

AGENDA 2020

Piraeus Bank's Strategic Plan

PIRAEUS BANK GROUP ANNOUNCES ITS 2020 STRATEGIC PLAN: "AGENDA 2020"

Today Piraeus Bank, under its new leadership team, announces its intention to take a decisive step forward "to be the most trusted bank in Greece, creating value for its shareholders, clients and employees" by launching its strategic plan for 2020, entitled "**Agenda 2020**".

"**Agenda 2020**" aims to set distinct strategic priorities for the medium-term that will enhance stakeholders' confidence in the prospects of Piraeus Bank, and supersede, as well as exceed, any previous commitments made.

"**Agenda 2020**" is based on the following key goals and objectives:

- **reduce NPLs and NPEs to a normalised level;**
- create a **profitable and sustainable business model**, with attractive returns for shareholders over the medium-term;
- maintain a **strong capital base;**
- re-establish **wholesale market funding access.**

"**Agenda 2020**" comprises six specific strategy enablers:

1. **De-risk the Balance Sheet**, to be achieved by separating the Group into two operating pillars to maximise value from the core businesses of our Group and focus on realising value from legacy holdings. With this split, Piraeus Bank aims to streamline its operations and enhance organic capital generation. The Bank's investor disclosures in the future will reflect this new structure.

The two pillars are:

- a. **Piraeus Bank**, which will focus on the competitive advantages of its core domestic customer business, having risk weighted assets of €28.4bn currently. 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 risk-adjusted approach.

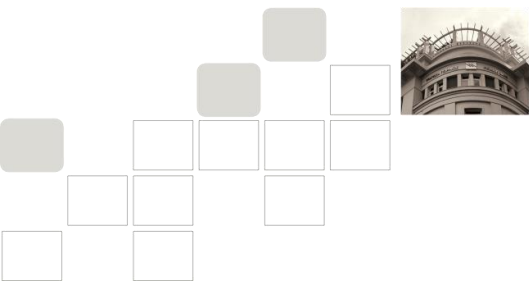


- b. **Piraeus Legacy Unit (PLU)**, comprising of non-core assets that also include attractive long-term businesses with strong market positions that, however, do not meet the targeted return profile of the Group. A dedicated management team will seek to maximise value by executing value-generating disposals or pursuing additional transformational opportunities. These businesses and assets will initially include the Recovery Banking Unit (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 currently equal €24.7bn.

By the end of 2020, it is expected that total Group assets will be reduced to c.€70bn, with more than 80% contribution by Piraeus Bank (core) assets vs. c.65% currently. PLU loans will decrease from €37bn currently to below €20bn, while PLU RWAs will reduce from c.€25bn by approximately half. The Group's cost-to-income ratio will be improved to mid-forties, while the Group's return on assets (RoA) will increase to levels above 1.0%.

2. **Resize and Focus** by conducting a disciplined review of all existing businesses, in order to maximise resources deployed in the areas that Piraeus has a historically dominant position. This will include a simplified Group structure and effective cost rationalisation measures, as well as further optimisation of our branch network and targeted investments in digitalisation.
3. **Implement a Profitable and Sustainable Business Model**, leveraging existing valued core client relationships, and focusing on greater cross-selling opportunities, as well as fee-generative activities. Piraeus Bank aims to continue developing innovative products, marketing to selected customer segments through a multi-channel distribution strategy, while deploying a targeted and risk-based credit policy, and implementing advanced risk-based pricing methodologies to ensure sustainably attractive returns on its core operations.
4. **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, yet still provide superior returns to its shareholders.
5. **Strengthen Risk Monitoring and Controls.** We place particular emphasis on effective monitoring and risk management, with a view to maintaining stability and continuity of our operations. Piraeus will further strengthen its support and control functions (Audit, Compliance, Credit Risk, Finance, Legal, and Operational Risk Management) consistent with the three lines of defence principle.





6. Adopt Superior Governance Standards. Piraeus Bank has already executed on specific requirements as per the HFSF law, and has revised RFA and Restructuring Plan requirements on corporate governance. The Bank has also concluded the re-composition of its Board of Directors, while ensuring uninterrupted Board and Committee meetings. Piraeus now has a Board of Directors 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 a full recovery for Piraeus Bank.

Athens, 24 May 2017

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