SBPPs attended different educational programmes aimed at increasing their knowledge and developing skills and synergies to provide the customer with the best possible service. SBPP training is a dynamic process that evolves according to the daily needs of the role and the market challenges.

The most significant results of the aforementioned measures and initiatives are the increase in:

1. Cross-selling.
2. New lending, while maintaining acceptable levels of approval, collateral and guarantees, and an average interest rate on debt production.
3. Deposits mainly due to the deepening and strengthening of the Bank's relationship with its customers and the continued dynamic penetration of the Acquiring market.
4. Card issuance and production of insurance products as well as services such as Funds Transfer.

Branch executives, in particular SBPPs, contributed decisively to the aforementioned results.

**Retail Planning, Quality of Service & Performance Monitoring**

The Retail Planning, Quality of Service & Performance Monitoring Unit has assisted in shaping a common framework for the design, synthesis and systematic monitoring of the "Retail Banking, Branch Network and Deposits" segment.

More specifically, the Unit has actively participated in the development, coordination, support and regular monitoring of Retail Banking's overall business and commercial plan, contributing substantially to supporting Piraeus Bank's new strategic plan "Agenda 2020".

The Unit systematised the coordination of major projects and initiatives carried out by all Retail Banking Units, carrying out the planning and coordination of strategic projects and participating in the design of regular reports monitoring the progress of these projects.

The Unit also actively participated in formulating and monitoring the consolidated and detailed Budget of Revenues and Expenses for Retail Banking, as well as in designing performance monitoring reports. During 2017, the upgrade of the "PYXIDA" Branch Network Performance Monitoring Mechanism was implemented, with additional views for selected customer groups (Affluent Clients and Small Businesses and Professionals). Its implementation –at the beginning of 2017– strengthened the essential communication between Management, the Branch Network and the Segments.

At the same time, the Unit carried out initiatives and actions for the continuous upgrading of the Branch's Network operations, in cooperation with the relevant Bank Units, and monitored their effectiveness.

In addition, the Unit enhanced cooperation with Group subsidiaries both in terms of achieving business goals as well as in forming an integrated value proposition to customers (Individuals, Small Businesses and Professionals).

At the same time, the Unit participated actively in:

1. The Branch Network rationalisation project, by carrying out the relevant surveys and contributing to the formulation of the recommendations by the Distribution Network to the Executive Committee.
2. Coordinating committee work –"Retail Committee" and "Campaign Planning Committee"– to align marketing initiatives with the overall Retail Banking strategy, enhancing horizontal partnerships and encouraging
Core Banking Activity

dialogue. More specifically, the "Retail Committee", which consists of the Retail Segment Management Team, the Group Marketing & Communications Unit and the Press Office, finalises the overall commercial and marketing plan of Retail Banking and the individual commercial initiatives, presents current competition practices and decodes the results of recent surveys. Respectively, the "Campaign Planning Committee" aims to prioritize and schedule campaigns through the Bank's channels, and, based on the experience of previous campaigns, to strengthen commercial effectiveness and ensure full harmonization with Retail Banking's overall business plan.

3. The "Data Governance" project at the level of Retail Banking. In cooperation with the relevant Retail Banking Units, the Unit plans and monitors the overall action plan (e.g. targeted campaigns, system improvements, etc.) to correct and update customer data through the Branch Network.

4. The "Properties4sale" project, an innovative online auction site aiming at the sale of REO assets. Residential and commercial properties are presented on properties4sale.gr in a transparent and simple online auction process, with auctions on specific dates.

The Unit coordinates the assignment of property to selected Branch Network executives –"Ambassadors"– who promote real estate to interested customers in the local market and involve interested customers in the sale process.

5. Planning and coordinating Retail Banking marketing and CSR initiatives, encouraging initiatives and sponsorship proposals at local level, enhancing the links between Retail Banking and cultural institutions inside and outside the Group.

6. General coordination and overview of the Management’s targeted events in five major cities in Greece, with selected clients, Public Sector Bodies and Institutions, who work closely with the Bank and hold a significant position in the local community. These events took place in Thessaloniki, Heraklion, Chania, Larissa and Ioannina, and were attended by Senior Management, Branch Network and Business Centres professionals in each city.

7. The organisation of Retail Workshops for aligning Retail Banking Units with the priorities of Piraeus Bank's new strategic plan "Agenda 2020".

Customer Experience & Loyalty

For yet another year the Retail Banking Customer Experience & Loyalty team, contributed to the continuous enhancement of the Bank’s customer-centric culture. In 2017, aiming for Customer Experience Excellence, the Customer Experience & Loyalty team continued to focus on strategic management processes and the ongoing improvement of customer experience, and successfully completed the rollout of the "yellow" reward scheme programme.

Three important parameters helped make the "yellow" reward scheme a great commercial success from the very beginning. The true value that Piraeus Bank places on the customer and the participating companies, as well as the simple, easy and enjoyable experience set the conditions for "yellow" to become the largest and best Loyalty programme in the market.

In particular, in 2017, the number of new members of the Programme and its market penetration increased progressively, with members exceeding 900,000 by the end of the year and continuing to grow at the same rate. At least 90% of the members experience the total experience from collecting up until redeeming "yellows" using bank products and services and at the same time 50% redeems them at the 21 companies participating in the Programme.

"Yellow" also had a positive impact on the results of the yellowday, the e-platform for redeeming "yellows", with 70% of its transactions made by members of the Programme. In particular, new users tripled, turnover increased by 50%, while at the same time operating costs dropped by approximately 60%, following application of all the modern optimisation and communication techniques. In addition, the design and implementation of two new important functionalities in the service were completed: 1. the possibility of logging on and purchasing via the winbank service, without yellowday registration, 2. the possibility of buying as a visitor.

In the framework of the strategic planning of the digital needs of the Bank’s Units, the User Experience team worked methodically and effectively to apply the modern methodologies "Heuristic Evaluation", "User Testing" and "Wireframing". It used the findings of the methodologies and proceeded to the design and implementation of "user-friendly" applications, in the Bank’s digital and physical channels.
The successful completion of the mobile version of Piraeus Bank’s website, the design and development of the new Newsletter standards to meet the Bank’s communication needs, as well as the design of user-friendly functionalities, such as the tax-deduction amount calculator, are tangible examples of projects with a positive impact on customer satisfaction. At the same time, the trained Websites Management team successfully handled approximately 2,100 requests from various Bank Units during the year.

Additionally, it is worth mentioning that the management of the digital communication of all the Bank’s websites in 2017 recorded an increase of 4% in total traffic (46 million hits). Also, there was a 28% increase in winbank followers fans on Facebook, now reaching 55,000.

The Bank’s new websites/portals recorded increased traffic:

1. the “yellow” reward scheme (yellow.piraeusbank.gr) with approximately 1.5 million visits by 1 million users;
2. the properties4sale.gr platform for the sale of REO assets with 675,000 visits by 385,000 users; and
3. 360° Funding (360funding.gr) with 230,000 visits by 155,000 users.

With regard to social media customer service, the Digital Presence Management team, in collaboration with the Call Centre team, handled approximately 1,400 user messages and queries with an average response time of one hour.

In 2017, the team of specialised analysts Voice of the Customer continued working towards improving customer experience. It used the most advanced Text Analytics metrics, built into its Enterprise Feedback Management Project. More specifically, in 2017, the Voice of the Customer team measured the experience of 50,000 customers at 31 Moments of Truth, analysed 218,000 spontaneous comments received from all channels (e.g. surveys, e-mail, chats, complaints platform, etc.), drawing more than 460 improvement suggestions. Of these, 23% have already been implemented, while 20% are either assessed for the possibility of implementation or are already under way.

In 2018, Customer Experience & Loyalty aims to strengthen further Piraeus Bank’s strong competitive advantage in customer experience, through the development of the “yellow” Programme, the implementation of the new Loyalty Programme for other Clients Segments, such as the SB Segment, and the reduction of operating costs through the optimisation of its internal processes.

Customer Value Management

In 2017, focusing on the continuous improvement of customer experience, the Bank used the results of detailed surveys aimed at identifying the special characteristics and needs of the customers, at evaluating the dynamic development of specific customer segments and at recognizing the events in a customer’s life that call for the Bank’s direct involvement. Combining modern analytics such as multidimensional behavioural segmentation, predictive modelling and event-triggered marketing with earnings data, the Customer Value Management Unit has structured a customer development and marketing plan implemented primarily through the Bank’s internal channels.

At the same time, the following initiatives strengthened the effectiveness of Retail Banking’s below-the-line communication with its customers:

1. Use was made of the channels and the time customers choose to carry out their banking transactions.
2. The use of digital channels was expanded, as illustrated by the fact that e-mails and targeted communication to winbank active users was up 4 and 2 times respectively since 2016.
3. Events were identified in the customer’s banking activity requiring immediate management and communication on the part of the Bank.
4. A newsletter delivery mechanism was set in motion, as an additional tool for informing customers and/or investors about developments in the Group.
5. Proposals to customers have been expanded to cover a number of innovative activities within the
Group, such as, for example, online real estate auctions through the properties4sale.gr platform, the "yellow" reward scheme, training programmes at the Sustainable Entrepreneurship Development Centre, as well as proposals to customers who have difficulty in repaying their loans.

As a result, in 2017 targeted messages were communicated to approximately 3.7 million customers (9% increase vs 2016), achieving a very positive response from the client base. In particular, 1 in 5 customers expanded their product relationship with the Bank, as a direct result of the targeted approach.

Additionally, Retail Banking strategic decisions were made based on targeted communications to the customers, through specialised analyses, while the results of strategic projects were evaluated using innovative reporting instruments, permitting visualisation of the results and easier data extraction.

Deposit Products

The Bank, closely monitoring developments in the economic environment, responded promptly to the changing needs of its customers and implemented its business plan to re-build its deposit base. The plan focused on providing a wider range of new competitive products and on structured planning, execution and monitoring of targeted actions, aiming to overcome market movements in private sector deposits. This objective was achieved despite the fact that in the first months of 2017 uncertainty prevailed, following the delay in the conclusion of the second review for the Third Economic Adjustment Programme, which resulted in a negative market climate for deposits. The agreement in principle in May 2017 and the successful completion of the review in June 2017 triggered a change in climate throughout the second half of the year, creating the right conditions for a successful repatriation of funds from deposits which remained outside the Banking System.

In this context, retail deposits stood at €31 bn, up by €1 bn yoy. As a result, Piraeus Bank participated by 38% in the growth of domestic private sector deposits (enterprises and households), recording a higher than market growth rate and increasing its relevant market share significantly. Targeted deposit recovery initiatives have been backed by both new innovative deposit products, such as the "welcome" savings account and the "yellow back" time deposit, providing additional non-interest benefit through the yellow reward scheme. At the same time, the "Cash Back" time deposit attracted cash stashed away outside the system, as did the weekly issues of structured deposits with a guaranteed interest rate and the possibility of enhanced returns, depending on the course of specific indices.

Along with the increase in deposit balances, the Bank continued its systematic effort to reduce the average cost of deposits, facing throughout the year strong pricing competition for attracting new deposits from outside the system. Finally, in the last quarter of 2017, a series of initiatives was undertaken by the Bank on Savings, focusing on communication, on using the appropriate instruments, on customer awareness, and aiming at the transformation of Savings into one of the key factors in financial management. The ultimate purpose is to strengthen the customers’ relationship with the Bank and increase their deposit balances.

Retail Banking – Mortgage and Consumer Credit

In the context of improving the quality of service to credit customers and enhance the loan portfolio, in 2017, systems and processes were upgraded using cutting-edge technology and state-of-the-art models.

The Unit participated in the implementation and monitoring of the Value Based Management model, an initiative that kicked off in 2016, while emphasis was also placed on improving MIS reporting and designing specialised analyses.
Moreover, in the context of strategic planning needs, and taking into account that third-party networks are an important pillar for increasing consumer loans, a survey was carried out to deepen strategic markets and develop core partnerships. At the same time, following the completion and implementation of the "Key2business" application management platform in the network of the Bank’s partners, emphasis was placed on technical improvements and additional automations as well as on preparation for the second phase of the project (scorecard, commercial use of data for partners).

In the context of "green growth", there was a direct response and collaboration with the competent bodies for the faster and more efficient allocation of resources through the interim "Energy Efficiency in Household Buildings I" Programme, which re-operated in early September 2016 and continued throughout 2017. Piraeus Bank actively participated, successfully managing approximately 7,000 applications for intermediate programs, which accounted for 46% of the total number of applications approved. The Bank's participation, both in the main and the intermediate programs, led to more than 20,200 households have made interventions in their homes to improve energy efficiency.

In addition, during 2017, the required actions were implemented to ensure the Bank’s participation in the "Energy Efficiency in Household Buildings II" Programme, aiming at the continued support of Greek households for interventions in their homes to improve energy efficiency. In the framework of the implementation and monitoring of the new Programme, and aiming to simplify the process, to minimise management costs, and improve service to the beneficiaries, an innovative IT System was developed for connectivity with the competent State or other partners, under the auspices of Hellenic Bank Association (HBA). Under the new programme, Piraeus Bank is expected to maintain a leading position and increase its market share to more than 35%.

At the same time, in the context of the Bank’s innovative online site for the sale of REO assets through online & publicly accessible auctions (Properties4Sale), interested customers were able to finance a mortgage loan with favourable terms, following a simple and flexible process.

Focusing on improving customer service experience, in 2017, a customer-centric analysis model was developed with the assistance of internationally-renowned external consultants. Through this model, customer trends and behaviours are analysed in order to create customised targeted loans. The pilot implementation of the model was successfully completed in early 2018.

At the same time, emphasis is placed on strengthening innovation, by providing integrated solutions through the Bank’s digital channels.

Domestic loans at the end of 2017 amounted to €15 bn for housing loans and €4.2 bn for consumer loans (excluding credit cards), while the Bank’s market shares stood at 26% and 22% respectively at the end of December 2017.

Loans and Product "Packages" and Services for Small Businesses and Professionals

In 2017 the Bank’s business objective focuses on 2 key pillars; integrating marketing strategy and developing holistic solutions to Small Businesses and Professionals with a turnover of up to €2.5 mn. More specifically:

**Loan products**

1. Completion of the redesign of the process for submitting and completing applications (optimisation-automation), taking into account market demands for speed, flexibility, innovation, as well as the Bank's strategic goals.
2. Targeted funding to healthy businesses were implemented through the specialised Network of SBPPs and Branch Network Professionals, enhancing interest and commission income.
3. Innovative products and services were added, to the commercial proposal in particular the COSME Loan Guarantee Facility, through the EIF:
   - COSME Piraeus Open Business Working Capital POS, a financing tool to cover recurring liquidity needs
Product "Packages" and Services

At the end of 2015, Bundled Products under the brand name "Solutions 360°" were launched, targeting sectors of the economy that are on a growth path and share common characteristics and needs.

The first pilot implementation was in the Tourism sector with "Piraeus Tourism 360°", which includes products and services covering the whole range of business needs (deposits, capital movement, loans, consultancy services and insurance products). It is noted that in 2017, tourism enterprises benefiting from "Piraeus Tourism 360°" doubled to 8,000 enhancing its excellent prospects.

Building on the many years of experience in the management of financial support programmes, the Bank has set up a portal with the full range of information relevant to businesses looking for financial support programmes, with free of charge access.

The new portal provides businesses, professionals and farmers and those planning to set up a new business activity the ability to timely and easily identify the appropriate programme for their investment needs, while providing information on Piraeus Bank's products and service packages which may be combined with support programmes, such as Piraeus Business 360°.

In particular, 360° Funding offers visitors:

1. Access to all the news on financial support and ability to subscribe for a regular Newsletter.
2. Use of the search engine to find the financial support programme that suits their business needs.
3. Update by e-mail or SMS for all new programmes that suit their business profile.
4. Specialised guides on financial support programmes.

This platform will be the main internet portal for healthy entrepreneurship, contributing to the strengthening of the domestic economy.

Integrated Payment Chain

The consolidation of e-payments in business and consumer consciousness in recent years has added value to the so-called "payment chain", which includes all the parties involved in a transaction, namely businesses, consumers and the mediating banks.

Piraeus Bank is a leader in the payment chain in Greece, since it is the largest card issuer and has significantly strengthened its position in transaction acceptance. In addition to the increase in commission income, its position in this field has also contributed significantly to enhancing its liquidity, as the proceeds of clearing transactions remain deposited within the Bank in its business/customer accounts. In addition, any attempt to reduce the use of cash saves funds and resources for Greek business, while promoting the digital footprint of the country.

Card Issuing

Following the imposition of capital controls, there has been an unprecedented growth in the use of payment cards (debit, credit, prepaid) in Greece during the past two and a half years.

For Piraeus Bank the use of cards increased by 56% in 2017, driven by a 70% increase in debit card transactions, on the back of the use of cards as a basic payment instrument, as well as implementation of Law 4446/2016,
which takes into account an individual's expenses via electronic means to determine the tax-free income.

Additionally, commission income increased significantly, returning earlier than expected to the levels before the implementation of Regulation 751/2015/EU, which imposed maximum interchange fee rate for card-based payment transactions.

As a result of this increase, Piraeus Bank ranked first in the Greek card market. In addition, Piraeus Bank has trebled its income from card transactions since 2014, and has doubled the number of active debit card holders.

For the first time ever, Piraeus Bank was included in the list of Europe's top 50 Debit Card Issuers for 2016, as reflected in the Nilson Report's special report (June 2017).

More than 120 marketing initiatives and product promotions were carried out, most of them in collaboration with strategic partners and sports clubs, offering significant benefits for cardholders, maintaining competitiveness and increasing the Bank's market share in the relevant product portfolio.

Following the increase in transactions, the Bank improved its infrastructure, aiming to offer innovative products, and improve customer experience and service. In this context, all Piraeus Bank cards support contactless transactions, enabling customers to carry out their transactions rapidly and securely.

Additionally, significant projects are carried out to improve cost-containment, to redesign processes and to improve efficiency and effectiveness for customers and shareholders.

**Merchant Acquiring**

In recent years, in line with its strategic commitment to play a leading role in the growth of the Greek economy, supporting private business activity, Piraeus Bank has invested heavily in systems and infrastructures to serve the payment network. Thus, coupled with the shift from cash to plastic in Greece, Piraeus Bank remains the first choice for merchant acquiring. The Bank offers a full range of innovative services covering the needs of a business, including its portfolio in major organisations whose key activity is based on e-payments. In collaboration with UnionPay International—the Chinese financial services organisation—Piraeus Bank introduced the Mobile QuickPass for UnionPay cardholders to the SEE market for the first time.

The volume of card transactions increased significantly (41% compared to the previous year), with the Bank maintaining its high market share in the Greek market, responding to the massive requests by professionals and businesses for EFT/POS device installation. Over a short period, Piraeus Bank installed 93,000 devices for more than 83,000 businesses. At the end of the year, the Bank recorded a record-breaking network-wide coverage, with more than 210,000 EFT/POS devices installed in more than 170,000 points of sale. Thus, Piraeus Bank supports card transactions in all types and sizes of businesses in the Greek economy (physical or online shops) operating in Greece and/or abroad.

In the field of eCommerce transactions increased and new partnership agreements were signed, with the Bank retaining its leading position in the Greek market for more than a decade. In 2017, transactions through the ePOS Paycenter increased by 25% compared to the previous year and turnover increased by 15%.

One of the Bank’s strategic priorities in “Agenda 2020” is the creation of a profitable and sustainable business model; electronic transactions (via cards or other means of payment) are expected to form a significant source of revenue in the form of fee income and value-added services [paying in installments, Dynamic Currency Conversion (DCC), and an opportunity for cross-selling to a broad customer base].
E-payments
In 2017, transfers to third party accounts through Piraeus Payments Systems (PPS-branch network and digital channels) increased in terms of both collaborations and fee income. During the year, the number of businesses supported by Piraeus Bank increased by 25% compared to 2016 (with more than 160 participating businesses in the DIAS Interbank Electronic Payment System). Piraeus Bank assisted businesses in modernising their payment collection processes and laying the foundation for multi-faceted banking co-operation. In particular, the total volume of credit transfers increased by 23% (with the number of DCT – Dias Credit Transfers – increasing 40% yoy).

In 2017, emphasis was placed on marketing the MyBank solution through the e-POS Paycenter platform. The Bank offers Greek businesses the pan-European payment service developed by Preta SAS for online payments, as an alternative to payment by credit, debit or prepaid card. In particular, 21% of MyBank transactions were cleared by Piraeus Bank, while 38% of transactions were executed via winbank.

The easypay POINT service, offering a bill payment facility at the premises of third parties partnering with Piraeus Bank, grew significantly in 2017, expanding its customer base by doubling its points of presence. The Bank continued to sign partnership agreements with payment institutions and retail chains.

Retail Banking Fraud Management (RBFM)
The primary responsibility of the Retail Banking Fraud Management (RBFM) is to detect and prevent fraud and maintain transaction security in the areas it oversees, in Retail and Electronic Banking.

2017 was the 6th year of operation of the RBFM on a 24/7 basis, with the Unit saving €1,980 for every hour of operation. The Value@Risk of Fraud Attacks and disputes amounted to €17.9 mn, of which €17.3 mn was secured.

As part of the Bank’s upgrade effort, the RBFM created a new channel for disputes through the Contact Centre. These requests amounted to 29,000 during 2017.

As part of the Bank’s strategic goal for installing new POS terminals in 2017, RBFM rated 46,000 new terminal requests for risk, 48% more than the terminals rated in 2016.

Aiming to create a sense of security and trust in the Bank’s customers, Anti-Fraud Expert Support was set up in 2017. Its mission is to deal with special cases and cases of fraud [social engineering, customer manipulation (accounts, cards, etc.)] that need special treatment by coordinating all the Units involved.

In the context of international anti-fraud initiatives, the Unit was actively involved in setting up Airline Fraud. The aim of its members is to combat air fraud, identifying illegal activities such as card scams, e-crime, human trafficking, money laundering, terrorism financing, etc.

The priority of the RBFM is to preserve the Bank’s reputation, by protecting customer transactions, in order to enhance customer experience & service.

Consumer Credit
In 2017 Consumer Credit was recertified with ISO 9001:2015 for the consumer and mortgage credit approval services. This continued certification is proof of the Bank’s commitment to provide integrated services and to ensure customer satisfaction, while enhancing the Unit’s image and business performance.
Steady to the fundamental principle of its credit philosophy for responsible lending, in 2017, Consumer Credit continued to support households by covering their needs, in a mutually beneficial relationship, managing an increased number of applications compared to 2016. There was a significant improvement in response time, due to the use of rating models that incorporate credit policy rules and practices. At the same time, through the growth of automations, the conditions for further reduction of operational risk and production costs were achieved.

Finally, in 2017, Consumer Credit participated in joint initiatives with other Bank Units, proposing targeted changes in credit policy, so as to achieve a balanced credit expansion relationship, a reduction in the risks undertaken and the improvement in the quality of the loan portfolio, as prescribed in "Agenda 2020". In addition, Consumer Credit has undertaken a number of other projects and initiatives to develop and improve flows, processes and systems, so as to ensure the best possible result throughout its work.

**BANCASSURANCE PRODUCTS AND INSURANCE BROKERAGE**

**Bancassurance**

Piraeus Bank’s Bancassurance was established in 2008 with the aim of developing systematic sales of bancassurance products through the branch network, as well as through alternative service channels (contact center, winbank e-banking platform).

Following the Bank’s size and its growth spurt in recent years, as well as its strategic focus on promoting insurance products, Piraeus Bank’s Bancassurance retained a leading market share in Greece in 2017 of almost 37%, increasing the sense of responsibility for quality service and development of innovative products. The Group’s total portfolio under management amounted to €330 mn in 2017, with total profits from insurance brokerage activities of €43 mn.

With its specialised know-how, innovative products and optimal quality of service, the Bank aims to make use of its strategic partnerships with insurance companies NN and ERGO, maximizing value for the Bank and its customers.

In 2017, the Bancassurance agreement with NN Hellas, member of international insurance and investment NN Group which was due to end on 31 December 2017, was renewed for ten years with a further five-year extension possibility. Piraeus Bank will continue to offer the Life and Health products of NN Hellas to its customers.

In 2017, focusing on greater cross-selling opportunities, special emphasis was placed on capitalising on the customer base and the dynamics of the Branch Network and the Group employees. Specialised and certified employees are available at every branch to help customers understand and select insurance plans that cover their wishes and daily needs. Furthermore, by constantly investing in the best customer service through innovative systems, a modern sales tool has been created. Using a new e-platform developed in 2017 for promoting General Insurance products, product bundles are offered at discounted prices.

Three new Life & Health and General Insurance products were introduced in collaboration with insurance companies NN and ERGO, while existing products were improved and enriched. At the same time, using the new sales tool developed in 2017 to promote General Insurance products, the Branch Network has the ability to offer comprehensive insurance proposals, combining products and ensuring the maximum financial benefit for the customer.

In collaboration with its subsidiary Piraeus Insurance Agency SA and other Bank Units, the Unit develops integ-
rated bancassurance products, and mechanisms for automated customer management and service.
The key issues for improvement and monitoring include the following:

1. **Effective sale of bancassurance products, combined with proper, quality and prompt servicing of customers, through motivation and coaching of branch sales staff.**
2. **Constant development of insurance sale and management systems and processes, for monitoring the quality of sales and sustainability of the portfolio.**
3. **Development of instruments and automation of processes for speedier customer service.**
4. **Restructuring of existing products and development of new customised and flexible products to meet the needs of different segments, always offering the best service.**
5. **Full support for Contract Farming & Livestock rearing products and partnerships.**
6. **Constant development of the Bancassurance team, so as to provide the best service and support to the Branch Network with regard to processes and sales.**

The Bancassurance Unit’s primary focus remains on strengthening its personnel, enhancing its sales and responding to the customers’ growing needs for innovative and flexible bancassurance products.

**Piraeus Insurance Agency SA**

Taking advantage of its long-standing know-how and experience in managing and providing technical support to insurance programmes, as well as in organising customer service systems, the company, in cooperation with the Bank’s Bancassurance, manages the exclusive partnerships of the Bank with insurance companies NN (Life insurance), & ERGO (Claims insurance), as the Group’s insurance coverage (e.g. property insurance, insurance coverage for employees, etc.).

In collaboration with the Bank’s Bancassurance and the two leading insurance companies, Piraeus Insurance Agency SA develops innovative products, capitalising on the Bank’s customers and the Group’s needs, and aims to combine the products offered through the branch network and the contact centre with the maximum benefits, so as to make them effective, innovative and attractive to customers.

**Piraeus Insurance and Reinsurance Brokerage SA**

Piraeus Insurance and Reinsurance Brokerage SA, a wholly-owned subsidiary of Piraeus Group, offers a complete range of insurance products and services for businesses, fully covering their insurance coverage needs. The company’s main aim is to capitalise on the Bank’s partnerships with healthy and active businesses, offering solutions for risk prevention, with specialised and innovative insurance products and services, thus ensuring their operation and sustainability in case of insurance risk in the form of damages or financial loss.

The company’s turnover amounted to €7.2 mn in 2017 with profit before tax of €6.5 mn, ranking Piraeus Insurance and Reinsurance Brokerage SA among the top companies in the industry. Through the continuous improvement of the quality and services offered, with specialised executives, experience and profound knowledge of the insurance market, the company develops customised solutions that meet the needs of every business, on competitive terms and conditions.

**BUSINESS BANKING**

In Greece, the Group has historically held a strong position in providing financial services to businesses operating in all sectors of the economy. It offers a wide range of deposit and financing products to businesses, including financial, investment and lending advisory services (in euro and other currencies), foreign exchange services, insurance products, custody services and import/export services.

The Bank’s focuses on selecting and monitoring high quality customers using the most advanced risk man-
agement tools. At the same time, particular attention is paid to: exposure to the healthier sectors of the economy, ensuring credit covered by strong collateral and guarantees, pricing relative to risk assumed, and continuous efforts to increase cross-selling.

In this direction, the Group’s Credit Unit has an important role and participates actively and systematically, through teams of experienced and specialised executives, in the effort to effectively manage the Group's corporate loan portfolio credit risk by applying a uniform Credit Policy and Practice, as well as adhering to the processes of approval, renewal and closely monitoring credit limits.

Aiming to safeguard the Group’s balance sheet, in 2017, strict evaluation criteria for the corporate loan portfolio (large, medium and small businesses) were applied. Efforts were intensified for loan restructuring, appropriate application of forbearance measures, implementation of stricter collateral rules and consolidation of the NPLs portfolio.

The objective remains to ensure a balance between the Bank’s credit risk and the significant support it offers to Greek companies due to its dominant position in the market. At 31.12.2017, total loans to businesses in Greece amounted to €38.0 bn.

**Large Business Credit**

The Unit participates in the credit approval process for Large Business, Shipping Finance, Structured Finance, as well as the risk appetite limits of international financial institutions.

In 2017 the Unit focused on providing credit to selected sectors of the economy and on providing financial support to viable Greek companies.

In collaboration with external consultants, the Unit actively participated in major projects aimed at improving the efficiency of credit risk approval, management and monitoring processes.

**Medium Business Credit**

The Unit participates in the credit approval process for Commercial Banking portfolio.

In 2017 the Unit focused mainly on approving new credit requests from viable businesses, making use of development programmes in which the Bank participated and making use of the co-funding and risk-sharing tools provided.

In addition, the Unit participated in a number of projects aimed at improving processes and IT applications used in business lending.

**Small Business Credit**

The Small Business Credit Unit has an internal structure that allows the in depth knowledge regarding the various types of its customers (small businesses, professionals, farmers), ensuring the immediate assessment of financing requests from creditors in many sectors of the Greek economy.

In 2017, the Unit participated in joint initiatives with other Bank Units for the improvement and automation of the application approval processes and the monitoring of its portfolio, with a view to increasing efficiency, improving response times and reducing costs.

In 2017, following the improvement in the business climate, there was a 50% increase in new loan applications com-
pared to 2016, to which the Unit responded immediately, ensuring that new loans comply with the Bank’s credit policy.

Recovery Credit
In October 2017, the Recovery Credit Unit was set up and manned by experienced Credit Officers from Business Credit, and Retail Credit, in line with the Bank’s efforts for intensified loan restructuring, appropriate application of forbearance measures, implementation of stricter collateral rules and consolidation of the Recovery Business Unit’s (RBU) sizeable loan portfolio.

The main objective is the provision of funding to viable Greek businesses and the appropriate application of forbearance measures for NPEs of legal entities and natural persons, taking into account the complex institutional and legal framework for the process of restructuring or debt consolidation.

In addition, the Recovery Credit Unit aims to manage the credit risk of the RBU portfolio, to monitor the effectiveness of rescheduling solutions, and to apply properly the Credit Policy and the approval processes.

In 2017, efforts were made to restructure NPEs of cooperating and viable RBU customers, implementing a variety of debt restructuring and forbearance solutions under the Bankruptcy Code and the complex supervisory environment. At the same time, an effort was made to timely identify financial difficulties and possible default, and to assess the risk of financial loss. As a result of these actions, a significant portfolio was transferred from Core Banking to the RBU in order to more effectively assess and approve possible long-term forbearance solutions, as well as to intensify efforts to recover troubled loans.

In collaboration with external consultants, Recovery Credit is actively involved in major projects for the optimal management of NPLs, as well as in projects aimed at improving the efficiency of credit risk approval, management and monitoring processes. It is also involved in projects regarding the operation of participating Units (updating the approval process, reviewing Retail & SB products, reorganisation of Recovery and NPE management).

Corporate & Shipping Recovery Credit
The Corporate & Shipping Recovery Credit Unit participates in the approval process for the Corporate & Shipping Recovery portfolio, as well as the business portfolio of international banking subsidiaries.

The Corporate & Shipping Recovery Credit participated in joint initiatives with the Corporate & Shipping Recovery and International Business Lending business Units in order to find the forbearance with the maximum debt recovery, in terms of Net Present Value.

SME Recovery Credit
The SME Recovery Credit Unit participates in the approval process for SME Recovery portfolio, and is staffed by experienced Credit Officers.

SB Recovery Credit
The SB Recovery Credit Unit participates in the approval process for Small Business Collections & Restructurings (Small Businesses, self-employed professionals, Farmers).

For small-sized loans, the forbearance approval process is automatic, as part of special products developed by the Bank, while pre-approved solutions were offered for part of the portfolio, aiming at faster credit assessment and more efficient management of NPEs.
Since August 2017, Unit staff has been actively involved in the inter-bank task force evaluating Out of Court Workouts (OCW) requests.

**Retail Recovery Credit**

The Retail Recovery Credit assesses forbearance applications from the Retail Credit Collections & Restructurings, which includes all categories of retail credit, at all stages of delay/legal action.

In 2017, the Unit focused on reducing NPLs by providing long-term and viable solutions to sustainable borrowers, as well as continuing legal action for non-cooperating and unsustainable counterparties. Due to the expanded customer base with a large number of NPEs and the many management channels (Branch Network, Central Units and External Partners), the Unit provided guidance and training to the responsible Credit Officers (first line defense executives). In addition, the Unit actively participated in all projects that concerned the optimisation of existing and the creation of new forbearance products, as well as the automation of operating procedures.

**Large Corporate Banking**

The Corporate Loan Portfolio in Greece, for companies with a turnover of over €50 mn expanded in 2017, despite growing competition, through selective new disbursements of €0.9 bn to sectors that remain creditworthy and profitable (exporting companies active in the pharmaceutical, wholesale, retail, construction, tourism, etc.).

Along with the expansion of corporate lending, the main goal for Large Corporate Lending in 2017 was to maintain the quality of the portfolio. In this context, the customer base was systematically reorganised, transferring companies whose debt requires special treatment to the Recovery Business Unit.

In 2017 the Bank maintained Deposits from Large Corporate customers at the same level as last year, despite the intense competition and the limited liquidity in most sectors of the Greek economy.

In 2017 the Corporate Banking Unit also placed emphasis on the further exploitation of loan and non-loan customer portfolio in cooperation with the Bank’s product Units, aiming to strengthen cross-selling and increase revenue from parallel operations, setting common goals with the establishment of Value Based Management.

**Group’s Structured Finance**

The Group’s Structured Finance Unit (GSF) offers specialised banking services, it organises and participates in Structured Finance transactions, in the fields of Transportation, Infrastructure, Energy, Real Estate, and Telecoms; and, it provides advisory services in large infrastructure projects, in Public Private Partnerships (PPPs) and in EU co-funded development projects, as well as the examination, structuring and implementation of Leveraged Buy Out transactions for acquisition and mergers. GSF contributes to investment projects by offering a comprehensive, specialised package of loan and/or capital financing solutions, utilising European financial tools and by providing advisory services.

In 2017, the Group’s Structured Finance Unit’s corporate strategy aimed at strengthening specific sectors of the Greek economy, following market trends and the country’s development policy, focusing mainly on the following axes:

1. Further expansion of the portfolio to green business financing. In particular, for 2017, GSF financed existing projects (mainly wind farms and, secondly, hydroelectric parks and biogas plants) with a total capacity of 110 MW, and approved the financing of new projects with a total power of approximately 100MW.
2. Completion of the construction of all highway projects, where the Bank was among the basic Greek and foreign lenders.
3. Using alternative co-financing tools within EU mechanisms and programmes. In 2017, GSF funded projects, under favourable terms, in the renewable energy sector, in cooperation with the EIB and with the support of the EIF, through a covered bond issue.
In addition, the construction of three biogas projects and a street lighting project were financed by funds managed by Piraeus Bank, as part of the JESSICA programme and the Urban Development Funds.

4. Capitalize on the Bank’s leading role in attracting parallel work from all the financed projects.

5. Targeted financing of investment and development projects in the Real Estate segment (Commercial Real Estate Investment and Development Finance). Specifically, the Unit’s activities focused on the support of both institutional investors, such as real estate investment companies (REICs), as well as real estate developers, mainly hotel and office buildings.

The Group’s Structured Finance Unit strategy aims to strengthen the sectors that play an important role in the country’s development policy, to create added value for the Bank and its customers, through effective portfolio management and further development, on a customised basis. At the same time, GSF seeks to exploit synergies and create business with other Bank Units, as part of the holistic approach to the customer needs.

Shipping Finance

Piraeus Bank has a longstanding presence in shipping finance, offering a wide and comprehensive range of financial services to Greek shipping companies. The services offered by the Shipping Finance Unit focus on financing ship acquisitions (dry bulk cargo ships, tankers and, to a smaller extent, containers), financing the specialised operating needs of shipping companies (issuance of letters of guarantee, working capital financing, cash management, web banking, currency conversions). At the same time, emphasis is placed on developing additional services and promoting all the Bank’s products.

2017 was a critical year for the dry bulk market. The stabilisation in the increase in demand for transport combined with the limited increase in available tonnage has restored the supply-demand balance to a reasonable level, resulting in the increase of ships’ revenues and their values. The improvement in conditions is expected to continue in 2018, backed by the projected significant growth in the global economy and the limited increase in global tonnage due to the limited new vessel delivery schedule for 2018.

On the other hand, the tanker market declined markedly in 2017, in terms of revenues and value. It was mainly affected by the reduction in transport activity and the delivery of many newly built boats from shipyards whose orders had been given in 2015. In particular the reduction in transport activity originated mainly from the reduction of oil production by the Organisation of Petroleum Exporting Countries (OPEC), as well as from the significant shale oil production by traditional consumers. It is estimated that uncertainty will continue in 2018 as a substantial restoration of the supply-demand balance is expected from 2019 onwards.

In this context, the Bank’s approach remains conservative, focusing on the optimal management of its existing portfolio, and on improving its quality, by transferring significant loans to specialised Bank Units (Recovery Business Unit), and by providing selective financing to existing and new customers, amounting to €150 mn in 2017. A key strategy remains to pool the portfolio of selected and acclaimed customers, who demonstrate their continued support in all phases of the maritime business cycle, as well as attracting and preserving deposits.

Syndicated Loans

The Syndicated Loan Unit is one of Piraeus Bank central units serving the entire Syndicated Loan Portfolio across all Corporate Loan Units.

The Unit is dedicated to creating added value through structuring, executing and coordinating Syndicated Loans and to acting as Agent Bank.
During the last three years of 2015-2017, Piraeus Bank plays a leading role in syndicate transactions in corporate finance, structured financing of infrastructure and energy projects, convertible bond issues, loan restructuring and corporate merger financing.

In 2017, through the Syndicated Loan Unit, Piraeus Bank participated in almost all syndicated transactions in the Greek market, acting as Coordinator or Mandated Lead Arranger (MLA) in 18 of the syndicated loans issued, totalling €1.8 bn, contributing significantly to the Bank’s income both from commissions and from parallel operations.

In addition, in 2017, the Syndicated Loan Unit strengthened its international presence through syndicated transactions in the European market, as well as in Greece and the financing of selected domestic companies through syndicated issues, with the contribution of Supranational Institutions (EIB, EBRD).

**Transaction Banking**

In 2017, Piraeus Bank set up the Transaction Banking Unit, aiming to offer high value-added solutions and products that cover the full range of corporate clients’ transactional needs: Payments-Receipts, Liquidity Management, Factoring and Trade Finance Solutions.

In particular, in the field of Payments and Treasury Management, the objective is to maintain the leading position as a partner of high reputation and trust for Greek companies, continuing to receive distinctions such as "Euro & USD STP Excellence Awards" from Deutsche Bank and "US Dollar STP Excellence Award" from Citibank.

With regard to Trade Finance solutions, Piraeus Bank has expanded its range of products and services by introducing new products that provide holistic coverage of the trading circuit and self-financing solutions, such as targeted import-export financing with factoring-related repayment options, aiming at strengthening the import-export activity of Greek Enterprises.

Piraeus Bank has signed agreements with the EBRD and the EIB to cover foreign guarantees and confirmation of credit notes, while significantly expanded its cooperation with International Banking Groups holding leading position in international trade, aiming to provide Greek companies with access to new/developing markets.

**COMMERCIAL BANKING**

For yet another year, Piraeus Bank focused on offering banking products and services to Small and Medium Enterprises (SMEs), as it constitutes a top priority of its business plan and has been doing so diligently for almost two decades in Greece.

Currently, 13 specialised Business Centres offer their services across the country to SMEs with an annual turnover between €2.5 mn and €50 mn, operating in all sectors of the economy.

Historically, Piraeus Bank has a well-established and significant presence in the field of Commercial Banking, maintaining a customer-centric approach to its growth model, while at the same time implementing a profitable and sustainable business model.

Maintaining a leading position in the financing of SMEs (Working Capital, investment loans, Leasing/Factoring), and focusing on both cross-selling opportunities and low—or zero—risk fee generating activities, Piraeus Bank is the main bank for a large number of SMEs, doing business with more than 85% of SMEs in Greece.
After the prolonged recession in Greece that significantly affected the growth of SMEs, the Greek economy is showing signs of recovery. This is reflected in the results of Piraeus Bank's Commercial Banking, which plays a leading role in the restart and growth of the Greek economy.

The total disbursement of Piraeus Bank for the financing of SMEs reached €1.0 bn in 2017, with an objective to exceed €1.0 bn in 2018, building on the trust of international organisations, EIB, EIF and EBRD, and expanding their cooperation in order to raise funds to provide liquidity to the SME market through modern financing tools (e.g. Cover Bond). There was also an 8% increase in the deposit/loan ratio and an increase in commissions of 14% (82% of this increase from low-risk products). Finally, the average product/customer ratio has now reached 6 products per customer.

The aforementioned, in combination with compliance with the credit criteria and improved loan quality control (significant contraction of NPEs) are just some examples of improvement and transformation of the Bank aiming at reducing risks and increasing its deposits and revenues.

Finally, the Bank invests heavily in enhancing the know-how of its employees, its main driving force, and designing simplified processes and digital solutions for day-to-day operations, aiming to provide high quality service to the specific customer segment, in order to be number one choice.

FINANCIAL AND OPERATING LEASING

Financial Leasing – Piraeus Leasing SA (Piraeus Leases)
Piraeus Leasing SA manages the leasing activities of Piraeus Bank Group. The size of the portfolio under management, including the operations of Cyprus Leasing SA and CPB Leasing SA, approaches €2.3 bn and corresponds to a 40% market share.

New production for 2017 amounted to €100 mn. The leased assets of financial and commercial leasing for Piraeus Leasing alone amounted to €870 mn, while for the total managed portfolios (Piraeus, Cyprus, CPB) it amounted to €2.0 bn.

In 2017, net revenues settled at €12.8 mn from €11.8 mn in 2016 (+9% yoy), while profits before tax and provisions amounted to €6.0 mn from €5.8 mn a year before (+4% yoy).

In particular, the active management of the recovered property and its commercial use, led to a 41% increase in commercial lease income to €5.7 mn in 2017 from €4.0 mn in 2016.

The company’s objective for 2018 is to increase new production, reduce NPLs further and effectively manage the portfolio of recovered assets, a combination that will lead to a substantial improvement in the results.

Business Factoring – Piraeus Factoring

Piraeus Factoring SA, a subsidiary of Piraeus Bank, is a member of Factors Chain International (FCI), with 400 members from 90 countries. It is also a member of the Hellenic Factors Association, with representation both on its BoD and its individual Committees.

Expanding its range of services with new products, Piraeus Factoring assists financially sound and dynamic businesses in developing their turnover both in the domestic market and abroad through their exports, providing financing, management and credit risk insurance coverage.
Despite the unfavourable economic environment, Piraeus Factoring is the fastest growing company in the sector, with a 50% growth rate over the past three years, and ever-increasing profitability.

In 2017 assignment of accounts receivables increased by 14% to €2.0 bn with pre-tax profit of €10.2 mn (11% increase). Financing of accounts receivables amounted to €1.5 bn in 2017 (22% increase yoy). Total Assets in 2017 amounted to €332.9 mn, from €277.7 mn in 2016 (20% increase). Shareholder’s equity amounted to €34.5 mn from €37.1 mn in 2016, with a dividend distribution of €10 mn to the Bank. Piraeus Factoring has recorded the highest ROE in the Greek factoring market for many years, reaching 21.2% in 2017.

In 2017, Piraeus Factoring received a worldwide distinction from the international organisation Factors Chain International (FCI), ranking 8th in the world in terms of quality of export factoring services for the previous year – an improvement by 12 places, since it ranked 20th in 2015.

Piraeus Factoring’s goal for 2018 is to increase its market share and profitability, while maintaining its low rate of bad debt, supporting its existing customers and, at the same time, developing a new healthy portfolio through credit expansion.

GROUP DIGITAL BUSINESS
In an ever-changing world, Piraeus Bank stands by its customers and works with them to jointly address the unfolding challenges. Piraeus Bank’s winbank online service is the best service in the Greek market, providing the user with a modern runtime environment, regardless of the device used to connect.

In addition, taking into account customers’ concerns and wishes, particularly with regard to complexity, security and ease of use, Digital Banking designed a new winbank mobile application, quick and easy-to-use for even the less experienced users of digital services. The robust increase in active users, especially of the mobile app, confirms this strategy, and is a guide for constantly offering day-to-day solutions to customers wherever they are, in a simple and clear way.

Piraeus Bank, committed to the continuous improvement of the customer services, certified winbank for another year according to ISO 9001: 2008.

**winbank Web Banking**
New subscriptions in 2017 exceeded those of previous years, with the average monthly number of new registered web-banking increasing by 57% since 2016. The average monthly number of active users increased by 32% since 2016, and the average monthly volume of money transactions by 22%.

**winbank Phone Banking**
The monthly average number of new registered phone banking users increased by 12% since 2016. Active users increased by 34% since 2016 and money transactions by 8%.

**winbank Mobile Banking**
Active mobile banking users increased significantly by 53%, with an 84% increase in the volume of money transactions. The template of the new winbank mobile application and the increased security provided by quick login (4-digit PIN or fingerprint) resulted in an increase in logins per active client by 25% in 2017.

**"Instant Cash" winbank Service**
The innovative "Instant Cash" service (web/phone/mobile/ATM cash transfer and cash withdrawal without a
card from an ATM) continued its upward course in 2017. Approximately 133,000 Bank customers used the service, resulting in a total increase of 27% in the volume of transactions compared to 2016, with the amounts transferred exceeding €52 mn.

**Self-Service Banking**

In 2017, improvements were made to the Bank’s ATMs, to expand and upgrade the services provided. The most important improvements were:

1. “Yellow” gift vouchers can be printed for customers wishing to redeem their “yellow” points.
2. Upgraded machines were installed for smooth operation.
3. Recycling ATM machines were installed offering greater online depository opportunities, serving businesses with a large number of banknotes to deposit.

At the same time, easypay kiosks have been upgraded to offer the following services:

1. Payment of bills with contactless card.
2. Payment of bills in instalments with the customer’s credit card.
3. Addition of new payments.

**ATM**

At the end of 2017, Piraeus Bank Group’s ATM network in Greece amounted to 2,019 machines, out of which 911 were installed within branches of the Bank and 1,108 in points outside the Branch Network, making it the largest ATM network in Greece, with a 36% market share. In 2017, the ATM network supported 89% of the Bank’s cash withdrawals and 18% of the total deposit transactions.

**easypay kiosks**

Easypay kiosks are one of the Bank’s most important service channels, with a market share of 41%. There are 561 easypay kiosks installed in the Branch Network, as well as in other points with extended opening hours and access for the public.

Transactions at the easypay kiosks increased by 28% compared to 2016; 25% of deposit inflows and 79% of bankbook updates were conducted in the kiosks, proving that they significantly contribute to reducing branch teller workload, apart from providing speedier customer service.

**e-branch**

At the end of 2017, a new e-branch opened in Glyfada. The fourth e-branch offers individuals as well as businesses and professionals the opportunity to perform their transactions easily with speed and security, during extended operating hours on weekdays, as well as on Saturdays, offering a competitive advantage.

The Bank continues to invest in "Modern Banking Experience" branches to better serve its customers –individual and corporate– and improve their overall experience through the provision of innovative services. In this context, Piraeus Bank has implemented and provides through e-branches a complete programme of user-friendly and innovative services that cover the specialised needs of banking services for People with Disabilities. More specifically, taking advantage of the Bank’s technological leadership, e-branches provide the following pioneering services:

Visually impaired people

1. Customer guidance by a facilitator throughout their stay in e-branch.
2. Transactions can be carried out through the "Remote Cashier" service, using Braille, with no requirement for
witness presence and signature.
3. Ability to navigate and train in winbank internet banking using voice support.
4. Sign up for winbank internet banking without having to sign a handwritten contract.

Hearing impaired people

1. Carry out transactions with tellers trained in the Greek sign language.
2. Touch screen with interactive map for information on available machines and transactions offered in the e-branch.

People with mobility problems

1. Easy to move around inside the e-branch.
2. Customer guidance by a facilitator throughout their stay in e-branch.
3. Easy wheelchair access to the "Remote Cashier" service.

Awards

1. International e-banking award:
   - Piraeus Bank's web banking service won at the Global Finance Awards 2017 and was proclaimed as the leader in Western Europe with the "Best Consumer Digital Bank for Mobile Banking App in Western Europe for 2017" award for the new winbank mobile banking app. The evaluation of the participants was performed by an international team of experts, with extensive experience in the global financial field.
2. International Awards for e-branch "Remote Cashier" Banking Technology Awards 2017:
   - Highly Commended in the category of "Best use of IT in Retail Banking".
3. Business IT Excellence (BITE) Awards 2017:
   - Top Performance Award for designing, implementing and applying the new world-leading "Remote Cashier" service in the "Innovation & Competitive Advantage through Information & Communication Technology" category.

PIRAEUS DIRECT SOLUTIONS (PDS)

Piraeus Direct Solutions S.A. (PDS) aims to provide services to the Group’s customers and associates through all available distribution channels. PDS’s main target is to provide the Bank with quality and innovative services to improve communication with its customers. In addition, PDS helps the Bank grow towards being a Leading Bank in Greece.

In 2017, PDS supported various of the Bank’s initiatives, such as:

1. The new winbank mobile application.
2. The online auctions platform “Properties4sale”.
3. The 360° Funding portal.
4. Entering 1,000+ offers for Piraeus Payroll Accounts.
5. Support to new services: e-statement, new winbank trading platform, monetary transactions alerting by email notification, winbank/yellowday single sign-on, remote registration, Piraeus Tourism 360°, winbank payments to Athens Bar Association.
6. The communication campaign for the Law for indebted households (Law 3869/2010).
7. The communication campaign for customers with inactive accounts in 2017.
8. The communication campaign for 1 Year "yellow".
9. Marketing campaign for the “Exoflisi” package to a targeted customer base.
10. winbank marketing campaign to Personal Banking customers.
11. Bancassurance marketing campaign to a targeted customer base.
12. Call management for redesign of Retention (Credit Card Retention).
13. Call management for promoting POS device installation, as required by law.

At the same time, PDS conducted thousands of customer satisfaction surveys for Piraeus Bank and carried out hundreds of information and marketing campaigns to its customers.
In order to respond to the increase in incoming calls (+8% compared to 2016), PDS stepped up the response and support teams. Significant effort was placed to improve customer care service ratings and customer satisfaction ratings in all communication channels.

For these reasons, emphasis was placed on training and developing professionals, as well as upgrading its IT infrastructure.

The key performance indicators showed a relative decline, mainly due to the sharp increase in the number of calls due to changes in legislation, such as the mandatory purchase and use of POS terminals, the adoption of electronic transactions due to tax-deduction legislation and the legislation on inactive accounts and the protection of primary residence (Law 3869/2010).

More specifically, the key performance indicators were:

1. In 2017, 64% of the calls were answered within 20 seconds compared to 68% in 2016.
2. In 2017, the average speed of answer was 57 seconds from 43 seconds in 2016.

At the same time, despite the increased number of calls, several of the performance indicators remained at acceptable levels, such as credit card retention (70%) and customer satisfaction (83%).

**GREEN BANKING AND DEVELOPMENT PROGRAMMES**

**COLLABORATION WITH DEVELOPMENT PROGRAMMES**

Acknowledging the growing financing needs of SMEs and given the prevailing market difficulties in Greece, Piraeus Bank entered a series of strategic partnerships to ensure the smooth and unhindered provision of liquidity to SMEs. The financing instruments offered by the Bank were mainly co-funding and risk-sharing tools and financing lines in the form of global loans. In the context of these collaborations, Piraeus Bank has secured financing products in co-operation with the Hellenic Fund for Entrepreneurship and Development (ETEAN SA), the EIB, the EIF and the Hellenic Investment Fund (Institute for Growth-IfG), the EBRD, as well as other development funds.

Also, in the first quarter of 2017, agreements were signed with the European Investment Fund (EIF) to act as financial intermediary in the COSME Loan Guarantee Facility (LGF) and the Innovfin Guarantee Facility.

Additionally, in December 2017 a contract for extending cooperation with the Export Credit Insurance Organisation (ECIO) was signed for one more year, under the Extroversion (Exostrefia) Programme.

The Green Banking & Development Programme Unit is responsible for the creation and management of financing products in co-operation with the aforementioned institutions.

The financing instruments provided by the Bank, utilising its national and international partnerships, are the following:

**Collaboration with European Investment Bank (EIB)**

Liquidity funding provided by the EIB to SMEs and medium-cap companies (MidCap), active in most sectors of the economy, with emphasis on manufacturing, trade, tourism, services and the primary sector. Funding is provided in the form of working capital or investment loans, with particularly favourable interest rates and is exempt from the levy of Law 128/75.
With the resources available through these partnerships, which amounted to €450 mn in 2017, and the leverage of available resources, Piraeus Bank estimates that the corresponding funding to businesses over the next two years will exceed €800 mn. Most of the liquidity was raised through a covered bond issuance by Piraeus Bank, in which the EIB participated.

In December 2017, Piraeus Bank signed a new agreement with the EIB, totalling €100 mn, to finance energy efficiency projects, through the Private Finance for Energy Efficiency initiative (PF4EE). The PF4EE instrument is an EU pilot project that combines liquidity funding and loan guarantees. This agreement, the only one in Greece and the largest provided by EIB under PF4EE in Europe, is expected to come into force by mid-2018.

**COSME Loan Guarantee Facility**

In April 2017 Piraeus Bank signed an agreement with the European Investment Fund to participate in the "COSME" loan guarantee facility. Through this facility the Bank grants loans on favourable terms and reduced collateral. The Bank aims to provide support for SMEs in the form of loans for working capital as well as in tangible or intangible fixed assets investment. Eligible businesses include SMEs and small Midcaps, employing up to 250 staff in terms of Annual Work Units (AWU), with a turnover of less than €50 mn in the last business year, or with a value of assets not be higher than €43 mn.

The guarantee by EIF under the COSME facility cannot exceed 50% of the loan. There is a ten-year maximum term of the guarantee.

Under the initial agreement for the COSME guarantee facility, Piraeus Bank plans to allocate €170 mn to Greek SMEs, while the Bank is in discussions for expanding its participation in the initiative.

**Innovfin Guarantee Facility**

In April 2017, Piraeus Bank signed an agreement with the European Investment Fund for the new InnovFin (EU Finance for Innovators initiative) Guarantee Facility, backed by the EU's Research and Innovation programme "Horizon 2020 Financial Tool" and the European Fund for Strategic Investments (EFSI).

The specific guarantee facility aims to finance eligible research and innovation (R&I) companies with new loans to cover both their investment costs and working capital and commercial obligations, under specific conditions.

The guarantee by EIF under the Innovfin Guarantee facility cannot exceed 50% of the loan, with a ten-year maximum term of the guarantee. Piraeus Bank can disperse up to €100 million through the InnovFin Guarantee facility.

**Hellenic Investment Fund (Institute for Growth – IfG)**

Loan financing provided by the Hellenic Investment Fund in collaboration with Piraeus Bank, aimed at businesses active in the manufacturing, trade and service sectors. Funding is provided by the Greek State and the German development bank Kreditanstalt für Wiederaufbau (KfW), to cover SMEs both investment and working capital needs. The budget of the initiative for Piraeus Bank was €99.3 mn and these loans include both working capital loans and investment loans with very favourable financing terms. The loans have particularly favourable interest rates and are exempt from the levy of Law 128/75. The funds raised from repayments of loans already granted can be reallocated, provided that the benefits of the loan will expire on the expiry date of the current agreement, namely 9/12/2021.

**Trade Finance Facility Program - European Investment Bank (EIB)**

In 2017, Piraeus Bank entered into an agreement with the EIB to participate in the new Trade Finance Facility programme, to support international trade, in order to significantly boost the commercial activity of SMEs and
MidCaps abroad. Through the facility programme, the EIB provides guarantees to selected Correspondent Banks abroad so that they add their stamp of approval on letters of credit and letters of guarantee of up to 36 months, issued by Piraeus Bank. Eligible transactions concern all types letters of credit and letters of guarantee and a wide range of goods and services, including commodities, raw materials, equipment, machinery, cross-border projects and other services.

Trade Facilitation Programme – European Bank for Reconstruction and Development (EBRD)

Through the programme the European Bank for Reconstruction and Development (EBRD) provides guarantees to Piraeus Bank for promoting foreign trade (export and import) business operations. The EBRD provides guarantees to the Confirming Bank, taking the payment risk of international trade transactions undertaken by Piraeus Bank, the Issuing Bank. Greece-based companies of any legal form and size are eligible to participate, and transactions cover all types of letters of guarantee and letters of credit, not excluding any other type of commercial transaction involving a Correspondent Bank. The guarantees cover a wide range of goods and services, such as import and export of goods, equipment, machinery, cross-border projects.

Export Credit Insurance Organisation (ECIO)

The Export Credit Insurance Organisation (ECIO) insures the export credits against risks of non-payment and effectively contributes to the "extroversion" of the Greek Economy. The Extroversion (Exostrefia) Programme combines insurance and financing tools for export credits granted by Greek exporters to buyers abroad.

Piraeus Bank participated in the Extroversion (Exostrefia) Programme by providing liquidity (working capital) to companies that have insured their export invoices to the ECIO, by discounting them.

The Programme targets all Greek exporting companies, regardless of business and size, especially SMEs. The amount and duration of financing for each company is tailored to the needs of the customer, while up to 80% of the value of each insured export invoice is funded, up to the amount of €1 mn (revolving).

This Programme expired on 30.11.2017 and has been extended for another year.

Business Restart Initiative – ETEAN SA

Through this initiative, with the latest disbursements made in January 2017, co-funded loans were offered to SMEs from all sectors with particularly favourable interest rates and with a duration relevant to the funding purpose. All loans were co-financed by Piraeus Bank and ETEAN with equal participation. The loans were granted either as working capital loans, ranging between €10,000 and €300,000, or investment loans, of up to €800,000.

In December 2017, the decision was made to continue the initiative "National Fund for Entrepreneurship II (TEPIX) – Business Restart Initiative", under the name "Interim TEPIX", aiming to place on the market the amount of €384 mn. ETEAN SA participates with €192 mn, from loan repayments by enterprises that had been included in the Entrepreneurship Fund Initiative. The Interim Entrepreneurship Fund covers the shortfall in SME funding between the end of TEPIX I and the beginning of TEPIX II.

Exoikonomisi II

Following consultation, ETEAN SA issued a call for expressions of interest to financial institutions (Banks), for the creation of a loan fund to finance a portfolio of new loans, with the framework of "Home Subsidy Fund II". Following the completion of the valuation process, Piraeus Bank was selected as a financial intermediary with a view to establishing a joint loan fund with ETEAN SA to grant loans to households to be included in the "Exoikonomisi Kat’ Oikon II" (Home Subsidy II) programme.
The Programme offers homeowners who submit an inclusion application with incentives in the form of subsidies and other financial incentives to beneficiaries (costs of consultants, surveys, energy inspections), and co-financed loans with a 100% subsidised interest rate. The Programme was activated in March 2018, and is currently in force.

**Advisory Services for inclusion in the New Development Law 4399/2016**
An innovative service providing comprehensive advisory services for preparing, submitting and monitoring investment plans for inclusion in the new Investment Law (L. 4399/2016).

As part of this service, the Bank assists companies by providing consulting services: complete and reliable information about the new Development Law, eligibility check for the company and its investment plan, advisory support for selecting the scheme that best suits each business, proposal preparation & submission services, development of financial and technical feasibility study in accordance with the terms and requirements of the respective aid scheme, monitoring the proposal’s evaluation process with continuous information and guidance, and monitoring and support services throughout the duration of the investment.

During 2017 the first round of the aid schemes under Law 4399/2016 was completed, concerning:

1. Improvement of Mechanical Equipment.
2. General Entrepreneurship.
3. New Independent SMEs.
4. Investments of Greater Size.

Finally, in December 2017 the second call for proposals of Development Law 4399/2016 was initiated, with the activation of the General Entrepreneurship aid.

This service can be combined with lending banking products, such as a Letter of Intent, Loan to Cover Private Participation or even a loan instead of a grant.

**Integrated Support Framework**
An innovative Piraeus Bank service for beneficiaries of support programmes. The objective is to provide funding on favourable terms so that the company successfully completes its investment plan. In addition, the Bank monitors the compatibility and consistency of expenditure with the technical annexes of the investment plans and mediates the proper payment of the invoices. The Integrated Support Framework includes the issuance of letters of guarantee for advance payment of the subsidy and the granting of an investment loan with favourable collaterals.

Finally, in its capacity as an intermediary for NSRF 2007-2014 programmes, Piraeus Bank monitored compliance with the long-term commitments of the beneficiaries under the First National Action Plan (NSRF) Initiative.

**RESULTS – GREEN PORTFOLIO**
Piraeus Bank has adopted a detailed monitoring process of its green portfolio, and marks its positive contribution to sustainable growth on a regular basis. The Green Banking Unit regularly informs all interested parties about the quantitative and qualitative data of the portfolio. Data accuracy is ensured through audits by independent certified bodies.

At the end of 2017, Piraeus Bank Group’s approved limits exceeded €1.79 bn, demonstrating its strong commitment to financing new green business projects with an emphasis on RES, providing funding from the early stages of the investment plan up until completion and maintenance. The total number of green customers
Core Banking Activity (private and business) funded increased to 24,800 at the end of 2017, highlighting the Bank’s effort to support a large number of businesses and individuals rather than individual cases.

At the end of 2017, green portfolio outstanding loans exceeded €976 mn, retaining its qualitative characteristics for another year. More specifically, by the end of 2017, Piraeus Bank provided loans to approximately 22,200 individuals, with outstanding balances of more than €66.8 mn to fund their investments. Most of the outstanding balances are loans granted for the installation of roof-mounted photovoltaic panels (€46 mn), contributing to the overall installation of more than 4,300 systems. The majority of private individuals come from the "Energy Efficiency in Household Buildings" Programme, which was concluded in 2015. In 2017, as in 2016, following the inclusion of additional beneficiaries in the programme by the Ministry of Environment and Energy, approximately 1,500 individuals made interventions in their homes to improve energy efficiency. With regard to the additional cases included in 2017, Piraeus Bank selected 2,950 applications as initially eligible, with a total budget of €34.8 mn.

According to data published by the scheme, the Bank accounted for 50% of total application approvals for 2017.

In spite of the difficult economic climate in the period 2011-2017, the Bank provided loans to over 17,000 applicants via the scheme, with total lending reaching approximately €70 mn, in an effort to complete projects for saving energy and consequently reducing household expenses. Most of the loan agreements were for homeowners on the lower income scale, with a personal income below €12,000 and a family income below €20,000.

At the end of 2017, approximately 2,500 companies were financed by the Group for their green projects. Green financing to businesses by the Small Business Banking, Corporate Banking Units, the Business Centres and Piraeus Leasing exceeded €874 mn, corresponding to 89% of the green portfolio.

The largest part of loans was allocated to RES projects. The total capacity of projects financed by Piraeus Bank (including those already repaid) at the end of 2017 amounted to 1.134 GW, making up for a 20.5% market share of the total installed capacity from RES in Greece.

At the end of 2017, outstanding balances for photovoltaic panels amounted to €491 mn, with a total capacity 534 MW - the majority of them are systems of up to 100KW. Outstanding balances for wind parks amounted to €306 mn at the end of 2017 (+20% yoy), with a total capacity of 523 MW, or 19.9% of total wind parks operating in Greece. The Bank is also providing funding for 16 small hydro-electric stations, with active loan balances of €63 mn. Finally, the Bank financed 15 biomass/biogas projects.

These investments lead to a reduction in the annual CO₂ emission into the atmosphere by 2.350 million tons.

<table>
<thead>
<tr>
<th>Res Project Figures</th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity from Financed RES (MW)</td>
<td>1,134</td>
<td>1,017</td>
<td>+11,5%</td>
</tr>
<tr>
<td>Prevented CO₂ Emissions (thousand tonnes)*</td>
<td>2,350</td>
<td>2,124</td>
<td>+11%</td>
</tr>
<tr>
<td>Green Financing Limits (€ bn)</td>
<td>1.38</td>
<td>1.31</td>
<td>+5%</td>
</tr>
<tr>
<td>Green Financing Balances (€ bn)</td>
<td>0.89</td>
<td>0.95</td>
<td>-6%</td>
</tr>
</tbody>
</table>

* The calculations for the CO₂ amount prevented from being emitted due to funding by Piraeus Bank Group, are based on the average CO₂ emission coefficient, the conventional Greek power generation and the average annual power generation per RES technology, according to the latest published data of LAGIE (Operator of Electricity Market).
GREEN INVESTMENTS

Piraeus Bank manages €40 mn of JESSICA funds ("Joint European Support for Sustainable Investment in City Areas") to finance urban development projects in its capacity as an Urban Development Fund (UDF) for the regions of Central Macedonia and Thessaly. In previous years, the Bank signed contracts for energy biogas power plants in Central Macedonia and Thessaly with a total capacity in excess of 10 MWe. The Bank has also signed a Financing Agreement with the Municipality of Thessaloniki for modernising street lighting. In addition, Piraeus Bank co-finances the projects with €16.8 mn from its own resources and/or other private resources.

Finally, the Hellenic Fund for Sustainable Development (ETVA Fund), a venture capital fund, is a wholly-owned subsidiary of ETVA VIPE, one of Piraeus Bank Group’s subsidiaries. Its aim is to facilitate entrepreneurs by covering their participation in new investment proposals related to sustainable development (RES production, waste treatment and utilisation, etc.), using measurable social contribution and environmental indicators, thus participating in the growth of the Greek economy on a stable basis.

Through its investment company Piraeus Capital Management (PCM), Piraeus Bank Group participates in the share capital of Advent Technologies and Electronic Shipping, operating in the technology of Proton Emission Membrane Fuel Cells. PCM is also a shareholder in the company ASA Recycle SA. In addition, Piraeus Clean Energy fund invests in the energy sector in Southeast Europe.

FINANCIAL AND TECHNICAL SUSTAINABILITY ASSESSMENT OF GREEN PROJECTS - ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

One of the main pillars of Green Banking & Development Programme Unit is the financial and technical assessment of green project sustainability. The Green Experts assess the new projects, scrutinising the proposed technology, the dimensions of equipment and estimated productivity of the project, the experience of the installer, etc. In addition, the sustainability of the projects is assessed, taking into account a variety of parameters, while the licensing process is monitored throughout the investment, in accordance with national legislation and European standards.

The financial and technical assessment of project sustainability is also used to re-evaluate projects that have already been financed. During the annual revision of credit limits, the Green Banking & Development Programme Unit also reviews the projects to ensure the continued and uninterrupted operation of the installed equipment, the productivity of the projects and the conditions set initially. At this stage, the assessment ultimately aims to prevent operational failings, protecting both the customer and the Bank.

Green Banking & Development Programme Unit staff have years of experience in financing projects with a positive environmental impact. This has been its comparative advantage for the immediate adoption of the Environmental and Social Management System (ESMS). The ESMS includes:

1. The existing Environmental Management System related to the potential risks from the Bank’s internal operation - certified under EMAS & ISO 14001 in 2011.
2. The Environmental and Social Risk Management System for potential risks from the business activities of its funded customers, as an integral part of their credit risk.

In line with the "ESMS Policy" adopted by the Bank’s Executive Committee, the Group’s Credit Policy has been amended and Business Credit Criteria have been enriched with new Environmental and Social Criteria, which were last updated in 2017. Following the update of the Group’s Credit Policy, specific parameters have been incorporated in the existing business loan approval processes, which are now taken into account when considering new business financing. In 2017, implementation of ESMS procedures was completed, and necessary modifications were made to the Bank’s IT systems for automatic checks.
Implementation of the ESMS includes the adoption of an Exclusion list, a due diligence assessment on the environmental, health, safety, and society risks of a project, in accordance with the national institutional framework and the International Standards (where applicable), and a Corrective Action Plan (CAP), where applicable, with a specific implementation timetable. The Bank monitors and evaluates the environmental and social performance of financed projects, on a regular basis.

In line with the general standards for the operation and governance of a management system, the Bank appointed the Group ESMS Officer and the Group ESMS Coordinator to coordinate the implementation of the system in Greece and in subsidiaries abroad. In order to monitor the business portfolio's environmental and social risk and to ensure the system's proper, efficient and optimal operation, the relevant results (qualitative and quantitative) will be monitored at regular intervals.

COLLABORATIONS AND PARTICIPATIONS
The Green Banking & Development Programme Unit participates in important conferences in Greece and abroad, so that the staff always has in depth and timely knowledge regarding the subjects of interest, so as to design and provide the necessary financial instruments and services for Greek businesses. In 2017, Green Banking participated in:

1. In the event hosted by EIB in Brussels: "The role of social financial intermediaries (SFIs) in deploying financial instruments under the European Social Fund in the 2014-2020 programming period".
2. In the United Nations Environment Programme Finance Initiative (UNEP FI) – Regional Roundtable in Europe, in Geneva, in October, participating and following the global environmental and social awareness news, commitments and directives that will be implemented in 2018 in the implementation of selected real cases.
3. Ministry of Finance Workshop entitled "Industry II (Other Industries)" by developing the "National Development Strategy 2021". The goal of moving towards a new and sustainable development model involves a balance between three main pillars: economic development, social prosperity and justice without exclusion, and the protection of the country's natural environment and capital.

In addition, the Unit’s executives represented the Bank in workshops convened in collaboration with chambers, organisations, municipalities and other local players, to present the opportunities offered through the Bank’s products and services. In 2017, Green Banking executives participated in the following workshops:

1. "6th Agrotechnology Conference", organised by the American Farm School in collaboration with the Hellenic American Chamber of Commerce.
2. "Banking tools for SMEs", organised by the Thessaloniki Chamber of Commerce and Industry.
3. "1st Development Conference for Chalkidiki", organised by Chalkidiki Development Enterprise SA.

GREEN ADVISOR
The Green Advisor has been present in the Branch Network since 2010. In 2017, the advisor was the direct link with the Bank's customer base, providing information about the specialised products offered by the Group in these fields. His main mission is the timely and accurate dissemination of information to individuals and businesses, in large cities and the periphery, sharing know-how and consulting, in Green Banking, Development Programmes and Agricultural Banking.

The Advisor participates in events and workshops convened by institutional bodies as well as by the local business community, such as:

1. Net Metering and Virtual Net Metering, a public panel organised by the Larissa Chamber of Commerce.
2. Presentation of the Crete OP 2014-2020 funding, an event organised by the Region of Crete.
3. Climate Change, organised by Central Union of Municipalities of Greece (KEDE), the Institute of Local Government (ITA) and the Regional Union of Municipalities of Crete.


5. 2nd Sector Exhibition in Western Greece for Food - Beverages - Equipment - Services - Tourism.

6. Workshop of the Aroma Innovation Hub of the Patras Science Park in cooperation with the Region of Western Greece and the Achaia Chamber for the presentation of the initiatives to support innovation from the Agricultural Development Programme.

7. 5th Annual Conference entitled “Western Greece Development Perspectives” by the newspaper “PELOPONNESE” and pelop.gr.

TRAINING

In order to engage its professionals with environmental and developmental issues – a key factor to maintaining its healthy portfolio – Piraeus Bank conducted training for professionals across the Bank (Branches and administration). Emphasis was placed on training the Green Advisors in the Branch Network to fully serve needs for green entrepreneurship and development projects. Green Advisors attended over 50 hours of training. In addition, Green Banking executives provided on-the-job training to Green Advisors in their workplaces, all over Greece. The main purpose was for Green Advisors to broaden their knowledge in green banking and to familiarize themselves with the green and development products and services provided. In addition, meetings were held with business customers to present the products and services tailored to their specific needs and opportunities, also strengthening Green Advisors nationwide. In total 176 man-hours of on-the-job training were recorded.

Additionally, for the wider dissemination of information to the Branch Network, SBPPs received training in green and development products and services, the supervisory framework for financial support programmes, and the benefits for the Bank’s customers.

In 2017, special seminar cycles were designed in the implementation of ESMS in the business lending process, to train credit officers in the new policies, processes and systems, where further examination of potential environmental and social risk from a business’ operation is required to check its sustainability. Executives from the Group’s subsidiaries, in Greece and abroad, were also briefed about the new ESMS requirements in order to co-ordinate the work of integrating the system into subsidiaries as well. Thus, in 2017, a total of 165 executives received 252 man-hours of ESMS–related classroom-based training, while ESMS–related e-learning is being prepared for 2018.

INTERNET

360° Funding

In May 2017, Piraeus Bank launched a new, innovative portal, "360° Funding" (www.360funding.gr), providing free and simplified access to the full range of information relevant to businesses looking for financial support programmes.

The 360° Funding portal provides access to the full range of information for national (NSRF, Agricultural Development Programme, Development Law) and EU (i.e. Horizon 2020) financial support programmes, for existing or potential businesses, freelancers and farmers.

The 360° Funding portal was set up in response to the need of businesses for a flexible and modern information point to facilitate the dissemination of the available information on financial support programmes that up to now has been difficult, fragmented and incomprehensible for the beneficiary.

360° Funding is a pioneering, unique portal in Greece, which demonstrates Piraeus Bank’s support to Greek
businesses, not only by participating in every national and European subsidy and liquidity programme, but also by providing a simplified search engine for businesses, to find the financial support programme that suits their business needs.

The new portal provides businesses, the ability to timely and easily identify the appropriate programme for their investment needs, while providing information on Piraeus Bank’s products and service packages which may be combined with financial support programmes, such as Piraeus Business 360°.

At the end of 2017, in just seven months of operation, there were 10,000 registered users, while the portal's one-time visitors exceeded 150,000.

For integrated information businesses can also subscribe for a monthly Newsletter with all the "news" (tender offers, modifications, etc.), for the continuous flow of information about the programmes related to them, for their possible future participation.

**Green Banking Portal**

For the fifth consecutive year, Piraeus Bank supported an innovative internet communication channel, the Green Banking Portal (www.greenbanking.gr). Through the website, companies, and not only leading environmental companies, can promote their products/services and their good practices, strengthening their market position. In addition, the portal is a training tool in the basic concepts of green entrepreneurship, aimed at informing and raising awareness on environmental issues.

**Other communication channels**

The presence of Green Banking on social networks, such as Facebook, twitter, YouTube and Flickr, continued for the seventh consecutive year, showing the Bank’s strong will to keep open an additional window of communication for informing the public on environmental and social issues. More specifically, in 2017, emphasis was placed on issues of biodiversity, climate change, environmental social initiatives and innovative ideas for green business. At the end of 2017, more than 32,900 "Think Green" friends from Greece and abroad followed 273 relevant Facebook posts. Similarly, there are more than 1,100 followers on twitter, with 270 relevant tweets.

**AGRICULTURAL BANKING**

**SUPPORTING THE AGRICULTURAL SECTOR – A KEY PRIORITY**

Piraeus Bank, has made the strategic decision to support the Agricultural Sector. With its policy and initiatives, it supports and offers an integrated service framework for the Agro-Food Sector, which is one of the driving forces for the restart of the Greek economy. With its sector knowledge and experience, Piraeus Bank is an active participant in the agro-food chain, providing financing to all stakeholders, focusing on their needs, and offering solutions with the appropriate banking products and services.

The Bank provides targeted funding to improve the competitiveness of farming, offering the working capital required to buy the essential inputs for agricultural production, microfinance to meet emergencies, as well as specialised investment loans for the development of farming.

Targeting sustainability in the agro-food value chain, the Bank offers targeted funding for agribusinesses and agricultural co-operatives to rationalise, operate and modernise their operations. The case of Contract Farming is the most significant example of how Piraeus Bank links up the entire value chain in the agro-food sector and how it implements its strategy to support sustainable value chains in the agro-food sector.
At the same time, it collaborates with the Agricultural Sector Bodies, providing a range of products and services of importance and added value.

The Bank aims to maintain its leading position in strengthening healthy agricultural entrepreneurship and to continue offering innovative banking products and services, combined with the highest level of service.

NEW PRODUCTS & OPERATING FRAMEWORK

For Piraeus Bank, financing the Agricultural Sector is more than just a flow of capital. The Bank’s aims to go beyond simply supplying liquidity and address the significant structural inefficiencies that hinder the growth of the Greek agricultural sector. In this framework, consistent with its commitment to provide integrated support for the agricultural world and understanding its peculiarities, the Bank continued to develop new products and services while improving its existing product portfolio to provide holistic solutions for its customers.

More specifically, Piraeus Bank has agreed with the Ministry of Agricultural Development and Food to participate in the "Farmer's Card" initiative, with Piraeus Bank's "Farmer's Card", owned by thousands of farmers since 2016. With the "Farmer's Card", producers can directly cover the costs associated with their operational and other needs during the production period (fertilisers, animal feed, agricultural and livestock medication, fuel, liabilities to Hellenic Agricultural Insurance Organisation (ELGA), Unified Social Security Institution (EFKA), insurance coupons, payment of agricultural electricity and irrigation charges, etc.). In this way, Piraeus Bank seeks to contribute to the reduction of production costs.

Another new, flexible and innovative product covering basic needs is "Farmers' Micro-finance", providing a credit limit of up to €5,000 for farmers to cover unpredictable expenses, such as damage to farm equipment, minor repairs, small-scale plant or livestock replacement and any other unplanned costs. It is a modern banking product, aimed at farmers, provided that the agricultural subsidies they receive are deposited in a Piraeus Bank account.

At the same time, those initiatives will facilitate the smooth implementation of the farmers' investment plans under the Agricultural Development Programme, the Bank designed a comprehensive package of solutions, offering the possibility of an investment loan, a Letter of Guarantee for the advance payment, and a loan instead of a grant, so that there is a total coverage of the needs for timely completion of the investment.

Moreover the Bank continues to support agricultural operations, enabling farmers to cope with difficulties and to carry on with the repayment of their obligations. In this context, the Bank stood by farmers/livestock breeders whose production was affected by extremely unfavourable weather conditions (frost and hail), postponing current instalment payments for commercial loans to the end of the loan for those who requested postponement. Beneficiaries included producers who suffered partial or total destruction of their land or livestock.

Finally, in cooperation with the Group's subsidiaries, Piraeus Bank offers integrated bancassurance products. In this context, in cooperation with ERGO Insurance Company, it offers the insurance programmes "My Agro Land" (for outdoor plant production), "My Agro Farm" (for livestock) and "My Agro Greenhouse". These are integrated products that provide insurance coverage and privileges for all professional farming-related customers. Additionally, through its subsidiary, Piraeus Leasing, the Bank continues to offer leasing solutions to natural or legal persons active in the agricultural sector for Agricultural Equipment, i.e. commercial vehicles, trucks, tractors, equipment, production units, etc.

CONTRACT FARMING

Five years ago, Piraeus Bank introduced the "Contract Farming & Livestock Breeding" programme, an initiative addressing the inefficiencies of the agricultural sector and the need for more sophisticated and efficient
agricultural production, aiming at a structural change in the rationale of financing the sector. In the context of an integrated banking model of targeted financing to both commercial/manufacturing businesses and co-operatives, as well as to individual farmers/livestock breeders, the programme contributes to rationalising agricultural production, to upgrading the production process, with extroversion in mind. The programme also creates synergies for the parties involved, modernises the trading circuit and creates an expanded retail network for agro-food, supporting the development of local markets.

In the years of the programme’s implementation, there has been a notable increase in the number of participating commercial enterprises/co-operatives/producer groups and individual producers from all over the country. The product range and the sectors of the economy financed has been extended. Following the inclusion of aquaculture (fisheries) in the programme in 2016, cattle-breeding, buffalo-breeding and aromatic herbs were also added to the sectors covered.

Through its successful implementation and development, the Contract programme further enhances its support to the country’s agricultural sector and to the Greek economy, contributing to the growth and export activity of Greek businesses making use of the country’s natural wealth. The Contract programme stimulates employment in rural areas, enhances the sustainability of agricultural businesses making an important contribution to maintaining the country’s social structure in remote islands.

Monitoring its customer needs on a continuous and systematic basis, the Bank has made significant interventions and improvements in the Contract Farming systems, to provide tailored payment solutions.

Furthermore, in 2017, the Bank continued financing production costs as well as distribution and retailer costs, through the extended Contract Farming programme, its holistic approach to the Greek agro-food value chain, with a view to reducing the cost of production of agro-livestock products.

Capitalising on Greece’s comparative advantage in the tourism industry, the Bank continues to offer the Contract Farming programme for hotels, to enhance the extroversion of Greek businesses and the promotion of Greek agro-food products abroad.

Finally, in the context of the extended Contract Banking Programme through vertical integration, in 2017, Piraeus Bank entered the retail sector and financially supports retailers in buying products, on favourable terms, from producers participating in the Bank’s "Contract Farming & Livestock Breeding" programme. At the same time, through a specially designed online payment platform, the Bank coordinates buyer-supplier cooperation, aiming to upgrade the quality and security of commercial transactions and to ensure liquidity through a fast and simple process. This new initiative aims at creating a new model linking retailers and suppliers, to establish partnerships, to create synergies, to rationalise prices and to create and promote competitive Greek agricultural products of premium quality.

**SUPPORT ACTIONS OF AGRICULTURAL BODIES**

In 2017, the Bank continued its close cooperation with the Agricultural Bodies. Through its extensive branch network and centrally, the Bank offers a full range of important and value-added products and services to agricultural institutions/organisations, agricultural cooperatives and businesses involved in agriculture.

The high level of services provided is attested by the EN ISO 9001:2015 Quality Management System certification Piraeus Bank received for EU and Greek State aid-related payment services. The certification was renewed in 2017, satisfying the quantitative and qualitative evaluation criteria set at the inspection by the competent body.
The same certification was also renewed for the payment service of the Early Retirement Programme for Farmers, which the Bank manages on behalf of the Ministry of Agricultural Development and Food.

In 2017, the Bank successfully carried out a significant amount of payments for the funds earmarked for support to the agricultural sector, concerning financial support through Pillars I and II of the Common Agricultural Policy (CAP). The most significant amounts have been directed towards basic and green payments and initiatives related to the setting-up of young farmers, modernisation of farms, the transition to organic farming, agro-environmental aid and others.

In particular, total EU and State aid payments made in 2017 to the agricultural sector amounted to a total of €2.78 bn. The Bank set up a Special Account of Agricultural Products Guarantee, to ensure timely direct payments to beneficiaries.

Being a leader in the service of agricultural payments, Piraeus Bank is the only Greek Bank certified in payment of Agricultural Aid for producers, demonstrating that it is specialised in the provision of high quality services both to payment agencies and to their beneficiaries.

The Bank's role in the aid payment process is pivotal, ensuring apt and timely service for producers, agricultural businesses and all parties involved in the process.

**ACTIONS AND INITIATIVES**

In addition to financial support, Piraeus Bank provides multi-faceted and holistic support to the Agricultural Sector. Capitalising on its know-how and its relationship of trust with its customers, the Bank serves their particular needs through the Entrepreneurship Centres, which operate in areas with significant farming activity. The centres offer extensive information and excellent service on development and rural entrepreneurship programmes, as well as on opportunities to make use of co-funded programmes both by the State and under the new CAP Programme 2014-2020.

At the same time, the Bank continues to disseminate useful information to farmers. With its special edition, “Epi Gis” magazine, readers can learn about the Bank's specialised products and initiatives for farmers, innovation in the agricultural sector and the latest developments in the agricultural economy.

Additionally Piraeus Bank has launched an initiative to raise awareness of efficient water management in the agricultural sector. It seeks to contribute to the understanding of the importance of the subject, to encourage the use of efficient irrigation practices, and to support in practice the required investments with the appropriate products and services. The first step of the initiative was the publication of a special issue of “Epi Gis” magazine, in which 30 experts, academics, researchers and industry specialists presented their views and knowledge. This initiative will be followed by a series of initiatives that will be related both to informing the stakeholders and to providing banking solutions that will cover specialised needs for the sound management of water resources in the agricultural sector.

Finally, with the extensive knowledge of the agricultural sector and recognizing its dominant role in the agricultural sector, the Bank participated in conferences, meetings and public panels related to the agro-food sector throughout the country.

**INVESTMENT BANKING**

Piraeus Bank provides financial consultancy services in the fields of mergers and acquisitions (M&A), as well
as consultant and underwriting services throughout the Capital Market product spectrum.

In 2017, the Bank continued to participate in projects of privatisation, M&As, capital increases, etc. Specifically, in 2017 in its capacity as financial advisor to the Hellenic Republic Asset Development Fund (HRADF), Piraeus Bank successfully completed the most significant privatisation in the country, the sale of Thessaloniki Port Authority SA. In addition, in 2017, in its capacity as financial advisor to the HRADF, Piraeus Bank successfully completed the updated strategy for the development and utilisation of ten ports. At the same time, in 2017 the Bank took on the project of selling HRADF’s participation in OTE SA, as well as the strategic development plan for HRADF’s participation in DEPA SA. The Bank continued to act as HRADF’s financial adviser on other major privatisation projects, such as the utilisation of the grounds of the former Athens Airport (Ellinikon) and the development of real estate in the Afandou region in Rhodes. In the private sector, Piraeus Bank was among the underwriters in all bond issuances made by Greek companies (OPAP SA, Systems Sunlight SA, Terna Energy and Mytilineos Holdings SA), with bonds listed on the Athens Stock Exchange (ATHEX). Piraeus Bank also ranked first in Advisory Services to acquirer or to the BoD of acquired companies, in the Public Offerings for the ATHEX in 2017 (Trastor REIC, Galaxidi Marine Farm S.A., Nikas SA, Grivalia Properties REIC, Athena SA).

STOCK EXCHANGE OPERATIONS - PIRAEUS SECURITIES SA

In 2017, Piraeus Securities SA once again participated in the capital market developments, strengthening its position across the spectrum of brokerage services; in trading on ATHEX and international stock exchanges, in bond trading, in research and analysis, and in trading derivatives. In particular, once again, the Group ranked amongst the top performers in terms of trading, with a market share of 10.1%.

Piraeus Securities’ (Piraeus Sec) main activities include mediation for the purchase of Greek and foreign shares and derivatives, mediation for the purchase of government and corporate bonds, provision of credit for margin accounts, and processing stock market transactions. Through the fully renovated online trading platform, Piraeus Sec offers fast and secure online transactions for private investors in Greece and abroad.

Due to its successful long-standing cooperation with foreign institutional investors, most international organisations with a presence in Greece have chosen Piraeus Securities as their broker.

The company’s Analysis Department is considered one of the best in the Greek market and has received several awards from international organisations for the quality of its products.

Piraeus Securities was the first brokerage firm to trade in derivative products in Greece. Its Market Making division is one of the most active in the Greek market, holding one of the top positions in the relevant rankings. The International Markets Division offers specialised investment services that cover the needs of investors on an international scale, providing access to more than 40 stock exchanges worldwide.

TREASURY

Piraeus Financial Markets (PFM) is responsible for the effective management of the Group's liquidity in order to optimise the financing of the Group's operations.

At the same time, after the operational consolidation of the divisions specialising in the money and capital markets, PFM is the central service hub for Institutional and Private Banking Customers and for providing investment products and services to the Bank's customers. As a result, the Bank benefits from the maximum use of synergies and economies of scale, as well as offering a holistic approach to customers.
Under the Strategy defined by "Agenda 2020", the PFM focuses on key axes to help achieve the Group's strategic goals with the following key points.'

In 2017, the effective management of the Bank's liquidity was once again at the heart of the PFM's activities, with emphasis placed on reducing the Bank's funding from the Eurosystem (ELA and ECB). ECB funding reduced to €4 bn, resulting in the lowest level in December 2017, while reliance on ELA funding dropped due to the increase in deposits, the resumption of access to the Repos interbank market, and the expansion of liquidity sources.

In particular, in 2017 PFM continued its efforts to increase interbank liquidity for non-eligible ECB assets, such as Covered Bonds, ABSs, and Greek Government Bonds (GGBs).

In February 2017, within the framework of its Covered Bond programme, Piraeus Bank issued €1.0 billion through a new (3rd) series of Covered Bonds. The Covered Bonds are floating rate, bearing a coupon of three-month Euribor +150bps. The issue was retained by the Bank and it is planned to be used as collateral for providing liquidity in the interbank repo market. This issue is the first Greek issue that includes the term "Investor Repurchase Put" and was rated B- (the maximum possible rating that could be attributed to Greek covered bonds). A similar series of fully Covered Bonds of €1.0 bn (5th Series) was issued in November 2017, with the aim of further strengthening the available collateral for providing liquidity in the interbank repo market.

In October 2017 the Bank issued €500 mn through a new (4th) series of Covered bonds. The issue was placed privately and was fully subscribed by EIB, the EIF and the EBRD. It is the first Greek covered bond issuance in which supranatural bodies participate and is the first non-retainable bond issuance since the beginning of the financial crisis. In addition to strengthening the Bank's liquidity, this transaction contributed to Piraeus Bank's ongoing effort to help restart the Greek economy by assisting Greek entrepreneurship.

With a view to optimal management, the Bank draws liquidity and uses credit risk mitigation techniques while having in place legal contracts with its counterparties, such as ISDA, CSA, and OTC derivative contracts and GMRA for Repos/Reverse Repos or Buy/Sell Back.

In 2017, the Bank continued its participation in the ECB's QE programme, recording financial income, reducing its reliance on the ECB, improving its liquidity and deleveraging its balance sheet. In January, it exchanged more than €700 mn, mainly EFSF bonds originating from the recapitalization process of Greek credit institutions during 2012-2015. Throughout the year and despite the voluntary ending to the respective sales, it continued to participate with other bonds in its portfolio, raising its total stake in the ECB's QE programme to €1 bn for 2017.

The Bank also actively participated in the implementation of the Short-Term Debt Relief Measures agreed in May 2016. These measures related to the exchange/liquidation of EFSF/ESM bonds amounting to €30 bn held by Greek banks with corresponding long-term bonds and cash. PFM played a leading role in setting up the scheme, drafting the contractual documents, coordinating Greek banks, ensuring –to a large extent– profitability for 2017, and reduction of the corresponding portfolio without affecting the Bank's previous commitments. Piraeus Bank's contribution to the bond exchanges amounted to €12.4 bn, contributing to the successful completion of the Short-Term Measures, a prerequisite for the Greek debt relief.

In Q4 2017, the Bank was selected by the Public Debt Management Agency (PDMA) to help restructure PSI bonds. In its capacity as Co-Lead Manager, it contributed to the bond issue of €30 bn and to the creation of five new government bonds for the Greek State. The whole effort was crowned with great success, with sovereign bond yields dropping to pre-crisis levels. It also created the right conditions for Greece to return to the international markets and the return to normality of the GGB market.
Finally, in its capacity as Primary Dealer of GGBs, the Bank continued to provide on a daily basis binding bid and offer prices for all GGBs and T-Bills [Electronic Secondary Securities Market (HDAT), Bloomberg, etc.], liquidity to the GGBs Spot & Repo market and to promote GGBs to domestic and foreign investors.

Throughout the year, the Bank actively participated as Primary Dealer in all auctions of 13-week and 26-week T-bills, contributing to the unimpeded financing of the country's short-term needs.

Significant effort was put into collecting deposits from institutional clients, with the successful implementation of the cost-saving initiatives.

The Group Treasury provided all the Bank's customers with access to the international money and capital markets, offering, inter alia, specialised Asset-Liability management solutions and Risk hedging solutions, at a competitive price. In the context of actions for enhancing and supporting investment-related activities, and in the light of particular events in the domestic and international environment, projects were carried out related to business planning, expanding the range of products and services offered, upgrading the existing or creation of new IT systems, reviewing internal processes to comply with the institutional and regulatory requirements.

For example, following the conclusion of an exclusive agreement under which Piraeus is the sole authorized representative and distributor of the Royal Mint of Great Britain for the sale of Gold Sovereigns in the Greek market, Gold Bars are now produced with the Bank's logo. This is the first time that the Royal Mint produces dually branded Gold Bars and that the Bank's logo appears on Gold Bars.

In addition, in 2017, Piraeus Bank set up Piraeus Gold, the exclusive point of service for all Gold products and services, with the Bank providing direct customer service for all gold products and services.

In the following years, PFM will continue assisting in the implementation of the Group's strategic objectives, as prescribed in "Agenda 2020", with concrete actions and initiatives, such as reducing dependence on the Eurosysten and pushing up revenues from investment products and services, offering qualitative and meaningful solutions to customer needs.

The Bank has made the necessary adjustments to implement the new regulatory framework (Directive MiFID II and Regulation MiFIR) regarding the provision of services for investment products and services. The Directive and the Regulation will ensure fairer, more transparent and more efficient markets, to strengthen investor protection.

Piraeus Asset Management Mutual Funds S.A. (AEDAK) continued to pursue its objectives consistently and successfully in 2017, achieving excellent returns on its investment portfolios, providing high value services to its customers and investing in the development of its staff and infrastructure. The total mutual funds under management amounted to €1.14 bn at the end of 2017, from €750 mn (increase more than 50%) at the end of 2016.

The assets of Piraeus AEDAK increased by 60% and amounted to €558 mn at the end of the year, from €350 mn at the end of 2016, while at the same time the total assets of the Greek M/F market remained virtually unchanged. In December 2016, five new Piraeus sub-funds were set up under the umbrella of PiraeusInvest, and are managed by Piraeus Asset Management Europe (PAME), a Luxembourg-based subsidiary of the Group. With the new products, at the end of 2017, PAME's mutual funds under management reached €160 mn (from €20 mn before December 2016.). Mutual Funds received high ratings in the evaluation system of Morningstar Rating TM, one of the biggest independent rating agencies. Fund managers were rated and publicised by Citywire.
At the same time, Piraeus AEDAK managed to further consolidate its position in the demanding market of institutional investors by expanding its customer base and increasing the asset portfolios under management, which amounted to €548 mn at the end of the year from €365 mn at the end of 2016. All institutional portfolios managed by the company recorded positive absolute returns and significantly over-performed their benchmarks.

Additionally, in 2017, Private Banking continued improving its services. The Business Model, the Unit Structure and the customer-centric approach have been reinvigorated and redesigned. At the same time, Private Banking expanded the range of products and services offered, and now provides services abroad, through strategic partnerships with banks in Switzerland and Luxembourg. In this context and guided by the Bank’s strategic decision to strengthen and promote Private Banking, a series of promotion initiatives were carried out and conditions were set for bringing it up to the highest international standards.

The ISO certification by TÜV Hellas to the Economic Research & Investment Strategy Unit confirms the reliability and quality of asset management services. The Economic Research & Investment Strategy Unit received its certification on the methodology used for structuring its screening models in Stocks, Bonds, Funds and the construction of Investment Portfolios (by combining any of the above investment options). According to the rating of the latest benchmarking carried out as part of the annual review, an absolute score was achieved for yet another year, compared to other rated financial institutions.

Finally, the Bank holds a leading position in the Greek market in Clearing and Settlement Services, as well as in the Custody and Administration of Securities, for both domestic and foreign institutional investors. In recognition of its performance, Piraeus Bank was awarded the Global Custodian Global Excellence Award for Relationship Management & Client Service.

ETVA INDUSTRIAL & BUSINESS PARKS SA

ETVA Industrial & Business Parks SA (ETVA VIPE) was founded in 2003 following the spin-off of the Industrial Parks sector from ETVAbank, upon its acquisition by Piraeus Bank Group. Piraeus Bank Group has a 65% participation and the Greek State a 35% participation in the company.

ETVA VIPE manages 26 industrial and business parks across the country, servicing 2,200 businesses from 50 different sectors with more than 30,000 employees.

ETVA VIPE designs, develops, operates and manages the vast majority of industrial parks (Industrial Parks, Industrial Business Zones, Small Business Parks) and business parks in Greece.

In addition to organising and managing industrial areas as a facility manager, ETVA VIPE also manages construction projects, designs development and other programmes of private or wider public interest, provides energy-related services, and conducts financial and technical feasibility studies for investment plans.

For the following three years 2018-2020, ETVA VIPE has planned projects with a total estimated budget of approximately €9.9 mn, relating to facility management of Greek Industrial Parks:

1. Water supply to existing businesses.
2. Wastewater management/sewerage networks.
3. Upgrading/maintenance of shared infrastructure:
   - road construction;
   - street lighting.

The successful implementation of planned work depends on a number of economic factors, such as en-
suring or not state participation in the funding (NSRF), the collectability profile of overhead costs in the Industrial Parks, etc.

ETVA VIPE also promotes investments for the environmental upgrading of existing industrial parks, aiming at creating a new business park model in the field of environmental and economy. It already runs an ISO 14001:2015 certified Environmental Management System in the Industrial Areas of Drama, Lamia, Komotini, Patra and its headquarters in Athens, planning to extend it over more in its network Industrial Areas.

ETVA VIPE, in cooperation with Piraeus Bank, also promotes investments aiming at the development of new innovative initiatives in the context of green economy.

A key role will be played by ETVA Fund, a subsidiary of ETVA VIPE, established in March 2015. The Fund invests in the equity capital of commercially viable projects, that retain the characteristics which ensure high and measurable social and environmental performance indicators in the future.

At the same time, the company enters cutting-edge sectors for the country's economic recovery, such as logistics, waste management, renewable energy and agricultural manufacturing, seeking to act as a catalyst in the transition of Greek industry and entrepreneurship to the future.

Logistics Centre at Thriasio
In August 2016, ETVA VIPE, in cooperation with GOLDAIR Cargo, submitted a bid for the construction and operation of the International Logistics Centre in Thriasio. The JV was appointed Project Temporary Contractor at the end of 2016 and Project Contractor on 10 November 2017. The project is scheduled to start in Q3 2018. The development of the Park will be carried out in two phases with a total budget of €150 mn. The participation of ETVA VIPE will amount to 80%.

Agricultural Business Park in Pella
ETVA has started the licensing work for the development of the Agricultural Park in Pella, in a privately-owned area of 1,900 acres in Petraia of municipality of Skydra. The first Agra-Food Business Park in Greece aims to support innovative and export-oriented agricultural entrepreneurship in the wider region. The first phase will yield 400 new acres of organized industrial land to the company's inventories property, capable of accommodating up to 80 SMEs. The current timetable for the project estimates kick-off in construction in 2019 with a duration of 2 years.

Kozani Business Park
In cooperation with the Municipality of Kozani, which granted the land in exchange for a concession of 15% on future revenues, in 2018 ETVA VIPE will complete maintenance and administrative work for the park, which is located in close proximity to the Egnatia Motorway with a junction leading to it. It expands over an area of 680 acres and will yield approximately 400 acres of organized industrial land to the company's inventories property, with a required investment of €0.5 mn.

Installation of 5 MW solar PV power plant in Northern Greece
In December 2016, ETVA VIPE successfully participated in the first national solar PV tender (under the new support scheme for Renewable Energy Sources) and secured a Feed-in-Premium for a 5 MW power plant at a bidding price of €82/MWh. The relevant electricity Sale Agreement is valid for 20 years. The €4.5 mn project, which will be built in Lagadas, Thessaloniki and will produce 7,410 MWh per annum, is now fully licensed, construction is under way and is expected to be completed and linked up in July 2018.
Capitalising on the experience and know-how of ETVA VIPE and its employees, the optimal use of the existing industrial land, the financial expertise of Piraeus Bank Group, in particular Green Banking, and the institutional responsibility of the Greek State, the company is expected to grow.

Extroverted, innovative and with its experienced and specialised staff, ETVA VIPE remains committed to creating surplus value for all its stakeholders and aims to contribute to the country's recovery and the economy's sustainable growth.
In 2017, Piraeus Bank launched the “Agenda 2020” strategic plan to strengthen further its financial position.
Piraeus Legacy Unit

Aiming to become the most trusted bank in Greece, creating value for its shareholders, customers and employees, Piraeus Bank developed its strategic plan entitled "Agenda 2020" under which the Group was split into two operating pillars to streamline its operations.

One of the two pillars is Piraeus Legacy Unit (PLU), comprising of non-core operations. These operations include attractive established businesses with strong market positions which however do not meet the Group’s targeted return profile.

A dedicated management team focuses on maximising value by completing value-generating disposals or pursuing other opportunities. These operations and assets include RBU troubled loans, stakes in non-core domestic assets, repossessed real estate property (REO) and international operations included in the Bank’s Restructuring Plan.

<table>
<thead>
<tr>
<th>PLU Key Financials</th>
<th>31.12.2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total RWAs (€ bn)</td>
<td>21.9</td>
</tr>
<tr>
<td>Net Loans (€ bn)</td>
<td>17.9</td>
</tr>
<tr>
<td>NPEs (€ bn)</td>
<td>31.4</td>
</tr>
</tbody>
</table>

**NON-CORE BUSINESS & RESTRUCTURING PORTFOLIO**

One of the major pillars of the strategic plan "Agenda 2020" is the management of the Bank's troubled portfolio. In 2017, the Recovery Banking Unit (RBU) of the Piraeus Legacy Unit, capitalising on its high-performance operating model, invested in the improvement of:

1. the efficiency of recovery actions;
2. the provision of viable restructurings to individuals and businesses; and
3. the exploitation of the new legal framework, so as to sell troubled loans.
The Bank has commissioned a consultant to review its operational model and highlight areas of improvement through a series of projects (SWAT project), put into motion in the third quarter of 2017. The SWAT project covered critical fields of all RBU Units, from organisational structure and instruments, to specialised Workout procedures. A series of structural changes have been implemented in Business Portfolio Management Units to improve performance and response times.

At the same time, new products were developed for managing loans in arrears; managing the portfolio of retail exposures has been enhanced with property collateral. The products were tested on a large scale.

In 2017, as part of the ongoing investment in innovative projects for viable solutions, strong forbearance measures were developed, combining restructuring policy with the potential for collateral liquidation, given consistent and prudent use of write-offs.

In 2017, emphasis was placed on collection strategies, targeting both the increase in payments and the prevention of re-default. With regard to re-default, actions focused on creating a responsible payment culture for debtors.

At the same time, the foundations were laid for developing new analysis and forecast models, to be used across all retail RBU operations, from collections to forbearance and legal actions.

The Bank participated and actively supported the new interbank platform for Out of Court Workouts (OCW) - a strategic project whose success will contribute to the consolidation of viable businesses.

Responding to the requirements of the new legal framework for auctions, RBU Management Units have timely adjusted their internal processes and joined the online auction platform, participating in electronic auctions in the fourth quarter of 2017.

Management of the NPE portfolio included non-organic initiatives, such as loan sales and forming strategic alliances with specialised servicers.

In addition, in collaboration with other Bank’s main Units, the RBU Unit has improved and automated the model of target-setting and forecasting the evolution of NPEs for the period 2016-2019, in line with the guidelines provided by the ECB’s SSM to all Greek Banks. A new forecast and target mechanism for all kinds of NPEs was developed with the assistance of a specialised consultant, using macroeconomic models, risk indicators and specific actions envisaged in the strategy for each portfolio segment. This target-setting was accompanied by a detailed record of strategy and management methodology, which is the guide for the RBU teams.

Taking advantage of the continuous improvements in the operating model and despite the continuation of the adverse economic and political conditions, especially in the first quarter of 2017, the Bank achieved for a fourth consecutive quarter, its target for results, creating a clear path for achieving its targets until the end of 2019. In particular, the Non-Core Business & Restructuring Portfolio division exceeded its 2017 targets for SSM, implementing total restructurings of €8.1 bn, and reducing NPLs and NPEs by €4.3 bn. and €3.6 bn respectively.

**FORBEARANCE AND RESTRUCTURING POLICY**

The Group adopted the Implementing Technical Standards (ITS) of the European Banking Authority (EBA) on forborne loans, in alignment with the BoG Executive Committee Act No. 42/30.5.2014, on the “Supervisory framework for the management of loans in arrears and non-performing loans”.

The alignment of the Group’s Restructuring Policy with the relevant EBA definitions and BoG guidelines, was backed up with the creation of new structures and processes, the development of new information systems and modification of existing applications, aiming at the effective and reliable management of loans in arrears, with viable restructurings and monitoring of the effectiveness of forbearance measures.

Forborne loans are all loans, for which there has been a change in the contract terms or a refinancing on more favourable terms, due to borrower’s current or expected financial difficulty, and which don’t apply to other debtors with a similar risk profile.

According to EBA technical standards, a forborne exposure can cease being classified as such after at least two-three years since it starts to be considered performing. For an exposure to be reclassified as performing, there should be no delays, the counterparty must not be assessed as unlikely to pay its obligations, must not be impaired again. In addition, regular payments of a significant amount must have been made during at least the last twelve months.

Loans in forbearance status are assessed for impairment either individually or collectively, according to the Bank’s Impairment and Provisioning Policy.

The RBU manages the loans in arrears, aiming to find the appropriate viable restructuring solution for each borrower, to ensure fair treatment of all borrowers and to maximize value for the Group. Models tailored to the type of borrower are used towards this goal, such as "decision trees", pilot measurements and assessment of results on selected samples of the portfolios and appropriate processes and forbearance types are applied according to the number of days in arrears and the risk undertaken.

The Supervisory & NPL Management Council, which inter alia is responsible for the strategy of loans in arrears management, collaborates with the Group’s Risk Management to arrive at a common understanding and to develop the appropriate methodology to assess the risk of the RBU portfolio. Risk Management monitors the forbearance process and assesses the relative risks by portfolio and forbearance type.

More specifically, groups of professionals from Credit Risk Management have been set up, responsible for managing NPEs and monitoring RBU’s effectiveness.

Responsibilities include:

1. Monitoring the evolution of key measures by Portfolio, on a stand-alone basis as well as compared to the NPE targets submitted to the SSM.
2. Monitoring management efficiency, ensured by:
   - assessing the viability and evolution of the restructurings;
   - tracking cash collection rates and auctions;
   - monitoring evolution of write-offs and loan sales;
3. Liaising with RBU professionals to report results and identify potential corrective actions.
4. Regular and ad hoc reporting to the relevant Units and BoD Committees regarding the progress on NPEs management.

The Head of GRM is updated at least on a monthly basis about the evolution of RBU portfolio and regularly reports to the Risk Committee (RC).

**INTERNATIONAL OPERATIONS & NON-CORE ASSETS**

2017 was marked by Piraeus Group’s deleveraging of international activities and non-core assets, in line with
the Bank’s commitment in the Restructuring Plan approved by European Commission’s Directorate-General for Competition and in the strategic plan “Agenda 2020”. In this regard, the sale of Piraeus Bank Egypt to Al Ahli Bank of Kuwait KSCP took place in November 2015, and in December 2016 the recapitalisation of Piraeus Bank Cyprus Ltd by Holding M. Sehnaoui SAL and a number of investors. In 2017, sale agreements were signed for the subsidiary Banks in Romania and Serbia, as well as Hellenic Seaways and AVIS.

PIRAEUS BANK ROMANIA

At the end of December 2017 the Bank signed an agreement with J.C. Flowers & Co for the sale of its entire stake in its banking subsidiary in Romania, Piraeus Bank Romania S.A. The transaction has been approved by the BoD of Piraeus Bank and the Hellenic Financial Stability Fund, and is subject to customary conditions, including regulatory approvals from the relevant authorities in Romania. The transaction is expected to be completed in the first half of 2018. Its impact on the Group’s regulatory capital position is expected to be neutral. UBS Limited acted as exclusive financial advisor of Piraeus Bank for the Transaction.

PIRAEUS BANK BEOGRAD

In mid-October 2017, Piraeus Bank announced an agreement to dispose of its Serbian banking and leasing operations to Direktna Banka A.D., a local Serbian banking group that has significantly increased its presence in the Serbian market. The transaction is expected to be completed in the first semester of 2018, after receiving all necessary approvals. Its impact on the Group’s regulatory capital position is expected to be neutral. BNP Paribas acted as exclusive financial advisor of Piraeus Bank for the Transaction.

AVIS

Piraeus Bank conducted an international tender, Citi acting as its exclusive financial adviser, for the sale of its participation in Olympic Commercial and Tourism Enterprises (Olympic) – which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece. Avis Budget Group, holding the right of first refusal, indicated its intention to designate as the ultimate acquirer of Olympic a special purpose vehicle, with Avis Europe Holdings Limited and a company of the Otokoc group, with whom Avis Budget Group maintains multi-year cooperation in many countries, as sole shareholders. The transaction was completed in the first quarter of 2018.

HELLENIC SEAWAYS

In August 2017, Piraeus Bank signed an SPA with Attica Group, a subsidiary of Marfin Investment Group, for swapping its 40.3% stake of Hellenic Seaways with shares of Attica Group. In addition to the aforementioned sales of Banks and companies, foreign subsidiaries also proceeded with sales of their portfolios in 2017. In July 2017, Piraeus Bank Beograd signed an agreement to sell NPLs of 47 local large and SMEs, worth €43 mn. In December 2017, Piraeus Bank, in conjunction with Piraeus Bank Romania, completed the sale of a €0.2 bn portfolio of Romanian-originated loans to Kruk Group.

INTERNATIONAL OPERATIONS

Following the aforementioned sales, Piraeus Group’s international network consists of Banks in Albania, Bulgaria and Ukraine, with a total of 131 branches, total assets of €2,265 mn, total net loans of €949 mn and total deposits of €1,668 mn. The Group also has one branch in London, one in Frankfurt and a representative office in Moscow.
### Branch Network

<table>
<thead>
<tr>
<th>Country</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>74</td>
<td>75</td>
</tr>
<tr>
<td>Ukraine</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>London</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>133</strong></td>
<td><strong>134</strong></td>
</tr>
</tbody>
</table>

### International Activities – Key Financials

<table>
<thead>
<tr>
<th>Financial</th>
<th>2017</th>
<th>2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (€ bn)</td>
<td>3.2</td>
<td>5.4</td>
<td>-41%</td>
</tr>
<tr>
<td>Net Loans (€ bn)</td>
<td>1.5</td>
<td>2.7</td>
<td>-44%</td>
</tr>
<tr>
<td>Deposits (€ bn)</td>
<td>1.8</td>
<td>3.0</td>
<td>-40%</td>
</tr>
<tr>
<td>Employees (#)</td>
<td>1,862</td>
<td>3,583</td>
<td>-48%</td>
</tr>
</tbody>
</table>

### BANK RELATIONS

Operating in a deteriorating international environment, where interbank relations are easily sacrificed for the need to reduce risks, the possibilities for broadening bank co-operation are extremely limited. Due to increased regulatory controls and supervisory constraints, banks avoid risk-taking, while large financial institutions, which traditionally acted as correspondents, are redefining their strategy and goals, clearly aiming at reducing the number of co-operating banks.

In this extremely difficult and liquid environment, the Bank Relations Unit managed in 2017, not only to maintain and enhance its existing partnerships (1,300 co-operating banks and 130 correspondent accounts), but also to offer new products and services to cover customer needs.

In addition, Bank Relations strongly supported the Units, Branches and Group subsidiaries in executing their operations in the best possible way, as well as the other financial institutions in their co-operation with Piraeus Bank. Bank Relations also played a remarkable role in supporting commercial transactions with banks, as well as implementing the EIB and EBRD trade facilitation programmes.

### PIRAEUS BANK BULGARIA

In 1993 Piraeus Bank set up Piraeus Bank Bulgaria, the first foreign bank in Bulgaria. At the end of 2017, its network numbered 74 branches across the country, with a market share of 3% in terms of loans and deposits. Piraeus Bank Bulgaria significantly improved its pre provision income as well as net profit after taxes in 2017. It slightly increased its deposits and significantly reduced its NPLs. The Bank maintains particularly high levels of liquidity, of which a part is returned to the parent.

<table>
<thead>
<tr>
<th>Piraeus Bank Bulgaria Financials</th>
<th>2017</th>
<th>2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (€ mn)</td>
<td>1,564</td>
<td>1,498</td>
<td>4%</td>
</tr>
<tr>
<td>Net Loans (€ mn)</td>
<td>715</td>
<td>745</td>
<td>-4%</td>
</tr>
<tr>
<td>Deposits (€ mn)</td>
<td>1,160</td>
<td>1,106</td>
<td>5%</td>
</tr>
<tr>
<td>Branches (#)</td>
<td>74</td>
<td>75</td>
<td>-1%</td>
</tr>
<tr>
<td>Employees (#)</td>
<td>976</td>
<td>871</td>
<td>12%</td>
</tr>
</tbody>
</table>
TIRANA BANK

Tirana Bank started its operations in Albania in September 1996 and it was the first private bank to operate in the country. Its network at present consists of 39 branches across the country and is placed among the top banks in Albania.

During 2017 Tirana Bank preserved its total assets and deposits at the same levels, maintaining particularly high levels of liquidity, of which a part is returned to the parent.

<table>
<thead>
<tr>
<th>Tirana Bank Financials</th>
<th>2017</th>
<th>2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (€ mn)</td>
<td>593</td>
<td>611</td>
<td>-3%</td>
</tr>
<tr>
<td>Net Loans (€ mn)</td>
<td>181</td>
<td>188</td>
<td>-4%</td>
</tr>
<tr>
<td>Deposits (€ mn)</td>
<td>455</td>
<td>466</td>
<td>-2%</td>
</tr>
<tr>
<td>Branches (#)</td>
<td>39</td>
<td>39</td>
<td>-</td>
</tr>
<tr>
<td>Employees (#)</td>
<td>445</td>
<td>436</td>
<td>2%</td>
</tr>
</tbody>
</table>

JSC PIRAEUS BANK ICB

Piraeus Bank has been present in Ukraine since 2007, when it acquired the local International Commerce Bank. At the end of 2017, the network of JSC Piraeus Bank ICB included 18 Branches across the country and the Bank reported relatively high profit after tax.

<table>
<thead>
<tr>
<th>JSC Piraeus Bank ICB Financials</th>
<th>2017</th>
<th>2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (€ mn)</td>
<td>108</td>
<td>140</td>
<td>-23%</td>
</tr>
<tr>
<td>Net Loans (€ mn)</td>
<td>53</td>
<td>38</td>
<td>39%</td>
</tr>
<tr>
<td>Deposits (€ mn)</td>
<td>53</td>
<td>60</td>
<td>-12%</td>
</tr>
<tr>
<td>Branches (#)</td>
<td>18</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Employees (#)</td>
<td>384</td>
<td>448</td>
<td>-14%</td>
</tr>
</tbody>
</table>

PIRAEUS BANK, LONDON

Piraeus Bank’s branch in London was set up in 1999 and is supervised by the local authorities.

The branch specialises in:

1. Personal banking and the provision of specialised deposit products.
2. The provision of mortgage loans to Greek and British nationals residing in the UK and who are mainly interested in acquiring real estate in Greece, Great Britain and other countries where Piraeus Bank Group is present.
PIRAEUS BANK, FRANKFURT

The Frankfurt branch was integrated in Piraeus Bank Group after the first half of 2012, with the acquisition of the "healthy" part of former ATEBank. The Frankfurt branch is the only presence of a Greek bank in Germany.

The Branch offers deposit products, web banking, letters of guarantee, domestic and foreign payments and remittances, while focusing on attracting deposits from Greek customers.

<table>
<thead>
<tr>
<th>London Branch Financials</th>
<th>2017</th>
<th>2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (€ mn)</td>
<td>765</td>
<td>930</td>
<td>-18%</td>
</tr>
<tr>
<td>Net Loans (€ mn)</td>
<td>555</td>
<td>717</td>
<td>-23%</td>
</tr>
<tr>
<td>Deposits (€ mn)</td>
<td>25</td>
<td>40</td>
<td>-37%</td>
</tr>
<tr>
<td>Branch (#)</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Employees (#)</td>
<td>19</td>
<td>18</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Frankfurt Branch Financials</th>
<th>2017</th>
<th>2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (€ mn)</td>
<td>166</td>
<td>174</td>
<td>-5%</td>
</tr>
<tr>
<td>Net Loans (€ mn)</td>
<td>13</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>Deposits (€ mn)</td>
<td>133</td>
<td>144</td>
<td>-8%</td>
</tr>
<tr>
<td>Branch (#)</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Employees (#)</td>
<td>11</td>
<td>13</td>
<td>-15%</td>
</tr>
</tbody>
</table>

REAL ESTATE DEVELOPMENT AND MANAGEMENT PICAR SA

The company has undertaken the development and use of the 65,000 m² City Link complex –owned by the Military Pension Fund– until 2052. The City Link complex covers the building block between Stadiou, Voukourestiou, Panepistimiou and Amerikis streets in the centre of Athens.

City Link users are among the most trustworthy and well-known companies in the Greek and global market, thus adding prestige to the complex and the company.

City Link is home to Piraeus Bank headquarters, which occupy an area of 13,000 m², to the Attica Department Store, which cover an area of 27,360 m², the fully renovated theatres "Pallas", "Ailiki", and "Mikro Pallas", which occupy an area of 8,300 m², to the Health Club Spa Holmes Place Athens, which occupies an area of 3,000 m². On the ground floor of City Link are the gourmet dining restaurants Zonar's and Clemente, while inside the Spyromiliou Arcade one may find the modern cafe/bistros Pasaji, City Bistro and Bar de Theatre. The City Link also includes commercial branches of the world's best-known international and domestic designers (Hermès, Cartier, Salvatore Ferragamo, Brooks Brothers, Replay, Kalogirou, Haralas, UnderArmour and Links of London).

In 2017, Picar’s annual revenues from fixed and variable rents (due to turnover) amounted to €21.0 mn. The majority of the rents of €16.9 mn came from Attica Department Store and Piraeus Bank.

Picar also holds a 5.9% equity participation in the company "Attica Department Stores SA", which is active in management and use of the department stores "Attica" in the City Link, "Attica Golden" in Marousi and
"Attica Mediterranean Cosmos" in Thessaloniki, having made notable collaborations with well-known fashion houses, cosmetics and accessories companies.

In general, despite the prevailing negative economic conditions, the shops as well as the theatres operating in the City Link complex, try to maintain their customer base and carry on with the operation and cost-cutting efforts for their more productive operation. Competitive market conditions are created, following the implementation of reductions, and the full use of City Link premises has been achieved, which helps attract visitors and thus increase the benefits for the businesses of the complex.

PIRAEUS REAL ESTATE SA

Piraeus Real Estate SA provides integrated real estate services and is the Group's key player in the real estate sector, heading a number of subsidiaries in Greece and abroad.

The company provides a full range of real estate design, development and management services. Its scope includes property appraisals, property management and sales management, project management & monitoring, project & facility management, and investment advisory services.

In 2017, the company's total revenues amounted to approximately €6.5 mn, of which approximately 60% from property appraisals, 15% from sales management and other consultancy services, with the remaining revenue deriving from project management & monitoring projects, facility management services ("CityL-ink" Shopping Centre in Athens, "Limani" Shopping Centre in Thessaloniki and "Kosmopolis Park" Shopping Centre in Komotini), project management services, and other Income.

In 2017 Piraeus Real Estate has taken important steps to improve its real estate sales management services, including, in cooperation with Piraeus Bank, the management of the innovative online auctions platform Properties4sale for the sale of REOs.

Additionally, the company provides consulting services and specialized know-how for the development and management of the Group's real estate portfolio. In particular, services are provided for the technical, legal and notarial due diligence of the property, for the preparation and improvement of properties for sale, for the uniform organization, recording and appraisal of all real estate files, for the segmentation of the portfolio for more efficient management, for the configuration and management of sale networks, as well as for appraising and advising on real estate maturity for sale.

At the same time, the company has developed methodologies and tools that support various Bank Units and other companies of the Group for the qualitative evaluation of their mortgaged properties and REOs, to facilitate decision-making regarding the restructuring of NPEs and the auction process as well as the utilisation and sale of real estate.

Piraeus Real Estate, in cooperation with Piraeus Bank and other companies, has been implementing contracts with the EIB since 2014, for the management of the JESSICA Urban Development Funds, as well as providing financial advisory services to the Greek State/Hellenic Republic Asset Development Fund SA (HRADF) on recording and utilising public property.
In 2017, Piraeus Bank reaffirmed its technological superiority with the design of new e-branches and the new winbank mobile app.
Coordinating its priorities with the Bank’s business plan for 2017, the Group Technology focused on projects and initiatives that supported the following:

1. Regulatory Compliance and provision of information to the Supervisory Authorities.
2. Support for managing Restructurings and NPL Portfolio.
3. Improving the Bank’s Quality of Service through automation and IT support of operations and processes.
4. Upgrading the Quality of Service to the Bank’s customers, using state-of-the-art technologies and innovative equipment, infrastructure and systems.
5. Maintaining Technological Excellence by upgrading infrastructure, equipment and applications.

Based on the above, a significant number of critical projects was carried out.

In addition, the analogy between the Bank’s information systems investment and expenditure is identified with the respective average of 320 financial institutions presented in a worldwide research by the Gartner agency.

As shown in the histogram that follows the information systems investment expenditure rose for a fifth consecutive year.
Operational vs Capital IT Spending
DEVELOPMENT & IMPROVEMENT OF IT SYSTEMS

Innovation Center

Open Banking Platform (rAPId LINK)

Adhering to the philosophy that 'data belongs to customers', Piraeus Bank launched the open banking "rAPId LINK" platform. The new platform provides the Bank’s customers with real-time access to their financial data and offers them the opportunity to execute transactions, through third-party applications.

The "rAPId LINK" platform also allows software companies and developers to provide real-time applications for their customers (e.g. ERP systems) through the Bank’s systems, always providing the highest levels of security for the customer.

The platform is in operational mode and large Greek software companies have already implemented the interfaces with the platform’s APIs and integrated the available functionalities into their systems. They can offer their customers, who are at the same time Piraeus Bank customers, the new banking experience.

Remote Signing

Confirming its technological superiority, Piraeus Bank pioneered once again to create the "Remote Signing" Platform, using the QES (Qualified Electronic Signature) digital certificates.

Through this platform it is possible to collect multiple signatures for Bank documentation from customers and bank officers without their physical presence. In particular, the following are supported:

1. USB Tokens and Cloud Certificates.
2. Notifications to customers and officers where the document needs to be signed.
3. Automatic storage of signed documents in the Bank’s document management systems.
4. Updating systems and/or users who initiated the process of obtaining document signatures regarding the outcome/evolution of the process.
5. Complete management to identify and cancel each process.

The services are provided to the customer via winbank from a special "Remote Signing" menu.

QES certificates provide the highest level of assurance and are the substitutes for hand-written signature in the digital world.

Payment and Deposit Systems

1. In 2017, the necessary modifications and extensions to the remittance management systems were made to support the new Instant Payments interbank money transfer service, a mechanism for immediate money transfers using mobile telephony. The service is available on a 24-hour basis, 7 days a week, and the funds are immediately available in the recipient’s bank account.
2. Piraeus Payments Systems (PPS) were upgraded for integration with the Pricing Infrastructure. Pricing and product models were re-evaluated, leading to a reduction in the number of products, which now have broader and more flexible characteristics. Special pricing models were created to meet the needs of customer target groups.
3. The bilateral agreement management application that supports company payroll payments was integrated with the pricing infrastructure, permitting the modernisation of the pricing model at a time when demand for the product increases sharply.
4. Responding to the new requirements triggered by the imposition of Capital Controls, the Bank’s infrastructure was upgraded to support the new or modified institutional requirements directly and effectively.
5. Real time link between the Bank’s Bill Payment System and the Independent Authority for Public Revenue (IAPR) system since early August 2017, for charging customers, in certain circumstances, for paying verified tax obligations at the Bank’s cashiers. RF Creditor Reference was upgraded to comply with ISO Standard 11649.
6. In order to reduce the Bank’s environmental footprint and at the same time significantly reduce cost, the e-statement was introduced, for the transition from the
printed to the electronic distribution of information to customers. Apart from the winbank notification, improvements were made to the format of electronic documents, immediate customer notifications were introduced when a new statement is issued, secure access (using winbank credentials) was granted to those who so far did not wish to receive documents through the post for security reasons.

7. Two new system infrastructures were developed to cover two new institutional requirements, the first supports the

**ATM/Card/Switching Support Systems**

1. The FlyPos, which is a lightweight, easy to use and the smallest POS device in the Greek market, was introduced to meet the needs of out-of-office professionals for POS and card transactions. The transaction receipt can be sent to the customer through sms, and the merchant can check all the receipts through winbank for Business.

2. Customer notification of the balance available for withdrawal due to cash withdrawal capital controls limit and its validity, on screen and/or ATM transaction slip, when executing withdrawals and balance requests.

3. Customer notification of the balance available for withdrawal due to cash withdrawal capital controls limit and its validity, on screen and/or ATM transaction slip, when executing withdrawals and balance requests.

4. In the context of the institutional requirement for tracking €500 banknote deposits, an application was implemented for the daily collection of information regarding ATM OnLine deposits.

5. Tax-deduction for cards. The tax-deduction amount calculator is in force.

6. easypay Service (APS). The payment in instalments option is now available on easypay devices (APS), using a Piraeus Bank credit card.

7. Payment of bills by card at easypay Point (POS) & new products. The easypay Point service, which offers customers the facility to pay their bills on POS terminals installed at partnering businesses, has been upgraded permitting the use of credit, debit and prepaid cards from all banks.

8. Activation prepaid card via IVR. A pre-paid card activation process was implemented using the interactive voice response (IVR) system. This feature allows the Bank's customers to use an alternative service channel.

**e-Banking Systems**

Winbank web banking continued to be enriched in 2017, with new options and functionalities, covering a wide range of banking transactions. The most important of these are summarized below:

**e-statements**

It is addressed to Individuals and offers online access to Accounts, Loans and Credit Cards. The statements are issued electronically, are readily available and stored for up to 24 months. Delays by mail are avoided, they are easier to sort, while protecting the environment by saving large amounts of paper and energy. Additionally, the POS Transactions e-statements service is available to Freelance Professionals and Businesses, through which merchants and freelancers receive a POS transactions report by e-mail.

**Customer Statement - SWIFT MT940 service**

In addition to the e-statements service, it is also possible both for Individuals and Businesses to receive account transactions via e-mail. This electronic mission was also enriched with swift MT940 files in order to better serve corporate clients.

**IRIS 24/7 Payment**

IRIS 24/7 Payment service offers customers the opportunity to send money instantly to third parties, only by using a mobile telephone number or a tax identification number. The basic advantage, apart from simplicity
(since the user is not obliged to know the account number or IBAN), is the low cost and the immediate funds availability for the recipient within a few seconds.

Payments with prepaid cards
Enable payments using prepaid reloadable cards.

New winbank trading platform for Greek and foreign stock exchanges
Following the general philosophy and the basic principles of e-banking, a new platform was implemented for trading on the Greek and foreign Stock Exchange. The redesigned platform offers a user-friendly and easy-to-use interface, providing the user with access from different types of devices (pc, mobile and tablet).

Piraeus Trade Finance
With this service, Business e-banking Customers can access the Piraeus Trade Finance online platform to automate their transactions and receive improved service.

Recommendations from External Partners
Within the framework of NSRF actions, external partners have been given the opportunity to register their client recommendations for the purpose of issuing a Letter of Guarantee and/or financing. Recommendations are registered via winbank and are then routed for service at the appropriate branch.

Remote Signing
In order to better serve its customers, Piraeus Bank introduced an e-signature service in winbank, enabling individuals and businesses to use their eIDs to sign electronic documents and transactions. With this infrastructure, and for a number of tasks, which previously they would have to visit a branch to complete, customers are able to sign remotely, as well as track the progress of documents when more than one signature is required.

Online registration for winbank
Guided by customer needs for self-service, customers may sign up for winbank web banking remotely and at no cost. Completion of the registration is confirmed via the Bank's Voice IVR, thus giving the customer direct and easy access to e-services.

winbank Fraud Detection extensions
As part of improvements to winbank Fraud Detection, and using Big Data infrastructure, new instruments have been implemented to strengthen the electronic transaction security framework. Through these instruments, Fraud Analysts can detect potentially suspicious transactions directly and block customers/transactions. In addition, automated customer locking mechanisms were implemented without operator intervention, in certified phishing/malware incidents.

Mobile Banking
Piraeus Bank, pioneer in the design and development of new innovative services, presented the updated winbank Mobile app with a new handy design and navigation that allows easier use and excellent banking experience. The new winbank mobile app has a renovated user interface with intuitive product-setup menu, in order to select the products used more often, and easier navigation, in order to execute transactions faster and more easily, while adhering to stricter security standards. Piraeus Bank received the "Best Consumer Digital Bank for Mobile Banking App in Western Europe for 2017" award for the new winbank mobile banking app. The mobile app was enriched with new features and services such as:
1. Quick login to banking services using face recognition (Face ID), utilising new biometric identification technologies.
2. Application, with customisable features, so that customers can adapt it to their needs.
3. The extraPIN code is automatically received and submitted (allowing the app’s Push Notifications) to confirm transactions, saving time while increasing security.
4. New IRIS Online Payments service, which enables immediate cash transfer and debit of beneficiary’s account to a third bank in Greece. Immediate payment of dues to third parties, at a low cost, without waste of time and without any burden on the beneficiary.
5. Detailed information about the transactions made through cards and/or accounts and involved in the “building” of the tax-deduction. Customers also have a tool to calculate the minimum expenditure required for tax deduction, based on the annual taxable income.

Responding to the need of businesses for information on financial support programmes, through the end-to-end service and support of their investment plans, Piraeus Bank launched an innovative portal, www.360funding.gr. The new portal provides access to the full range of information relevant to businesses looking for financial support programmes such as the NSRF, development law, Agricultural Development Programme, and European programmes. 360funding.gr is addressed to the broader customer base of Piraeus Bank, that is, to all SMEs, freelancers and farmers, as well as individuals wishing to start a business. 360funding.gr provides businesses with the ability to identify the appropriate programme for their investment needs, while providing information on Piraeus Bank’s products and service packages which may be combined with support programmes, such as Piraeus Business 360°, and support the implementation of any investment through modern financial instruments.

The Check In Class app has been enhanced with new 'Notes' template through which student can exchange their class notes with their fellow students. The process is simple and a list of 35,000 courses is downloadable from the application, from 500 Departments, from 68 Universities and Technological Educational Institutes.

Credit Systems

1. Establishment of a Customer Recommendation Platform, with regular fee calculation and processing for external partners to recommend small businesses for application to include their investment projects in a financial support programme (financing and/or Letters of Guarantee issuance).
2. Connectivity between the Claims Process for collateralised Mortgage & Consumer Loans with the property prenotation flow.
3. A new template for Instant Credit of up to €800 has been added to the Merchant Application Management Platform. A new product was created to finance the purchase of second-hand cars by a private individual. Rules for the automatic deletion of applications and connectivity with www.car.gr, for searching car prices.
4. Optimisation of the automatic calculation of the Monthly Disposable Income (MDI) and the rules of automated Requests Approval in line with the new Credit Policy for Individuals. This implementation supports automated calculations without approval by an authorizing officer.
5. Connectivity between the Loan Origination System (LOS) and the Trade Innovation portal for Letters of Guarantee and Letters of Credit, with the Portal automatically opening the corresponding LOS application alongside Trade Innovation.
6. Implementation of a new completely automated process of submitting and processing applications from Small Businesses and Professionals. Under the new process of granting a new loan, upon submission the application is automatically processed through the automatic creation of a corresponding contract entry in the CSS Collateral and Guarantees system, the automated completion and creation of contract forms, the automated printing and direct LOS disbursement and connectivity with the LS loan system from the branch where the application was submitted.
7. In order to automate the Position production, a number of functional improvements were implemented in the LOS application.
8. As part of the Bank’s obligation to comply with BoG Executive Committee Act 102/30.08.2016 (ECA 102), a specialised template was included in the CSS Collateral and Guarantees system for entering liquidation data about the property and the collateral, which are finalised after double-checking. Liquidation data are extracted on a daily and monthly basis and feed the Middle Tier II system.
9. A new template was included in the CSS Collateral and Guarantees system with UCM display for automatic exclusion from NPLs. UCM data are extracted on a daily and monthly basis and feed the Middle Tier II system.
Loan Systems
1. Implementation of new functionality for loan transfer to defaulted loans, with the ability to automate accounting entries.
2. A template has been introduced to monitor loans under legal protection (L. 3869/2010), which includes managing temporary orders and final court decisions, a mechanism for temporary order payments, automated process for repayment of loan based on a final court decision, design of special payment card and enhancing ICE information.
3. Implementation of functionalities to support new forbearance products with automatic opening of LS applications through EFS, structured products, where the underlying assets are written off with the repayment of the structured product, off-balance loans are written off with the repayment of the on-balance amount.
4. Addition of new functionality to the LS interface for Assignment Management.
5. Implementation of new categorization and matching of loans transactions (debits and credits), using same codification as the one required to extract supervisory reports (ECA 102).

Collections Systems
1. EFS Retail system
   - Completion of major projects such as Automation of Legal Actions – Improvement of Legal Actions Servicing Platform, EFS Harmonisation with NPE Strategy, implementation of the new Code of Conduct, and use of EFS by Branches (BROs).
2. Significant functionalities were developed to cover the new regulations for the readjustment of overdue debts of individuals, to disseminate the new Bank’s Code of Conduct, to facilitate use of the EFS by Retail Officers, and to manage the L. 3869/2010 portfolio regarding the settlement of amounts due by indebted individuals.
3. EFS Corporate system Significant plugins were developed to comply with ECA 102 reporting instructions, modification of "Asset Class” template, collaterals in the form of cash and cash equivalents and real estate, modification of “Repeat auction” template, and interfaces with RTM, GEOBANKING, CSS applications.

Risk Management Systems
2017 was a very demanding year in which the Bank was called to respond to a number of projects linked to new and existing supervisory guidelines, as well as to critical internal requirements linked to strategic objectives:

1. Enhancing Risk Data Mart with new data, such as debit-credit logs in the loan systems, credit card balances, legal actions of business portfolio, customer legal protection data, Multifin loans, etc., on the other hand with new improved calculation mechanisms, such as new collateral allocation algorithms, changes in the monthly and 3-month NPE calculation algorithm.
2. As part of the adoption of the IFRS 9 requirements, the Moody’s Risk Confidence system was installed and customised to calculate and manage capital set asides for these provisions, on the other hand, the template for the Individual Impairment system was greatly enhanced.
3. Implementation of a solution to support the AnaCredit framework, whose pilot (but mandatory) phase started in 2017. At the same time a project is underway for installing and customising the Bank’s final solution through Moody’s Transaction Reporting Tool.
4. Enhancement with new template and “industrialisation” of the existing ECA 102 reporting tool.
5. Development of a web-based RBP-Risk Based Pricing tool. The tool provides an online RBP calculator for mortgage and SME loans, back-office tools for finding parameters for the calculation method, as well as tools to track the background of resolved cases. At the same time, the tool offers connectivity with other systems of the Bank for the case-by-case calculation of the desired margin, currently there is connectivity with the LOS and Velti systems.
7. Development and installation of a NPE Forecaster Tool through which the future evolution of the Bank’s NPE exposures is calculated and reported to the BoG.

Business Process Management Systems
1. Implementation of workflow for automating the Property Prenotation process in Appian platform, full connectivity with Loan Applications (LOS & Velti).
2. Modifications to Appian process modeller to support the Bank’s new Hub & Spoke branch model.
3. With a view to improving productivity, the Confiscation mechanism was redesigned and integrated into the operational environment.
4. Redesign of the cash-in-transit and the corresponding signature processes for their technological upgrade to be compatible with Appian’s new platform (Sail/Tempo).
5. Enhancement of Merchant Acquiring, with new features
such as FlyPos, Instant Pos (device delivery to the
customer in the branch), improvements to automatic
application evaluation, mass application approvals
using predefined criteria for faster processing.

6. Implementation of Business Activity Monitoring
Dashboards and Reporting Tool within Merchant
Acquiring Transactions Monitoring for POS Profitability.

7. Upgrade of the Appian platform to a newer version.

Business Intelligence and Customer Relationship Management (CRM) Systems

Network Balanced Scorecard

1. The "PYXIDA" application was upgraded with new
indicators (key and support) and fully supports the new
organisational structure of the branch network (Hub/
Spoke/Autonomous branches).

2. Creation of weekly reports (Weekly Huddles) with basic
benchmarking metrics, to support weekly meetings at
the branches.

3. Creation of infrastructure and reports, in the same
environment, to inform about rallies "running" during
the year at the branch network.

4. Implementation of the Branch Barometer, a report
with branch personnel responses to the questionnaire
on the new organisational structure, processes and
responsibilities.

5. Creation of near real-time reports on the branch
queuing system (NemoQ) in the dynamic Power BI
environment.

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Enrichment of business centre reporting with new data and reports, given that they have been particularly
useful for tracking their respective customer base. Special mention of "Customer Plan", a report that compares
each customer’s financials to targets.

Card Datamart

1. Completion of the first phase of the Card Datamart, a
database that collects in-scope data for all cards, as
well as information cubes per type of card.

2. Implementation of a platform for monitoring selected
card KPIs according to the best performance monitoring
practices, within the framework of the same project.

3. Piraeus Performance Management (PPM)
   - Changes in the data-loading process from Data
     Warehouse to optimise application performance. Also,
     the historical volume of transactions increased to two
     years. These changes reduced the daily data reload
time to 1/3 from the original time, and improved the
     final response to the user, enabled him to analyse
     seamlessly larger amounts of information.

4. Creation of a new process for capturing the "Voice of
   Customer" in new mobile application, and analysis of
   the yellows reward scheme.

5. Redesign and upgrade of the Bank’s Asset Performance
   Management platform at both the data source and user
   interface levels. The new and dynamic User Interface is
   based on new technologies (Qlik Sense and HTML) and
   uses in-house objects to meet the needs of easy and
   quick access to Mutual funds and Foreign Exchange.

6. Creation of a Loyalty BI integrated platform approach
   for tracking Loyalty yellow performance, providing a
   vast number of reports (approximately 500) for in-house
   analysts, and information to be sent to loyalty partners.

7. Development of specialised template for personalized
   customer alerts in the ICE customer-centric system.
   These alerts are intended to inform Customers of any
   outstanding issues with the Bank that require settlement
   or other actions on their part. At the same time, ICE
   has created the "Notifications" section in "Messages/
   Notifications" (winbank), with details for the Customer.

New investment service contract process (Mifid contract) at ICE

New questionnaires were designed based on the investment service provided to customers, a new screen for
entering contract details was created on the ICE customer-centric platform and the signature of the contract
was included in the e-signature service.

Automated customer integration

Flows were created for the automatic integration of individuals following Hellenic Deposit and Investment
Guarantee Fund (TEKE) findings. This process consolidated clients and their portfolios automatically, for
producing a “clean” customer portfolio, compatible with TEKE’s instructions.
Regulatory Compliance Systems

1. Anti-Money Laundering (AML) system Norkom
   - Additional scenarios were created, connectivity with the Identity Management System (IDM) and a range of template enhancements.
2. Liability Management System
   - Installation of a new Liability Management System for the detailed management and monitoring of the obligations towards the Supervisory Authorities.
   - Designed and implemented entirely from scratch with new technologies and enriched with new features and extensions.
3. Enrichment of the account data in the Accounts Register with data on the accounts and movements covering the liabilities to the Special Secretariat for Financial and Economic Crime Unit (SDOE) for Piraeus Bank and all transition banks; incorporation of Piraeus Bank and all transition banks credit card transactions for the years 2015 & 2016.

OPERATIONS & TECHNOLOGICAL INFRASTRUCTURE

Branch Network Infrastructure

Aiming to improve customer service, the second phase of the new Paperless cashier platform was completed:

1. Laser printers, scanners, tablets and smart card readers were installed in 1,800 teller stations in 654 network branches, for activating e-signature and significantly reducing the number of printed documents.
2. The Automatic Passbook Update network (PPUs) was expanded through the installation of 202 kiosks, upgrading the existing network and giving customers the opportunity to update quickly and simply their passbooks on their own. At the same time, the network was migrated to the new software version to support Passbook Initialisation.

For the needs of the Apollo project and support of the new Digital Hub & Spoke model:

1. 50 camera and wireless telephones were installed in the participating branches, covering the cooperation needs of the Branches and making video phone more direct.
2. The ATM network has been expanded with 143 new ATM Lobby online depository machines, i.e. a second ATM machine in the digital area zones of selected Network Branches.
3. The XIBO Promotional Advertising System has been expanded to 16 network branches to promote the Group’s products.
4. Arrangement and preventive maintenance of equipment in data rooms in 155 selected branches. Aim to organise and standardise the image of the equipment in the Branch data rooms, reducing the time required to restore operation in the event of connection failure or when adding new database connections.

ATMs

By targeting the quality of service provided to customers and ensuring the operation of the ATMs, a number of extensions and improvements have been carried out to strengthen the Network with new points and services. Particularly:

1. The ATM network has been expanded with 214 ATM online depository machines bringing the total up to 520 ATMs, and 160 ATM machines have been replaced with newer technology. Sunlight-viewable ATM display screens were placed in 130 points, optimised for sunlight readability.
2. The ATM offsite network has been expanded with 75 new ATM machines at selected DCC trading points.
3. The APS network has been enhanced with 15 new APS machines at selected points for payments.
4. 85 new deposit safes were added to the OLiS network for Cash optimisation service.
5. 44 devices were upgraded in the PPU network, to support issuance and updating of passbooks, contributing to decongestion of the respective Branch APS.
6. Installation of ATM Gas Protection systems in selected ATMs of the network. Implementation in 70 points will be completed in early 2019.

In order to enhance ATM network security and prevent ATM skimming, Diebold Nixdorf’s Terminal Security was installed in all the ATMs 1,997 units and the BIO (Bank In Office) for malware protection, along with the hardware and software required to protect the network from ATM fraud by intervening in the Black Box attack, in 718 ATMs of the Branch network.
Technological Infrastructure Upgrade of IT Centres

In 2017, emphasis was also placed on the management of changes in IT systems, tools and applications.

1. Automated execution of the Bank’s programming flows through a specialized mechanism. Each new flow is directly integrated into the mechanism, and all the older flows are gradually upgraded to be supported by the new mechanism.

2. Addressing the framework for managing changes in Information Systems and Applications, implementation of Application Lifecycle Management (ALM) to manage the development of software applications and deliverables in phases, supports the organization and systematization of tasks from the initial application until the installation in an operational environment.

At the same time, an IT Service Management Tool is implemented, as part of the integral management of changes, the qualitative and quantitative upgrade of the services provided to the end user/customer and the systematization of operations. The tool enables the management of all IT processes and is the basis for ISO 20000 certification in system operation.

In the context of the proper and uninterrupted operation of information systems, a new Monitoring platform was installed which the critical infrastructure of the Bank is continuously monitored. In particular, an internal application provides immediate information on security patches. During the year, the application was extended to monitor Resources, Anti-Virus Compliance, etc., providing a comprehensive view of the infrastructure through its portal.

1. Completion of transition of Bank’s systems to IBM’s new Enterprise Storage, on new 400TB SSDs (Athens & Thessaloniki), increasing capacity and processing power, providing faster system response and economy of resources.

2. Customization of the application transition mechanism to the site recovery manager (SRM) by reducing the transition time confirmed in the last pilot activation.

3. Addition of a second 10G networking system between the two main data centres, and upgrade of network communication infrastructure, for increased availability, speed and homogeneity of the main data centre networks.

4. Addition of server infrastructure and virtualization extension. The requirements of many new systems and applications included in production led to an increase in infrastructure by 9%, increasing the number of Servers to 3,500 Servers and the virtualization level (Virtual Servers vs Physical Servers) to 98%.

5. Completion of the transition of merged Bank systems from the old ATE Data room into the new Software Defined Data Centre, with extensive use of virtualization. The expected benefits are the centralized and more efficient infrastructure management, the significant reduction in the cost of energy consumption (equipment operation and cooling) and, above all, the safeguarding and improvement of system availability.

Technological Infrastructure Upgrade of Central Services

Aiming to create a standard user operating environment, 3,900 workstations out of a total of 7,500 in the Central Services were upgraded with Windows 10. Along with the upgrade, old computers were replaced with more modern ones.

1. The telecommunication lines in the Bank’s Central Buildings were upgraded, providing the possibility of high-speed main and alternative lines, ensuring the smooth development of new services–activities, speed of communication with the central systems and in the service provided to end users of the Units.

2. The installation of a digital platform for facilitating BoD and Committee meetings, including:
   • Support meetings in all phases (planning, setting up, running the meeting, minutes and follow-up actions).
   • The opportunity for members of the BoD or other Committees to have easy and user-friendly access to the meeting agenda and related support material through their mobile devices (smart phones, tablets, laptops), receiving immediate alerts and notifications when material is posted/renewed, minutes, follow-up actions are posted, etc.

In particular, it is noted that the BoD room in the main building on Amerikis St has been equipped with highly complex audio–visual systems, individual built-in retractable monitors on the conference table, covering the
need for presentations and simultaneous translation. In addition, videoconferencing systems provide remote access to meetings, with sound selection (live - translation).

1. System upgrade of the Bank’s call centre to a new version. The new software version supports new communication protocols, upgraded features on phones, call routing features, enhanced voice quality and video conferencing, coupled with flexible resource management to reduce costs. Optimisation of call-dialling, inbound and outbound call management and logging to support the increased business needs of the Recovery Business Unit.

Improvements in Security Infrastructure

A series of projects were carried out to ensure smooth operation, monitoring and reduction of potential threats and data security:

1. Improvement of the call management (long-distance and mobile calls) for central service telephones by synchronizing telephone devices with the user’s PC, providing increased usability and efficiency, while preventing the use of devices through leaked passwords.

2. Installation of virtual workstation infrastructure (VDI) for remote access to the engineering console, allowing access to manage the Bank’s systems from any location without being locked to a particular device while providing secure and controlled access to applications and data through the security of the corporate data centre.

Upgrade of call centre infrastructure

A number of projects were carried out to improve the call centre operation, the monitoring and reduction of threats:

1. Replacement of old systems with new video conferencing systems in the main buildings, providing end-users with improved usability and service quality upgrade. At the same time, full compatibility with the Bank’s telephone system allows communication with external partners through skype, WebEx, guest jabber.

2. Network Infrastructure Assessment by the Manufacturer covering infrastructure in the data centre, the branch network, the headquarters and offsite ATMs, aiming at testing risk factors and making recommendations based on best practices to limit the risk in operating network equipment.

IT SYSTEMS SECURITY

In 2017, a series of projects and system installations were carried out, targeting maximum protection of the Bank’s IT system infrastructure and its customers.

Security Checks of IT System and Infrastructure

In light of the security policies, the obligations to institutional and supervisory bodies and certification bodies (ISO 27001, PCI DSS), and in order to safeguard the services provided and to protect the Group and its customers, in 2017, Group IT Security & Control carried out a series of regular and ad-hoc security checks. Particularly, penetration tests and vulnerability assessments were repeatedly conducted by both specialised Bank engineers and contracted external partners on the e-banking and mobile banking applications, on the Group’s websites, as well as on the Bank’s entire IT infrastructure.

Optimisation of Existing and Installation of New Security Systems

Given that system and information security requirements are constantly increasing, the existing security systems were reassessed, redesigned and upgraded regarding the level of security.

The Bank uses "24x7 Security Monitoring" and "Advanced Cyber Threat Management" services to ensure timely detection and handling of different categories of incidents and attacks, where the logs of critical security systems are sent to SOC (Security Operations Centre) and monitored on a 24-hour basis. The IT Security division
of Piraeus Group is immediately informed of any security breach, so that the appropriate actions are taken and
the necessary protection measures are implemented.

In addition, the Bank's entire production infrastructure is protected against DDoS (Distributed Denial of
Service) attacks.

In order to upgrade its security in the field of Advanced Persistent Threats (APTs), the Bank has installed
a specialised solution for the extensive control of incoming emails and internet traffic of the Bank’s users.

Finally, in order to monitor, analyse and predict possible internet threats, the Bank ensures that the necessary
actions are taken to effectively protect against new types of attacks as well as to react promptly to threats
against the Bank and its customers.

**PCI DSS Certification (Payment Card Industry Data Security Standard)**
The Bank’s certification under the International Standard PCI DSS (Payment Card Industry Data Security Stan-
dards) was renewed by an independent specialised company. The international certification PCI DSS pertains
to the safeguarding of Card Holder Data for the period it is kept, processed or moved within the Bank’s IT
systems. The Bank was certified under the PCI DSS/v3.2.

The PCI DSS certification is a recognized standard that provides additional levels of assurance and confidence
to Bank customers, shareholders and partners.

**ISO/IEC 27001 Certification for IT Centre**
The Bank has been recertified with the internationally acclaimed ISO/IEC 27001. The certification covers all
aspects in the security, management and operation of its IT Centre. The Bank has been receiving this certifi-
cation every year since 2010. The Bank was certified under the latest version of the standard incorporating all
the latest best practices.

This certification is an internationally recognized standard certifying the installed Information Security Man-
agement Systems, and covers the broader spectrum of the design, implementation, management and oper-
ation of information security processes and measures. The ISO/IEC 27001 certification increases the levels of
security and confidence for the Bank’s customers and shareholders.

**Support for Piraeus Group Subsidiaries**
Aiming to maximise the Group’s security and align the operation of IT Security Units of domestic and foreign
subsidiaries with the Group’s standards and policies, the Group IT Security & Control Unit provides advisory
services throughout the year. Specifically, IT Security Officers at the subsidiaries were continuously informed
about security projects, policies and procedures were written and vulnerabilities identified during the Group
IT Security & Control audits were addressed.

**Risk Assessment**
The risk assessment exercise for the Bank’s IT resources has been completed, with particular emphasis on
those set up in the Main Data Centre. Risk analysis is a prerequisite for international ISO 27001 and PCI DSS
certifications. It is based on a specialised methodology that follows internationally recognised best practices
and methodologies. The methodology used is harmonised with the EBA and meets the requirements of the
international standards ISO 27001 and PCI DSS.
Employee IT Security Awareness
In the effort to reduce risks and meet the requirements of the ISO 27001/2013 and PCI DSS/v3.2 standards, seminars were held to raise the awareness of the Bank’s staff on security issues.

The seminars were held in the Bank’s central buildings in Athens and the periphery, to inform employees on the risks of information security, as well as identifying and protecting critical information of the Bank.

Additionally, training material was developed to support the e-learning seminar, the main objective of which is to inform and interact with the concept of cyber-security, cyber-threats and cyber-attacks.

TECHNOLOGICAL AND ORGANISATIONAL SUPPORT TO INTERNATIONAL SUBSIDIARY BANKS
In 2017 the technological and operational upgrade of the IT systems of the Group’s subsidiaries abroad continued.

Particular emphasis was placed on upgrading the operational and development platform in Bulgaria to the most recent version, due to its incompatibility with the central system.

At the same time, specialised CBAs were installed in Bulgaria and Romania to integrate the communication of internal and external systems with the Bank’s central system.

FUNDS TRANSFER
In 2017, the results for Funds Transfer were significant in terms of both business and revenue, with an increase of 11% in fees compared to 2016. This is particularly important given the economic conditions and the general situation of the Greek market, and the continued restrictions on the transfer of funds abroad.

Having adapted its systems and processes, Piraeus Bank has successfully managed capital control restrictions, create a customer service environment almost as immediate as before the imposition of capital controls, and the result was clearly reflected in the results.

Furthermore, recognizing market trends in Funds Transfer and in constant pursuit of offering modern and pioneering services to its customers, Piraeus Bank added a new payment option. Following the successful introduction of real-time payments "IRIS Online Payments", it has developed real-time payment capability with no time restrictions, with IRIS 24/7 Payment, available 24 hours a day, 7 days a week, throughout the year. The "IRIS 24/7 Payment" service offers customers the ability to execute micropayments simply, by using a mobile telephone number or a tax identification number, through their smart devices. Piraeus Bank quickly ranked first in terms of registered active users.

At the operational level, service optimisation and upgrade projects have been successfully carried out, with automated processes and complete IT systems.

Also, there was a remarkable increase in the use of electronic means for remittances, compared to 2016. In particular, 87% of transactions were e-based, compared to 83% in 2016, with 40% of total commission derived from electronic channels compared to 27% in 2016.

Achieving the double goal of automating Funds Transfer operations and maintaining the quality of transactions resulted in the Bank being awarded for the first time by Citibank for US Dollar Payments, among which Customer Payments stood out with an impressive 99.2%. This award complements the numerous distinctions awarded to Piraeus Bank for these services from international financial institutions.
<table>
<thead>
<tr>
<th>Year</th>
<th>Individual Customers</th>
<th>Corporate Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>46,238</td>
<td>52,008</td>
</tr>
<tr>
<td>2016</td>
<td>451,365</td>
<td>542,903</td>
</tr>
<tr>
<td>2017</td>
<td>57,564</td>
<td>553,884</td>
</tr>
</tbody>
</table>

*Outgoing Remittance – Number of Customers*
Outgoing Remittance – Number of Transactions

<table>
<thead>
<tr>
<th>Year</th>
<th>Electronic Remittances</th>
<th>Non Electronic Remittances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>688,169</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>934,193</td>
<td>5,069,726</td>
</tr>
<tr>
<td>2017</td>
<td>4,307,385</td>
<td>779,241</td>
</tr>
<tr>
<td>2018</td>
<td>2,890,345</td>
<td></td>
</tr>
</tbody>
</table>
CASH MANAGEMENT

Through its five state-of-the-art Cash Management Centres Piraeus Bank aims to optimise the cash management cycle while reducing the operating costs and the amount of money in circulation. In this context, in 2017, the branch network's number and cost of cash transfers decreased by 13% and 18% respectively. The Bank's total cost of cash transfers declined marginally, by 1.3%, which is seen as an excellent achievement, given the significant increase in the points served following the expansion of offsite ATMs, the installation of Bank in Office automatic deposit machines and the new e-Branch network launched in 2017. Particularly important were the results of the reduction of the cash cycle, with the recycling rate and the immediate re-circulation of bank notes accounting for 58% of cash management inflows, allowing for a further reduction in the cost of cash transfers by 22%.

Finally, in 2017, the decline in the cash in circulation was felt as a consequence of the increase in the share of electronic transactions, where cash managed by the Cash Management Centres was down 8% compared to 2016.

CASH SERVICES

Piraeus Bank's cash management products and services performed well in 2017. The number of corporate clients requiring Piraeus Bank's specialised cash management services increased by 17% yoy. Revenue from cash management services increased by 29%, with Bank of Office recurring revenue accounting for 46% of total cash management service revenue.

The Bank in Office network expanded by an impressive 70%. The volume of cash deposit transactions handled by this network increased by 94% and their value by 50% compared to the previous year.

In total, Piraeus Bank's cash management products in 2017 managed centrally 29.5% of business deposits, contributing substantially to the reduction of operating costs and of the branch network cost of money transfers.

CENTRALISED SUPPORT OPERATIONS

In 2017, the Unit's overall effort to provide high quality services to its internal and external customers continued, with a commitment for continuous improvement, through improved organisation of day-to-day operations, optimal utilisation of available personnel, shortening the time for processing applications, and finally revision/optimisation of processes and technological infrastructures. As a result of these actions, daily request-processing increased significantly having more than doubled over the past 3 years (from 900 transactions per day to 1,900 transactions per day), while staffing declined by 13% over the same period.

Given the Bank's large customer base, 2017 was characterized by particularly large volumes of transactions with regard to distress warrants, where the was a 20.5% increase of the incoming documents compared to 2016, and to legitimation of companies +11.3% and of inheritance rights +21.3%, while, as expected, there was a decrease in the Customer CRS Code Merger, with a significant increase in the quality and the more demanding, time-consuming and control-related tasks. The e-confiscations indicator rose to 89% from 85% in 2016, without exceeding the target of 90%, as there is still a significant number of institutions not included in the electronic confiscations mechanism, sending out hard copy distress warrants.

CUSTODY SERVICES

2017 was for a year of distinctions for the Bank's Custody Services that came to seal the high-quality services in post-trading to domestic and international customers, as part of their investment operations in Greek and international markets.
In March 2017, Custody & Securities Services ranked first in Relationship Management, in the Agent Banks in Major Markets Global Excellence Awards, as a result of the 2016 Global Custodian publication annual survey on agent banks.

This distinction is complemented by the high rating received by the Bank in all rating categories compared to the other Banks/Custodians in Greece, in the context of the same survey carried out in 2017 by Global Custodian publication.

As the publication Global Custodian reported, "Piraeus Bank continued its dynamic path this year, outperforming all Custodians in Greece, as well as the international average in all categories."

<table>
<thead>
<tr>
<th>Greece</th>
<th>Market Share %</th>
<th>Value and Security</th>
<th>Relationship Management</th>
<th>Client Service</th>
<th>Reporting</th>
<th>Corporate Actions</th>
<th>Cash Management</th>
<th>Income Collection</th>
<th>Tax Reclaims</th>
<th>Settlement</th>
<th>Technology &amp; Connectivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Average</td>
<td></td>
<td>5.59</td>
<td>5.89</td>
<td>5.77</td>
<td>5.60</td>
<td>5.46</td>
<td>5.52</td>
<td>5.69</td>
<td>5.62</td>
<td>5.80</td>
<td>5.55</td>
</tr>
</tbody>
</table>

* Percentage of weighted responses.

The current economic conditions and the regulatory framework for capital movement restrictions, which is gradually being relaxed, will help to strengthen trading activity in investment products and to further develop and strengthen the post-trading services offered.

The Bank, having developed and consolidated customer relationships that withstand the test of time and the adverse market conditions, increased its Assets under Custody by 17.4% compared to 2016, contributing to the Bank’s profitability.

In 2017 Custody Services set up new IT structures and reviewed processes to comply with the institutional and regulatory framework, as well as providing innovative products and services to domestic and international customers.

Specialisation, long-term experience and vigilance in Custody and Securities Services are key to effectively addressing customer needs by adopting personalized and secure solutions tailored to developments in local and international markets.

**ORGANISATIONAL INTERVENTIONS AND CENTRAL SUPPORT**

In 2017, Group Organisation and Operation Quality fully aligned with the Bank’s strategic position and business objectives. Along with enhancing effective operation, adopting innovative practices and technologies, improving service quality and customer experience, the Unit focused on projects and supported initiatives in the following fields:

1. Compliance with institutional and supervisory obligations that govern and influence the Bank’s operation.
2. Creation of infrastructure and detailed procedures for safekeeping accounts, products and customers, introduction of controls to ensure the availability of information and development of reporting mechanisms inside and outside the Bank.
3. Improvement of the quality of loan portfolio data for risk mitigation purposes, to effectively monitor the performing portfolio and to support the restructuring and management of the troubled portfolio.
4. Optimisation of processes, by adopting measurement methods and tools, automating and simplifying the processes by seeking to enhance performance and reduce operating costs.
Automation and IT Support of Operations

The development of new automated processes, using the Appian platform, continued to be a priority in 2017 covering a wide range of banking business, with the volume of requests handled increasing by 50% compared to 2016. Development of the log flows for operational risk incidents continued, while the automation of legal work was extended to include property prenotation. In an effort to further enhance effective operation and reduce operating costs, the distress warrant mechanism has been redesigned to achieve further task automation and reduced completion time.

Significant improvements have been made to existing internal automated processes, and the already automated Merchant Acquiring Management process has been enhanced with new functionalities. In 2017, due to the mandatory provisions that imposed the provision of POS on the majority of businesses, more than 450,000 Merchant Acquiring requests were served, supporting the significant increase in the Bank’s presence in this market.

In order to improve the efficiency of lending operations and the respective control environment, the requirements were set up for the further automation of the evaluation and approval process for private loans, and system and procedure interventions were made. In the same direction, processing applications from Small Business and Professional has been automated with significant benefits, reducing operating costs and the final time of approval, and improving the handling of new loan requests.

At the same time, aiming at improving NPL and NPE ratios, the Bank developed an automated flow and the supporting operational procedures to manage the out-of-court settlement of corporate debts under Law 4469/2017 (Out of Court Workouts-OCW) (LOS).

Pursuing the continuous improvement in the infrastructure for monitoring the Bank’s loan base, in 2017, an integrated information system was created to calculate and monitor the formation of individual and collective provisions of the business portfolio (Impairment Tool), speeding up the process and ensuring in depth monitoring at all stages, both internally and externally.

Finally, a new web platform was developed for external consultants to submit customer recommendations, aiming at increasing the requests for participation in Development Programmes through NSRF, contributing to the initiatives for the restart of the domestic economy and the strengthening of the Bank’s market shares.

Improvements to Processes and Operations

Making use of new technologies and introducing innovative solutions to improve process efficiency and reduce operational costs, a dedicated platform was created in 2017 for Bank Customers and Employees to use Qualified Electronic Signatures (QES) when signing documents, using Cloud Certificates or USB Certificates (token). The "Remote Signing" Platform, using the QES digital certificates is currently offered on a pilot basis to selected companies, providing them with a better service (reduced travel, instant e-mail and notification) and security.

At the end of 2017, the implementation of the new e-Signature technology for cash transactions across the Bank’s branch network was completed. Now, all of the Bank’s customers can benefit from the new technology, through which it is possible to electronically sign and receive a copy of a document via e-mail, leading to a reduction in printouts, in the corresponding service time and the branch’s operational workload.

In 2017, the Bank focused on setting up the infrastructure for the new e-Statement service (for deposit accounts, loans and credit cards), which provides immediate and secure information to the Customer. At the
same time, the abolition of the traditional mailing service goes hand in hand with the continuous improvement of the services provided, while contributing to the reduction of operational costs and the upgrading of the Bank's IT profile. At the same time, a specific template for the centralised production of personalised notifications was developed, to the customers of any pending issues with the Bank that they need to address (e.g. expiration of legitimation, receipt of chequebook, debit balance in an account, etc.). As a result of the assessment report on optimising the management of mortgage-backed insurance policies, a project was initiated in 2017 and is currently under way, to create a central database for logging and monitoring all insurance policies with a loan agreement, a loan account, a mortgage or other collateral.

Following up on the implementation of service level agreements (SLAs) to monitor the performance of the main service and product processes, a relevant agreement was drafted for servicing Fast Track requests from SMEs. All involved parties can monitor compliance, through a reporting mechanism that presents the evolution of the process with respect to the agreed service level target, both per stage and as a whole.

In order to standardize and more effectively manage oral complaints received by the call centre, the existing procedure has been modified, and new management and routing rules have been set in motion, in accordance with the Bank's Complaints Management Regulation. With the implementation of the new process, call centre representatives will assess cases using standardised criteria, providing the Customer with the relevant guidance for more efficient service.

By supporting the Group's strategy to expand the range of products available through third party networks, the Organisation Unit, in cooperation with all the Units involved, designed a programme to improve the handling of Asset Management Mutual Funds by third parties.

In order to improve the quality of mortgage data held in the Bank's Real Estate Management (REMS) and Collateral and Guarantees (CSS) systems, work was carried out to confirm the correctness and completeness of the data in the respective systems, so as to full in missing information, correct any mistakes and ensure their uniqueness across the systems. At the same time, an automated statistical property revaluation mechanism (based on the Prop Index for Residential Properties and the BoG Price Index for Offices and Shops) was created.

As part of the effort to improve the data maintained in the Bank's customer-centric system (ICE) and provide more efficient customer service, a process for the automatic merging of Customer Codes has been successfully completed, uniquely identifying approximately 40,000 Natural Persons.

In 2017, one of the key priorities remained ensuring completeness of credit files’ content, and of their availability through special applications, in order to support the monitoring of loan servicing and restructuring processes, as well as freeing Branches and Units from daily tasks related to searching, retrieving and archiving documents.

Implementation of the Institutional Framework and Support for Regulatory and Activity Reports
Aiming to comply with the supervisory requirements for managing overdue and non-performing exposures, the Organisation Unit headed the project for analysing the requirements and identifying the interventions required for managing the information, collecting the required data, and producing automated reports (ECA 102) for the BoG.

Implementing the new guidelines for adapting to the IFRS 9 European standard, which imposes significant changes in the methodology for calculating provisions, the Organisation Unit contributed in formulating a
methodology for identifying the products and accounts for which a new accounting treatment is required. The Unit also participated in the implementation of systemic changes and proceeded to review processes, so as to accommodate the new accounting standards.

The mechanism for selecting and collecting customer transactions, and promoting to other banks, was designed as part of the regulation for transactions executed by electronic means of payment and form the tax-deductible amount. In addition, a mechanism has been developed for managing accounts, which are reported by business accounts/merchants on the IAPR website, for payments made by electronic means.

In 2017, in the context of the Bank’s alignment with the new Payment Accounts Directive (PAD - L. 4465/2017), the new intrabank payment transfer process was introduced. Payment accounts fees can be compared, customers may change their banks and can access payment accounts with key features and other provisions.

To ensure the Group’s compliance with the MiFID II/MiFIR (Markets in Financial Instruments Directive and Regulation) framework, the Organisation Unit has overall project management. In 2017, the first phase was completed with a detailed report describing the current mode of operation, a gap analysis and the formulation of an action plan. At the end of 2017, the second phase of the project was launched – implementation of the Action Plan, which is expected to be gradually completed in 2018.

To support the implementation of the Packaged Retail Investment and Insurance Products (PRIIPs), all actions required to meet the requirements were launched in 2017, focusing on identifying the relevant products, and designing and introducing the new Key Information Document (KID) for these products. The adaptation work will continue in 2018, pending clarification of regulatory issues by the supervisory authorities.

In applying the Common Reporting Standard issued by the Organisation for Economic Co-operation and Development (OECD), the Organisation Unit adapted the processes and systems for recording Customer data, for customers who are taxable in OECD countries. At the same time, the infrastructure was set up for the production of the relevant data exchange reports with the Ministry of Finance in line with the FATCA legislation for US citizens.

In the context of reporting requirements, specific reports were designed for:

1. the BoG, for the National Risk Assessment of the Greek banking system in relation to money laundering;
2. the Ministry of Finance for Transfer Pricing; and
3. the Single Resolution Board, with liability data and critical functions, to assess the readiness of bank resolution plans in the Banking Union.

In order to meet the requirements of the ECB’s AnaCredit project (analytical credit dataset) regarding the submission of detailed credit data and credit risk data from Banks, the Organisation Unit participates in the implementation of the infrastructure for the automatic production of relevant reports to be submitted on a monthly basis.

**New Products/Services and Payment Transactions**

For payment services and transactions, new transactions were developed for more than 385 new partnerships and the Easypay Point Direct service was expanded to more than 400 new merchants. In addition, Easypay Point Direct service infrastructure was updated to accommodate card use.

**CREDIT UNIT**

As part of the implementation of the strategic priorities of "Agenda 2020", in 2017, the Credit Unit, with its customer-oriented active management philosophy for contributing to the Bank’s financial performance, actively
participated in the implementation of initiatives that contribute to:

1. Supporting the needs of the two operating pillars.
2. Supporting automated back-office processes.
3. Monitoring collateral and guarantees.

Specifically, in terms of organisational changes and new business, the following were completed:

1. Operation of Corporate Restructuring Management Centre for the entire RBU corporate customer base.
2. Harmonization in the strategy of the two operating pillars for the Management of Farmers through the creation of two Centres for performing and recovery customers, further segmentation of branch/ periphery and the consolidation of "end to end" philosophy so that depending on the portfolio, emphasis is placed on providing correct and fast service to the customer.
3. Support for Out of Court Workouts (OCW).
4. Manage borrowers with denounced loans that remain in Recovery Units.
5. Support for new Transaction Banking products.

In terms of optimising tasks, services provided and their monitoring, the Credit Unit actively participated in:

1. Implementing the first Service Level Agreement (SLA) for SME Credit (Fast Track).
2. The selection process for loan and financing tools, in cooperation with the EIB, under the EIB Covered Bond.
3. Live communication with SME customers to actively engage in supporting the needs of the particular clientele.
4. The programme for Qualified Electronic Signatures (QES) with digital certificates.
5. The pilot project on Remote Signing template through the winbank platform.
6. Data Governance for the collateral domain in place and for the planned loan domain.
7. The "Real Estate & Collaterals Data Cleansing" project, completing the processing and settlement of 52,000 properties used as collateral.
8. Adopting a paperless philosophy for the forbearance process for individuals, reducing paper consumption by 70%.
9. Implementing the new automated process for transferring borrowers in default, using digital files rather than the physical file from the bank’s log.
10. The project for optimising the management of mortgage-backed insurance policies.
11. Continuing the promotion of initiatives, such as Exoikonomisi kat’ oikon & Cosme for strengthening the economy.
12. Implementation of MISYS TI+ Trade Finance platform, still ongoing.
13. In the MII/MAPPI Shipping and Shipping Loan Management processes that have been completed.
14. Completing the registration process for the shares of foreign non-listed companies.
15. Creating a flexible, customised framework for SB RBU customers restructurings.
16. Reporting tool for recognising forbearance and transferring borrowers in default, and Business Activity Monitoring Operational Dashboards, for SME customers.
17. Implementing Capacity Planning for Individuals’ Asset Management.
18. Reporting to the supervisory authorities, namely SSM for Thematic Review, the BoG, as well as the Ministry of Finance and other entities for the reviews carried out.

With regard to initiatives that were initiated in 2017 and are expected to be completed in 2018, as part of the Bank’s strategy, the Credit Unit actively participated in:

1. Redesigning the PLU-serving Units, including recording SLAs and KPIs.
2. Extending the use of digital channels to serve customers.
3. Strengthening Collateral and Guarantees monitoring system.
4. The adoption of flexible practices for serving internal and external clients, while strengthening the operational risk monitoring framework.

These actions boost the effectiveness of its role as custody manager of loan, collateral and guarantees, with a measurable contribution to the Bank’s financial performance.
In 2017, Piraeus Bank strengthened effectively the framework of risk monitoring and management.
Risk Management

RISK MANAGEMENT

Management places particular emphasis on the effective monitoring and management of undertaken risks, on a consolidated and stand-alone basis, with a view of maintaining stability and continuity of its operations. The prudent application and constant development of the risk management framework is a priority and is taken into account during the Group’s business and strategic planning process.

Responsibility for developing and overseeing the risk management framework. The Risk Committee (RC), as a committee of the BoD, convenes on a monthly basis and/or ad hoc, shapes the risk management framework in alignment with the Group’s business objectives, while assessing the effectiveness of the Risk and Capital Strategy, as well as the capital adequacy requirements, against the level and type of risks assumed. The Committee is also responsible for overviewing and assessing the Group’s strategy and relevant goals regarding the management and reduction of problematic assets. The RC held 13 meetings during 2017.

Group Risk Management (GRM) is an independent administrative Unit in relation to other Units of the Bank and carries out the responsibilities of the Risk Management and Credit Risk Control Unit in accordance with the BoG Governor’s Act No 2577/2006 and CRD IV regulatory framework. The Head of the GRM (Chief Risk Officer, CRO) is appointed by the BoD, upon recommendation of the RC and his appointment or replacement, following the approval of the RC, is communicated to the regulatory authorities.

The CRO, as Head of GRM, acts as the Executive Secretary of the RC and is a member of the Group Executive Committee and of all the Bank’s major Executive Committees. In the Senior Credit Committee, the Asset-Liability Management Committee (ALCO), and the Recovery Credit Committee, the CRO preserves a veto right in cases of disagreement for breach of the Bank’s approved Risk and Capital Strategy.
The responsibilities of the main Executive Committees in which the CRO is involved are presented in the Internal Corporate Governance and Operating Structure Regulations.

The Group has established detailed procedures and adequate risk control mechanisms to identify/manage/monitor/report such risks. This ensures independence between risk taking, risk management and control system. The existing organisational structure ensures separation of tasks and aims to prevent instances that could lead to conflicts of interest.

The Risk and Capital Strategy sets out the principles of an integrated risk management and risk taking framework to achieve the Group's strategic and business goals as determined by the BoD, without excess risk taking.

The risk management framework is constantly evaluated and evolving, taking into account the current economic environment, the Bank's business plans and its historical database, the market dynamics, the supervisory and regulatory requirements, the Group's Corporate Governance Framework, international best practices and the shareholders' interests.

The effectiveness of the risk management framework is assessed through a set of indicators/metrics per type of risk monitored by GRM, and Key Performance Indicators (KPIs) set by the Hellenic Financial Stability Fund (HFSF).

In addition, the Group's corporate governance and the risk management framework is supervised and assessed by the competent authorities.

The Group Risk Management Unit is responsible for the design, specification and implementation of the Bank's risk management policies in accordance with the RC of the BoD. The Head of the Group Risk Management reports directly to the RC of the BoD and the CEO.

The GRM consists of the following Units:

1. Credit Risk Management
2. Capital Management
3. Operational, Liquidity & Market Risk Management
4. Group Risk Coordination & Model Validation
5. Corporate Credit Control
6. Risk Data Office
7. Risk Management Office

The GRM is subject to the independent audit of the Internal Control Unit, which reviews the adequacy and effectiveness of the applied risk management processes. The GRM is also responsible for the development, implementation and periodical evaluation of risk-adjusted methods and tools, pricing of products and services, and training of Business Units regarding their use. Thus, awareness is raised about the risks undertaken and a strong risk management culture is promoted across the Group.

In addition, since November 2014, the Bank, along with the other Greek systemic banks, is supervised by the Single Supervisory Mechanism (SSM), which consists of the European Central Bank (ECB) and the Bank of Greece (BoG).

Details about Group Risk Management is available online at: www.piraeusbankgroup.com/Investor Relations/Corporate Governance/Management of Risk/Pillar III 2017 Disclosures

CREDIT RISK MANAGEMENT (CRM)

Credit risk is the risk of financial loss for the Group resulting from the inability of the counterparties to fulfil their contractual/transactional obligations.
Credit risk is the most significant risk for the Group, therefore, its effective monitoring and management constitutes a top priority for Management. The Group’s overall exposure to credit risk mostly arises from Corporate and Retail Credit, investment activities, out-of-the-market transactions, derivatives transactions, as well as from the off transactions settlement. The amount of risk associated with such credit exposure depends on a number of factors, including the general economic and market conditions, the financial position of the borrowers, the amount, type and duration of the exposures, as well as the existence of collateral and guarantees.

The implementation of the credit policy, which describes the Group’s credit risk management principles, ensures that credit risk is treated in a uniform and effective manner. Piraeus Bank Group applies a uniform Credit Policy and Practice with respect to the credit assessment approval, renewal and monitoring procedures. All credit limits are reviewed and/or renewed at least annually and the relevant approval authorities are determined by the amount and the category of the total credit risk exposure undertaken by the Group for each debtor or group of connected debtors (one obliger principle).

The CRM operates under the GRM. Its purpose is to identify, monitor and manage credit risk, in accordance with the risk appetite framework, as approved by the BoD, in compliance with the respective obligations towards the supervisory authorities.

**Credit risk measurement and reporting systems**

Reliable credit risk measurement is a top priority within the Group’s risk management framework. The continuous development of infrastructure, systems and methodologies for measuring and monitoring credit risk is a precondition for the timely and effective support of Management and Business Units in relation to decision-making, policy formulation, and compliance with regulatory requirements.

Monitoring and measuring credit risk of the Group’s loans and advances at a counterparty level, entails:

1. Regular assessment of customer creditworthiness and the probability of default on their contractual obligations; and
2. estimation of the Group’s probability for potential recovery, in the event of debtors defaulting on their obligations, using existing collateral and guarantees.

The Group assesses the creditworthiness of its borrowers and assesses the probability of default on their contractual obligations by applying credit rating models appropriate to their specific characteristics and features. These models combine financial and statistical analysis together with the expert judgment of responsible officers and are tested wherever possible by benchmarking them against externally available information.

According to the Group’s Credit Policy, each borrower is rated when their credit limit is initially determined and thereafter re-rated at least annually. Ratings are also updated in cases where new information emerges, that may have a significant impact on the level of credit risk. The Group regularly tests the predictive capability of the creditworthiness evaluation and rating models at least annually, thus ensuring an accurate depiction of potential credit risk and allowing for the timely implementation of credit risk control measures.

More details about the measurement and monitoring of credit risk are presented in detail in the 2017 Annual Report: www.piraeusbankgroup.com/Investor Relations/Financial Data/Financial Statements and Other Information 2017

**Credit Limit Management and Credit Risk Reduction Techniques**

The Group manages, reviews and limits the amount and concentration of credit risk by applying a credit limit management system that sets out the maximum risk exposure limit. The Group’s aggregate exposure to borrower credit risk, including credit institutions, is further monitored by the application of sub-limits covering on and off-balance sheet exposures.
In order to set customer limits, the Group takes into consideration any collateral or security provided, which reduce the level of risk assumed. The Group categorizes credit risk by type of collateral or security associated and their liquidation potential. The maximum credit limits to be approved per risk class are set by the BoD. Across the Group, no credit is approved by one sole person, except for consumer loans and credit cards, provided that the criteria set out in the Credit Policy are met, as approval by three officers or a Credit Committee is required. Depending on the level of risk, Credit Committees have been set up. The roles of Credit Committees are set out in the Credit Policy and are particularly important in shaping the overall quality of the Group's loan portfolio.

Credit limits are valid for up to twelve months and are subject to annual or more frequent review. The responsible or senior approval authorities of Credit Committees may, under special circumstances, opt for a credit period of less than twelve months. Outstanding balances are monitored against set limits and any exceedances are reported and addressed timely.

**Impairment and Provisioning Policy**

The Group regularly assesses whether there is reasonable and objective evidence that a financial asset is impaired. To this extent, loan impairment tests are carried out at each reporting date, in accordance with the general principles and methodology described in International Financial Reporting Standards (IFRS), and loan provisions are determined.

An asset is impaired if its current book value is greater than its expected future recoverable proceeds. The recoverable amount is calculated as the present value of expected cash inflows and of the liquidation of any collateral/security in the cases of the obliger's inability to fulfill its commitments. When there are indications that the Group will not be able to collect all due amounts determined in the contractual terms of an asset, provision is made for the impairment of the asset. The allowance for impairment on loans and advances to customers is the difference between the asset's current book value and the recovered asset's proceeds.

Impairment assessment is conducted individually for all loans that the Group considers individually significant, and collectively for all loans that are not considered individually significant. The Bank's individually significant loans are loans which exceed €1 mn at borrower level, while for the Group the individually significant loans depend on the size of the loan portfolios of each subsidiary company. The assessment of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics that individually are not considered significant. Furthermore, collective assessment includes loans that are not individually impaired.

**Risk Based Pricing**

In the context of integrating risk parameters into the decision-making process and particularly the new financing the Bank has developed a Risk Based Pricing methodology which incorporates the cost of credit risk, as well as other risks and administration costs. The methodology aims at ensuring an appropriate profitability/return given the underlying risks.

In 2017, the Bank completed the development of the necessary technical Risk Based Pricing thus to support the implementation of the methodology in SME and Mortgage loan portfolios. The risk based pricing instrument is expected to be implemented in 2018. The day-to-day use will be of great value in order to assess performance with a view to continuous improvement.

**Forbearance and Restructuring Policy**

The Group adopted the Implementing Technical Standards (ITS) of the European Banking Authority (EBA) on forborne loans, in alignment with the BoG Executive Committee Act Nos 42/30.05.2014, as it was amended
from the Act No. 47/ 09.02.2015 and Act No. 102/30.08.2016 for the "Supervisory framework for the management of loans in arrears and non-performing loans".

The alignment of the Group’s Restructuring Policy with the relevant EBA definitions and BoG guidelines was backed up with the creation of new structures and processes, development of new information systems and modification of existing applications, aiming at the effective and reliable management of past due loans, by performing viable restructurings and monitoring the effectiveness of various types of forbearance.

Forborne loans are defined as exposures arising from loan agreements that have been subject to forbearance measures. The measures are considered as a concession of the Bank to a borrower who is facing or is about to face financial difficulties in fulfilling its financial obligations. Forbearance may involve conversion of contractual terms and conditions and/or refinancing of debts.

According to EBA technical standards, in order for a forborne loan to exit the forborne classification, it has to be at least for two years in performing status as, there should be no concern on full repayment, no impairment and reoccurrence of forbearance and also significant payments should have taken place within the last twelve months.

Loans in forbearance status are assessed for impairment either individually or collectively, according to the Bank’s Impairment Policy.

The RBU manages the loans in arrears, aiming to find the appropriate viable restructuring solution for each borrower, to ensure fair treatment of all borrowers and to maximize value for the Group. Customer-driven models are used towards this goal, such as "decision trees", pilot measurements and assessment of results on selected samples of the portfolios and appropriate processes and forbearance types are applied according to the number of days past due and the risk undertaken.

The Supervisory & NPL Management Council, which inter alia is responsible for the strategy of loans in arrears management, collaborates with the GRM to arrive at a common understanding and to develop the appropriate methodology to assess the risk of the RBU portfolio. GRM monitors the forbearance process and assesses the relative risks by portfolio and forbearance type.

More specifically, groups of professionals from CRM have been set up, responsible for monitoring RBU effectiveness and NPE management strategy. Their main responsibilities include:

1. Monitoring the evolution of key metrics by Portfolio and Business Unit, on a stand-alone basis as well as compared to the NPE targets submitted to the SSM.
2. Monitoring management efficiency, ensured by:
   - assessing the viability and evolution of the restructurings;
   - tracking cash collection rates and auctions;
   - monitoring evolution of write-offs and loan sales;
   - analysing individual portfolios to identify “effective/ineffective” restructuring types for specific portfolios;
   - tracking high-risk portfolio segment.
3. Liaising with RBU professionals to discuss results and identify potential corrective actions.
4. Regular and ad hoc reporting to the GRM and BoD Committees regarding RBU’s effectiveness NPEs management.

The Group’s Chief Risk Officer is updated on a monthly basis about the evolution of RBU portfolio and reports to the RC on a quarterly basis.

**CAPITAL ADEQUACY**

Piraeus Bank Group’s capital complies with the regulatory framework, Directive (EU) No. 2013/36 and Regulation (EU) No. 575/2013, as approved by the European Council (CRD IV/CRR). The regulatory framework
requires financial institutions to maintain on a consolidated basis a minimum level of regulatory capital related to risks undertaken.

Presented below, are the capital adequacy ratios on 31.12.2017 for Piraeus Bank Group, as calculated under the existing regulatory framework, taking into account all relevant transitional period provisions applicable under Regulation (EU) No. 575/2013. The capital adequacy ratios exceed the minimum regulatory requirements, confirming the strong capital base of Piraeus Bank Group.

<table>
<thead>
<tr>
<th>Piraeus Bank Group Capital Adequacy Selected Data 2017</th>
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<tbody>
<tr>
<td>Common Equity Tier 1 Capital (CET-1)</td>
</tr>
<tr>
<td>Tier 1 Capital</td>
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<tr>
<td>Risk Weighted Assets*</td>
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<tr>
<td>Capital Adequacy Ratio</td>
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<tr>
<td>CET1 Capital Ratio*</td>
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<tr>
<td>Leverage Ratio</td>
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The main objectives related to the Group’s Capital Management are the following:

1. Compliance with the capital requirements for undertaken risk, in accordance with the supervisory framework.
2. Preserving the Group’s ability to continue unhindered its operations, to provide returns and benefits to shareholders and to ensure the trust of its customers.
3. Retaining a sound and stable capital base supportive of the Bank’s management business plans.
4. Maintaining and enhancing existing infrastructures, policies, processes and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

In 2017, the Group continued to implement actions to improve infrastructure and strengthen capital and risk measurement policies, processes and methodologies. In summary, the most important initiatives carry out include:

1. Operation of new enhanced intra-group platform to support the calculation operations and reporting of capital requirements (Moody’s Risk Authority) of the Bank, the Group and subsidiaries.
2. Implementation of project for the automated production of reports for regulatory reporting requirements through the new platform.
3. Systemic and operational integration of risk-weighted assets and capital requirements into the corporate lending process, aiming at improving the business decision-making process, enhancing regulatory awareness and spreading an efficiency culture.
4. Adjustment of the internal capital adequacy assessment process (ICAAP) to the current guidelines of EBA and SSM.
5. Update of the ICAAP under Pillar II of Basel.
6. Strengthening governance, methodologies and support infrastructure for internal and supervisory stress testing exercises.

In the context of optimising risk measurement and fund management methods, in line with best international practices, the Bank is implementing a project aiming at the migration to the IRB approach for credit risk. This transformation project is expected to bring significant benefits to the Bank’s CRM model.

LIQUIDITY RISK

The liquidity risk experienced by a financial institution is the risk that it will not be able to meet its financial obligations when they become due.
Piraeus Bank recognizes that the effective management of liquidity risk contributes substantially to the ability to meet its financial obligations, without the risk for significant financial losses.

A uniform Liquidity Risk Management Policy is applied across the Bank, in accordance with internationally applied practices and supervisory arrangements and is adapted to the individual operations and organisational structures of Piraeus Bank.

This policy sets out the key liquidity risk assessment definitions and methodologies, it defines the roles and responsibilities of the Units and personnel involved, it provides instructions for dealing with liquidity crisis situations, and it defines a Liquidity Crisis Management Plan, to be implemented in the event of a liquidity crisis.

As part of the reporting requirements under the SSM Regulation, Piraeus Bank submits a wide range of reports on a regular basis.

Piraeus Bank calculates the "Liquidity Coverage Ratio" and "Net Stable Funding Ratio" on a monthly and quarterly basis respectively, as defined by Regulation 575/2013/EU, in the framework of Implementation of Basel III on a European level and the harmonization of the EU Single Rulebook.

In addition, under Directive (EU) No. 2013/36, credit institutions are required to have comprehensive strategies, policies, processes and systems in place to ensure adequate monitoring of liquidity risk. The Liquidity & Market Risk Management Unit has submitted to the SSM the report on the Internal Liquidity Adequacy Assessment Process (ILAAP) for 2016 and 2017, which contains the processes governing liquidity risk management, as well as the main results of the assessment of the Bank’s current and future liquidity position. Within the framework of the ICAAP and ILAAP processes the Bank examined stress testing and assessed their impact on the liquidity position and on the mandatory liquidity ratios.

During 2017 the Bank reduced its reliance on Central Banks funding through the sale of its EFSF and ESM bond portfolio and by expanding alternative funding sources, namely by increasing its customer deposits, drawing funds from the market through the issuance of its new covered bond series and by increasing its interbank repo activity with non-ECB eligible collateral.

Piraeus Bank deposits in Greece increased during 2017 by €1.6 bn, recording a positive trend from May onwards, reaching a total balance of €40.9 bn on 31 December 2017, from €39.3 bn at 31 December 2016.

In 2017, Piraeus Bank Group carried out deleveraging of its assets through the sale of its EFSF and ESM bonds portfolio of €11.8 bn, by participating in the EFSF/ESM Bond Exchange programme (repurchase programme for securities issued by European supranational euro-area agencies). Sale of the remaining €1.5 bn EFSF/ESM bonds portfolio was completed in January 2018.

The aforementioned bonds balances reduction led to the reduction of the Bank’s interbank repos on the back of EFSF bonds by €6.0 bn (zero EFSF repo balances at year end 2017). During 2017, the Bank increased its inter-bank repo activity with non-ECB eligible collateral by €1.4 bn, reaching €1.5 bn on 31 December 2017, of which €1.3 bn repo transactions on the back of the Bank’s own securitization and covered bond issues and €227.2 mn on the back of Greek government treasury bills. Overall, funding from the interbank repo market was down by €4.5 bn in 2017, and on 31 December 2017 amounted to €1.5 bn (2016: €6.1 bn).

During the last quarter of 2017 the Bank issued a new series of Covered bonds of €500 mn and raised €370 mn of funding through private placements. The new issue increased Piraeus Bank’s long-term funding at
a relatively lower cost, assisting its effort to reduce ELA funding and gradually restore its access to the money markets.

All of the aforementioned changes contributed to the reduction of the Bank’s overall liquidity drawn from central banks by €11.2 bn, to €9.7 bn on 31 December 2017, from €20.9 bn in 2016. In particular, ELA funding dropped to €5.7 bn from €11.9 bn at 31 December 2016, while ECB funding dropped to €4.0 bn, from €9.0 bn in 2016.

Finally, long-term funding from ECB (TLTRO II) remained unchanged compared to 31 December 2016, at €4.0 bn.

MARKET RISK

Market risk is the risk of incurring losses due to adverse changes in the level or the volatility of interest rates, foreign exchange rates, equity and commodity prices. The Bank measures market risk using Value at Risk (VaR) method for both the trading and the available for sale (AFS) portfolios. The total VaR ranged at relatively low levels.

The VaR measure is an estimate of the maximum potential loss in the net present value of a portfolio, over a specified period and within a specified confidence level. The Bank implements the parametric Value-at-Risk methodology, assuming a one-day holding period and utilising a 99% confidence level, using two ways to measure volatility: historic observations over two years and equal weighting between observations, and the exponentially weighted moving average volatilities (λ=0.94) over 75 days.

The Value-at-Risk rate for the Bank’s Trading Portfolio on 31 December 2017 using the exponentially weighted moving average volatilities was €11.52 mn. This estimate consists of €11.45 mn VaR for interest rate risk, €0.21 mn for equity risk, €0.28 mn for foreign exchange risk and €0.0 mn for commodity risk. Due to the diversification effect in the portfolio, there is a reduction in the Value-at-Risk estimate of €0.42 mn on 31 December 2017.

VaR is at a low level and within the Risk Appetite Framework.

<table>
<thead>
<tr>
<th>Amounts in € mn</th>
<th>Bank Trading Portfolio - Total VaR</th>
<th>VaR Interest Rate</th>
<th>VaR Equity</th>
<th>VaR Foreign Exchange</th>
<th>VaR Commodity</th>
<th>Diversification effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>11.52</td>
<td>11.45</td>
<td>0.21</td>
<td>0.28</td>
<td>0.0</td>
<td>-0.42</td>
</tr>
<tr>
<td>2016</td>
<td>8.03</td>
<td>8.25</td>
<td>0.67</td>
<td>0.54</td>
<td>0.0</td>
<td>-1.43</td>
</tr>
<tr>
<td>2015</td>
<td>7.04</td>
<td>6.98</td>
<td>2.51</td>
<td>1.11</td>
<td>0.0</td>
<td>-3.56</td>
</tr>
</tbody>
</table>

Piraeus Bank applies an interest rate risk management policy and adopts risk assessment techniques based on the Interest Rate Gap Analysis.

Interest Rate Gap Analysis allows for the assessment of interest rate risk through the "Earnings-at-Risk" measure, which expresses the negative impact on projected annual interest rate over a specified period caused by a change in interest rates across all maturities and currencies.

In addition, Piraeus Bank measures its interest rate risk through the expected change in the net present value of Assets and Liabilities caused by a change in interest rates by 100 basis points (PV100).
The table that follows depicts interest risk sensitivity analysis, according to the Interest Rate Gap Analysis for total Balance Sheet (Trading & Banking Books).

<table>
<thead>
<tr>
<th>Interest Rate Gap Sensitivity Analysis (amounts in € mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
</tr>
<tr>
<td>-----</td>
</tr>
<tr>
<td>PV-100*</td>
</tr>
<tr>
<td>PV-100*</td>
</tr>
<tr>
<td>EaR-100</td>
</tr>
<tr>
<td>EaR**</td>
</tr>
</tbody>
</table>

* PV-100: Effect on NPV.
** EaR: Effect on NII.

**OPERATIONAL RISK**

Operational Risk is the risk of loss stemming from the inadequate or failed internal processes and systems, from human factor or from external events.

Acknowledging its exposure to operational risk, Piraeus Bank Group implements an effective integrated operational risk management framework across its operations, which is regularly updated.

The main operational risk management instruments include:

1. The operational risk self-assessment process applied at Unit level in the Bank and its subsidiaries.
2. Adverse scenario stress test analysis.
3. The definition and monitoring of key risk indicators and limits.
4. Setting and monitoring action plans.
5. Incidents and losses collection.
6. Capital requirements and Value at Risk (VaR) calculation.
8. The framework of internal and external reports.

In 2017 the Group undertook a major initiative, aiming at further upgrading its Internal Control System (ICS). The project’s plan, approved by the BoD Committees, focuses on:

1. The creation of upgraded roles of operational risk liaisons within the business units’ structures. Liaisons, will act as central points of reference for issues related to the implementation of the operational risk management framework and the reinforcement of ICS.
2. Strengthening the role of the Operating Risk Management unit, in ICS management, with secondary reporting line of liaisons to ORM and will have a pivotal role.

At the same time, in 2017 the Group continued the implementation of projects related to improvements in operations and infrastructures, aiming at the further enhancement of the operational risk management framework. These projects include the following:

1. Further development of processes and infrastructures for the collection and management of operational risk incidents and losses. The project involves the development of infrastructure and automation, the clarification of roles and responsibilities and the development and recording of procedures governing all parties involved.
2. Gradual integration of all the functions of operating risk management in the new management platform, which has been installed and is operational.
3. The further development of the measurement and quantification framework, including Value-to-Operational Risk (OpRisk VaR).
4. Development and application of a framework for recording points of control of operating risk and testing/observing their effectiveness.
In addition, in 2017, the Operational Risk Management Division implemented actions to:

1. Update the Operational Risk Management Policy to integrate strategic guidelines, supervisory requirements, and changes and improvements to the operational risk management framework.

2. Develop further the adverse scenario analysis process for the purposes of capital requirement calculations.

Overall, with the implementation and development of the operational risk management framework, the Group aims to optimise its operation and control mechanisms, to minimise financial losses from operational risk events, to develop a uniform clear culture across all Group levels, to estimate the level of exposure to risk, and to prevent potential, unexpected and catastrophic losses from future operational risk events.

GROUP RISK COORDINATION & MODEL VALIDATION

In 2017, in the context of strengthening its operations, GRM set up an independent Unit, under the Group Risk Coordination, to validate Bank models. The responsibilities of the Group Risk Coordination & Model Validation Unit (GRC & VM) have been set and include:

1. The development and maintenance of the Group’s Risk and Capital Management Strategy and the supervision of the risk management framework of the subsidiaries.

2. The Bank’s model validation.

The Unit coordinates and participates in the development and maintenance (on an annual basis) of the Risk & Capital Strategy, which includes the risk identification process and the Risk Appetite Framework at Group level. It supervises the overall risk management framework of domestic and foreign subsidiaries, providing support and know-how to subsidiaries. Its responsibilities also include the application of Risk Based Pricing Methodology at Bank level.

The independent model validation process will gradually be applied to risk management models and aims to ensure model adequacy, precision and compliance with regulations.

CORPORATE CREDIT CONTROL (CCC)

The Corporate Credit Control Unit (CCC) is responsible for the independent, regular and qualitative review of the Group’s business portfolio credit risk.

For this purpose, it performs pilot independent reviews on the quality of approved credit exposures (post-approval) and on credit risk monitoring practices, using data extracted from the Bank’s systems, going through the credit files kept by the Business Units in great detail, and holding meetings with the relevant officers. The findings are summarised in the Findings Report and the Proposed Corrective Actions, which, with the agreement of the Chief Risk Officer, are submitted to the relevant Units involved, to the Bank’s Management and the Risk Committee. Additionally, the Unit reviews regularly the progress of implementation of the proposed corrective actions.

CCC reviews all Core Business Units, Non-Core Business Recovery Units, and Credit Units and all credit-related activities, including Recovery Units, other than Loans in default. Loan Administration Units and the completeness and correctness of the contractual documents are not reviewed.

The reviews carried out by Corporate Credit Control in 2017 concerned 23 business portfolios, with a balance of €12.7 bn. In these 23 projects, a sample of 1,571 borrowers was selected with balances amounting to €6.2 bn.
RISK DATA OFFICE

The Risk Data Office was established in 2017 and its main mission includes:

1. Support GRM on risk management and reporting issues.
3. Monitoring and coordinating the valid and timely submission of risk data by the Bank’s Units and its domestic and foreign subsidiaries.
5. Operations support regarding risk management data collection and processing and related reports.

In 2017, the Risk Data Office focused on projects involving:

1. Integration/consolidation of data processing functions in the main systems used by GRM.
2. Initiation, management and monitoring of data quality projects.
3. Participation in institutional compliance projects (ECA 102, AnaCredit, Statistics on Holding Securities).

RISK MANAGEMENT OFFICE

The mission of the Risk Management Office includes support and monitoring of work carried out by GRM to achieve its objectives, as well as the undertaking and coordination of the work of the RC Secretariat.

In 2017, the Risk Management Office focused on projects involving:

1. Coordination, support and monitoring of GRM and CRO projects.
2. Supporting training & presentations on risk management (including induction courses for new BoD members).
3. Reviewing the minutes of the meetings of the RC and monitoring the timely implementation of the Commission’s decisions.
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Cash and Balances with Central Bank</td>
<td>1,449,240</td>
<td>1,527,016</td>
</tr>
<tr>
<td>Loans and Advances to Credit Institutions</td>
<td>2,147,758</td>
<td>1,663,631</td>
</tr>
<tr>
<td>Reverse Repos with Customers</td>
<td>90,253</td>
<td>30,005</td>
</tr>
<tr>
<td>Loans and Advances to Customers (Net of Provisions)</td>
<td>44,719,530</td>
<td>49,707,608</td>
</tr>
<tr>
<td>Trading Securities</td>
<td>23,109</td>
<td>13,246,257</td>
</tr>
<tr>
<td>Financial Instruments at Fair Value Through Profit or Loss</td>
<td>14,999,824</td>
<td>193,861</td>
</tr>
<tr>
<td>Investment Securities</td>
<td>2,203,803</td>
<td>2,746,880</td>
</tr>
<tr>
<td>Other Assets</td>
<td>12,999,503</td>
<td>12,386,552</td>
</tr>
<tr>
<td>Assets from Discontinued Operations</td>
<td>2,283,542</td>
<td>2,562</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>67,416,562</strong></td>
<td><strong>81,504,371</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to Credit Institutions</td>
<td>11,435,086</td>
<td>27,020,940</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>42,715,252</td>
<td>42,364,829</td>
</tr>
<tr>
<td>Debt Securities</td>
<td>435,277</td>
<td>69,515</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>1,645,894</td>
<td>2,223,867</td>
</tr>
<tr>
<td>Liabilities from Discontinued Operations</td>
<td>1,640,856</td>
<td>1,483</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>57,872,365</strong></td>
<td><strong>71,680,633</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Controlling Interest</td>
<td>125,782</td>
<td>160,115</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td><strong>9,544,198</strong></td>
<td><strong>9,823,738</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td><strong>67,416,562</strong></td>
<td><strong>81,504,371</strong></td>
</tr>
</tbody>
</table>

*Note: For comparison reasons 2016 data has been restated, due to the transfer of Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo to discontinued operations in 2017.*
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>1,670,281</td>
<td>1,764,563</td>
</tr>
<tr>
<td>Net Fee &amp; Commission Income</td>
<td>369,385</td>
<td>308,778</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>8,316</td>
<td>8,633</td>
</tr>
<tr>
<td>Results from Financial Instruments at Fair Value Through Profit or Loss and Investment Portfolio</td>
<td>72,698</td>
<td>(7,642)</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>95,661</td>
<td>152,157</td>
</tr>
<tr>
<td><strong>Total Net Income</strong></td>
<td><strong>2,216,341</strong></td>
<td><strong>2,226,490</strong></td>
</tr>
<tr>
<td>Staff Costs</td>
<td>(562,506)</td>
<td>(555,505)</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>(499,864)</td>
<td>(535,285)</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>(102,711)</td>
<td>(99,001)</td>
</tr>
<tr>
<td>Gains/(losses) from Sale of Property and Intangible Assets</td>
<td>(1,358)</td>
<td>634</td>
</tr>
<tr>
<td><strong>Total Operating Expenses (before provisions)</strong></td>
<td><strong>(1,166,439)</strong></td>
<td><strong>(1,189,157)</strong></td>
</tr>
<tr>
<td>Share of Profit of Associates</td>
<td>(30,932)</td>
<td>(18,169)</td>
</tr>
<tr>
<td><strong>Profit Before Provisions and Impairment</strong></td>
<td><strong>1,018,970</strong></td>
<td><strong>1,019,164</strong></td>
</tr>
<tr>
<td>Provisions and Impairment</td>
<td>(2,227,384)</td>
<td>(1,169,742)</td>
</tr>
<tr>
<td><strong>Profit/(loss) Before Tax</strong></td>
<td><strong>(1,208,414)</strong></td>
<td><strong>(1,169,577)</strong></td>
</tr>
<tr>
<td>Income Tax</td>
<td>1,205,810</td>
<td>181,588</td>
</tr>
<tr>
<td><strong>Profit/(loss) after Tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from Continuing Operations</td>
<td>(2,603)</td>
<td>31,011</td>
</tr>
<tr>
<td>Profit/ (loss) after Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>from Discontinued Operations</td>
<td>(201,702)</td>
<td>(71,154)</td>
</tr>
<tr>
<td>Less: Profit/ (loss) for Non-Controlling Interest</td>
<td>3,910</td>
<td>5,156</td>
</tr>
<tr>
<td><strong>Profit/(Loss) after Tax Attributable to Shareholders</strong></td>
<td><strong>(200,395)</strong></td>
<td><strong>(34,987)</strong></td>
</tr>
<tr>
<td><strong>Profit/(Loss) after Tax Attributable to Shareholders from Continuing Operations</strong></td>
<td>1,526</td>
<td>36,790</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income after Tax from Continuing Operations</strong></td>
<td>78,743</td>
<td>(33,143)</td>
</tr>
</tbody>
</table>