



Piraeus Financial Holdings: 2023 EBA Stress Test Results

Piraeus Financial Holdings SA ("Piraeus" or "Piraeus Group") was subject to the 2023 EU-wide stress test conducted by the European Banking Authority (EBA). The 2023 EU-wide stress test was conducted on a much larger sample compared to previous years, covering 70 EU banks and 75% of total banking assets in the EU.

Piraeus Group takes stock of the announcement made today by the EBA on the EU-wide stress test results and fully acknowledges the outcome of this exercise.

The 2023 EU-wide stress test is designed to provide input to the Supervisory Review and Evaluation Process (SREP) for competent supervisory authorities. The exercise assesses the performance of banks under a baseline and adverse scenario during the period 2023-2025.

The baseline scenario for EU countries is based on the projections from the national central banks as of December 2022. The adverse scenario assumes the materialisation of the main financial stability risks that have been identified by the European Systemic Risk Board (ESRB). In terms of scenario severity, the 2023 EU-wide stress test, features the most severe GDP decline assumed, with the 3y cumulative reduction in Greek GDP growth at -5.5%, compared to the previous 3 EU-wide stress test exercises.

The stress test has been carried out applying a static balance sheet assumption as of December 2022, and therefore does not take into account future business strategies and management actions. It does not constitute a forecast of Piraeus Group profits, under its current strategy, as elaborated via the Group's Business Plan as also outlined in the Group's ICAAP.

The fully loaded Common Equity Tier 1 ratio (CET1 ratio) resulting from the stress test for 2025, the final year considered in the exercise, is illustrated below:

	CET-1 Ratio		
	2022	2025	Delta
(a) Stress test “baseline” scenario	11.5%	14.2%	+2.7%
(b) Stress test “adverse” scenario	11.5%	9.1%	-2.4%

The baseline scenario is capital accretive by c. 271bps versus December 2022.

The adverse scenario results to a depletion of c.241bps for the 3-year period. The respective depletion in the 2021 Stress Test Exercise was c. 480bps.

The adverse scenario results to c. 318bps depletion at the year with the highest impact (2023). The Piraeus’ results of the 2023 stress test exercise imply a material improvement compared to the 2021 and 2018 stress test exercises, as displayed below:

	Maximum Depletion	CET1 Ratio end-period (“adverse”)
Stress test 2018	-8.9%	5.9%
Stress test 2021	-6.1%	8.6%
Stress test 2023	-3.2%	9.1%

It is highlighted that the 3-year period depletion of the adverse scenario for Piraeus is the 13th lowest among the 70 EU banks in the EBA sample, according to today’s disclosure.

Athens, 28 July 2023