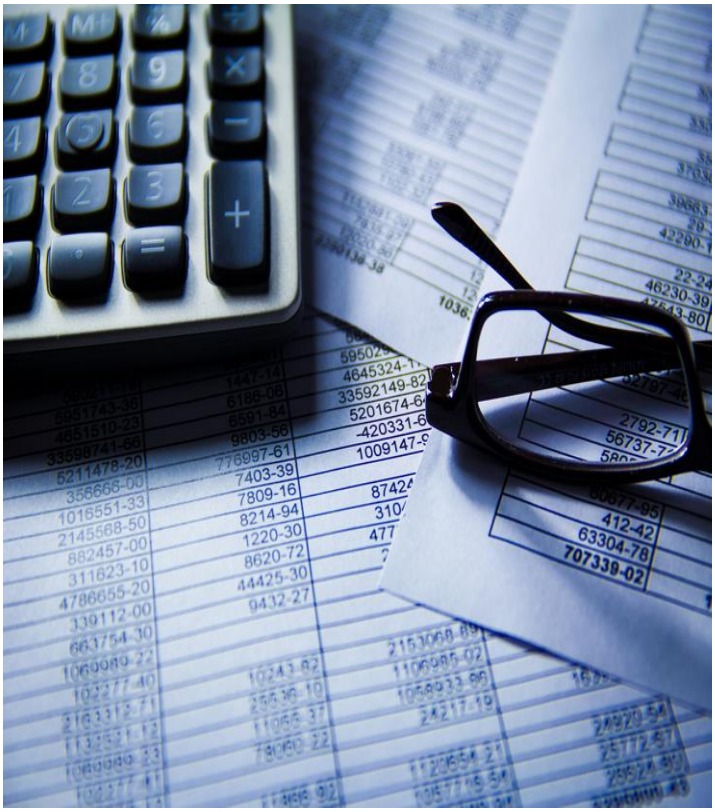
Loan Portfolio Quality and Performance Analysis: A Comparison Between Piraeus Bank and Eurobank (2021–2023)



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1. Introduction

This case study presents a comparative analysis of the financial performance and credit risk evolution of two major Greek banks, Eurobank and Piraeus Bank, over the period 2021–2023. The aim is to evaluate their strategic progress through key indicators such as net interest income, gross loan volume and yield, cost of risk, and non-performing exposures (NPEs). Both institutions faced a challenging macroeconomic and regulatory environment, shaped by rising interest rates, post-pandemic recovery, and ongoing supervisory pressure to reduce legacy credit risks. Through this analysis, we observe how each bank responded to these conditions, implemented risk management strategies, and ultimately enhanced its asset quality profile. By examining their respective trajectories, this study highlights not only the differences in starting points and approaches, but also the eventual convergence in credit metrics — offering insights into the dynamics of financial recovery and transformation within the Greek banking sector.

The financial data used in this study are based on the consolidated financial statements of the Piraeus and Eurobank Groups. Where a geographic breakdown was available, figures relating specifically to Greek banking operations were used. In the absence of such detail, consolidated group-level data were applied.

PIRAEUS BANK

Eurobank

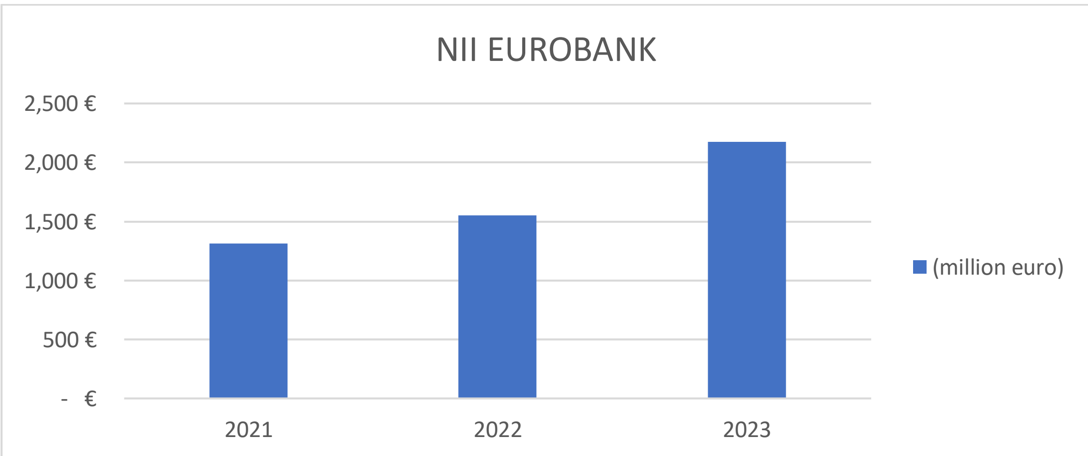
2. NII (Net Interest Income)

Net Interest Income (NII) represents the difference between the income generated from interest-earning assets (such as loans) and the interest paid on liabilities (such as deposits). It is a key driver of a bank's core profitability and reflects both pricing strategy and funding structure. Analyzing NII provides insight into how effectively a bank manages its balance sheet to generate sustainable income.

NII EUROBANK		
YEAR	**(million €)**	**Percentage Change %**
2021	1.312 €	-
2022	1.551 €	18.22%
2023	2.174 €	40.10%

(Table 2.1)

In 2021, Eurobank's net interest income amounted to €1.312 million. The figure reflected a relatively stable interest income environment, although still impacted by low interest rates set by the European Central Bank (ECB) and lingering effects of the COVID-19 pandemic on loan demand and asset yields. In 2022, net interest income increased to €1.551 million, marking an improvement of approximately 18% year-on-year. This increase was primarily driven by the gradual rise in market interest rates starting mid-2022, which improved lending yields, as well as continued organic loan book growth in Greece and Southeastern Europe. In 2023, Eurobank's net interest income rose significantly to €2.174 million, representing a strong year-on-year growth of about 40%. This increase was mainly attributed to the sustained high interest rate environment, following the ECB's series of rate hikes throughout 2022 and 2023. These hikes enhanced the bank's interest income on floating-rate loans and placements. Additionally, the strong performance reflects limited deposit cost pressure due to Eurobank's solid funding base and favorable asset-liability structure.

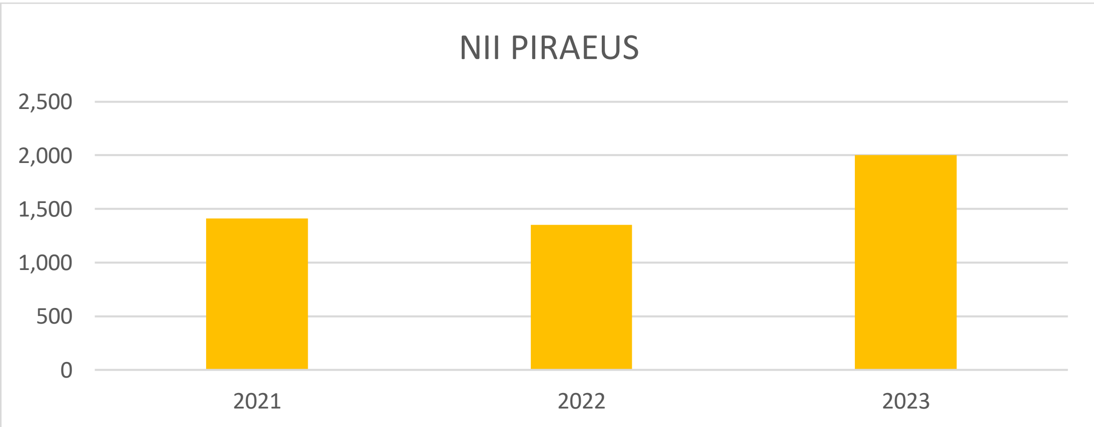


(Chart 2.1)

NII PIRAEUS		
YEAR	**(million €)**	**Percentage Change %**
2021	1.410 €	-
2022	1.353 €	-4.00%
2023	2.003 €	48.04%

(Table 2.2)

In 2021, Piraeus Bank's net interest income amounted to €1.410 million. This level was already affected by the derecognition of non-performing exposures (NPEs), part of the bank's strategic balance sheet clean-up, which reduced interest-bearing assets. In 2022, NII slightly declined to €1.353 million, reflecting a 4.0% year-on-year decrease. This drop was again due to the ongoing NPE reduction process, which, while improving asset quality, temporarily lowered interest income. In 2023, NII surged to €2.003 million, marking a significant 48% increase compared to 2022. This growth was largely driven by the high interest rate environment resulting from ECB rate hikes, improved loan repricing, and enhanced funding efficiency.



(Chart 2.2)

Between 2021 and 2023, both Eurobank and Piraeus Bank recorded significant growth in net interest income (NII), driven by rising interest rates and changes in their loan portfolios. However, the rate of growth and underlying factors differed notably. In comparative terms, Eurobank demonstrated faster and more stable NII growth over the three years, benefiting from a more favorable asset structure and earlier completion of its balance sheet clean-up. Piraeus also delivered strong improvement but from a structurally different position, balancing profitability with ongoing asset quality adjustments.

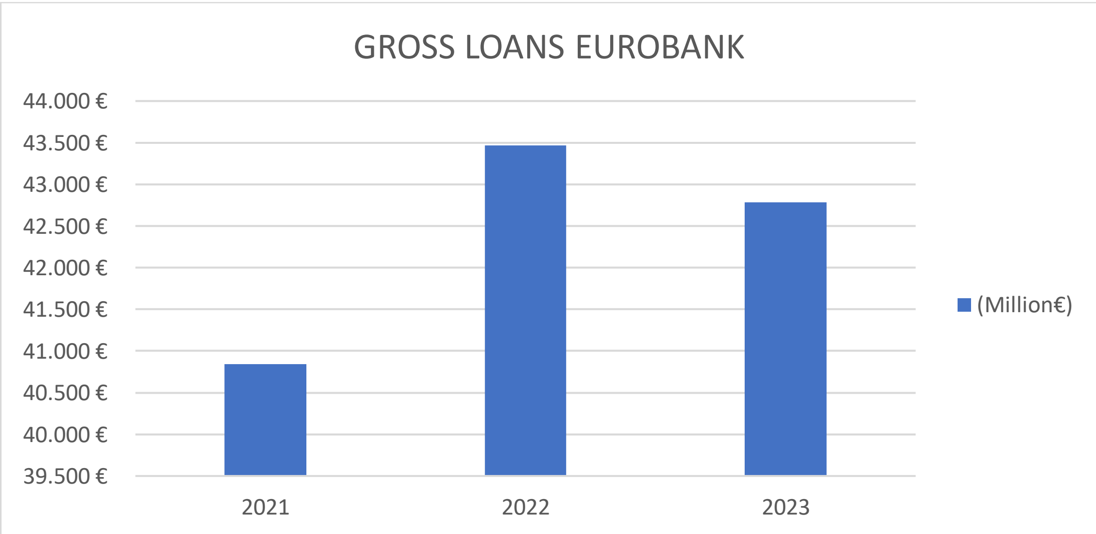
3. Gross Loans (Total Costumer Loans)

The gross loans portfolio represents the total volume of loans extended by the bank before accounting for provisions for credit losses. It is a key indicator of the bank's credit expansion strategy and its risk-weighted asset base. In this section, we analyze the evolution of gross loans for both Eurobank and Piraeus Bank during the period 2021–2023. The goal is to assess their lending dynamics and understand the underlying growth trends or strategic reductions in loan volumes.

GROSS LOANS EUROBANK		
YEAR	**(Million€)**	**Percentage Change %**
2021	40.839 €	-
2022	43.466 €	2.41%
2023	42.788 €	2.30%

(Table 3.1)

During the 2021–2023 period, Eurobank's gross loans showed a steady upward trend, increasing from €40.839 million in 2021 to €42.788 million in 2023. This represents a cumulative growth of approximately 4.8% over three years, with annual increases of +2.41% in 2022 and +2.30% in 2023**.** The moderate expansion reflects the bank's targeted credit growth strategy**,** especially in key segments such as corporate lending and housing loans. The growth also coincides with improved macroeconomic conditions, gradual recovery post-COVID, and increased demand for financing in Greece and Southeastern Europe. The fact that loan growth remained stable but not aggressive suggests a balanced approach, combining profitability (as reflected in rising NII) with prudent risk management.

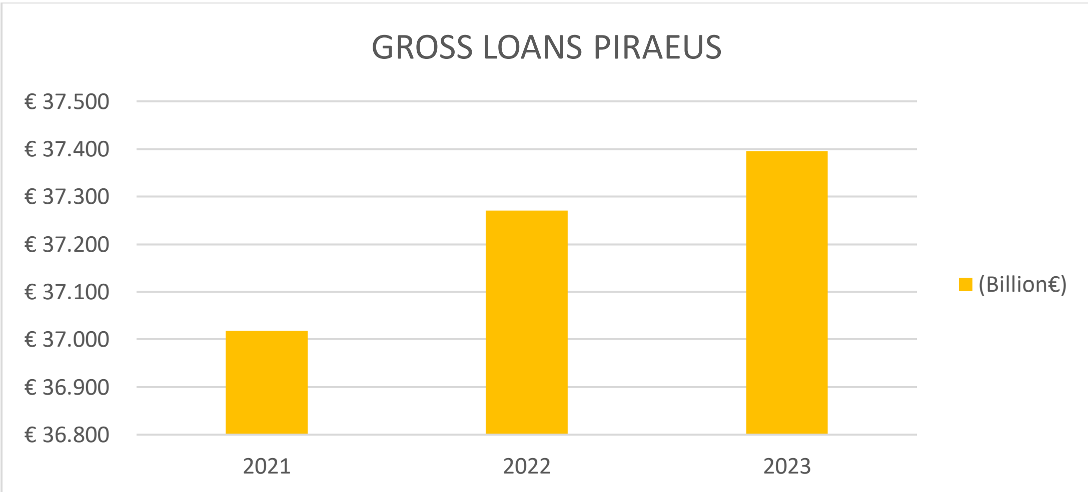


(Chart 3.1)

GROSS LOANS PIRAEUS		
YEAR	**(Million€)**	**Percentage Change %**
2021	37.018 €	-
2022	37.270 €	0.68%
2023	37.395 €	0.33%

(Table 3.2)

During the period 2021–2023, Piraeus Bank's gross loans increased marginally from €37.018 million to €37.395 million, reflecting a cumulative growth of just 1.0%. The loan portfolio expanded slightly by 0.68% in 2022 and 0.33% in 2023, signaling a very conservative lending strategy. This limited growth is largely attributed to the bank's continued focus on asset quality and balance sheet optimization, following years of non-performing exposure (NPE) reductions. Rather than aggressive credit expansion, Piraeus appears to prioritize risk containment and capital preservation, especially during a period of rising interest rates and market uncertainty.



(Chart 3.2)

During the 2021–2023 period, both Eurobank and Piraeus Bank maintained stable gross loan portfolios, yet with notable strategic differences. Eurobank grew its gross loans from €40.839 million in 2021 to €42.788 million in 2023, achieving a moderate cumulative growth of 4.8%, with consistent annual increases. Piraeus Bank, on the other hand, saw its gross loans rise only slightly from €37.018 million to €37.395 million, recording just 1.0% total growth over the same period. The contrast reflects Eurobank's more active credit expansion strategy, especially in corporate lending and international operations, while Piraeus adopted a conservative approach, focusing on asset quality stabilization and risk control following years of balance sheet restructuring.

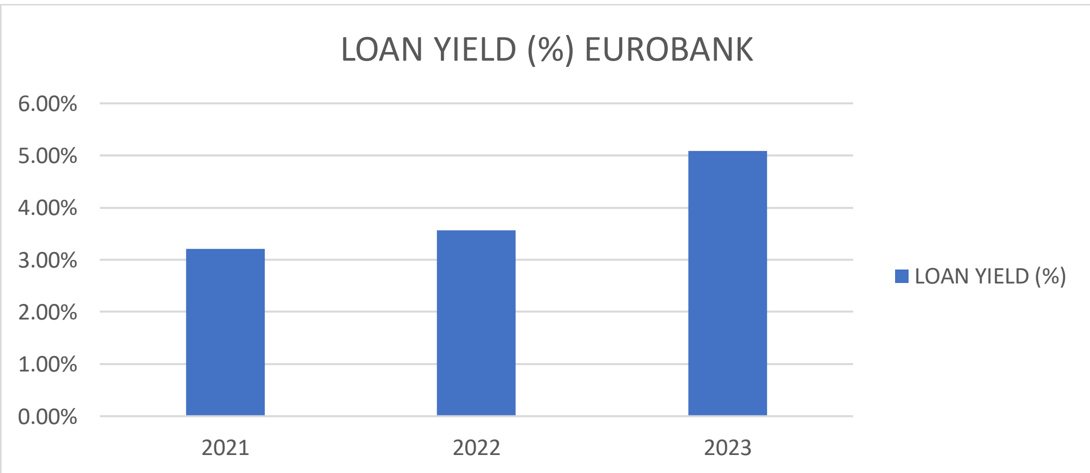
4. Loan Yield

Loan yield is a profitability ratio that measures the average interest income a bank earns from its loan portfolio. It is calculated by dividing net interest income (NII) by gross loans, and is expressed as a percentage.
It reflects the effectiveness of a bank's pricing strategy and balance sheet mix, and is influenced by:
• Market interest rates (e.g. ECB policy)
• Loan types (e.g. corporate vs mortgage)
• Loan quality and risk profile
• Asset/liability management practices

EUROBANK			
YEAR	**NII (€)**	**GROSS LOANS (€)**	**LOAN YIELD (%)**
2021	1.312 €	40.839 €	3.21%
2022	1.551 €	43.466 €	3.57%
2023	2.174 €	42.788 €	5.08%

(Table 4.1)

Eurobank's loan yield increased significantly over the period 2021–2023, rising from 3.21% in 2021 to 5.08% in 2023. This sharp increase, despite only moderate growth in gross loans, reflects the bank's ability to capitalize on the rising interest rate environment and reprice its loan book effectively. The yield expansion suggests improved profitability per euro of loan exposure and highlights Eurobank's strong asset/liability management. The widening spread between interest income and loan volume underpins the surge in net interest income during this period.

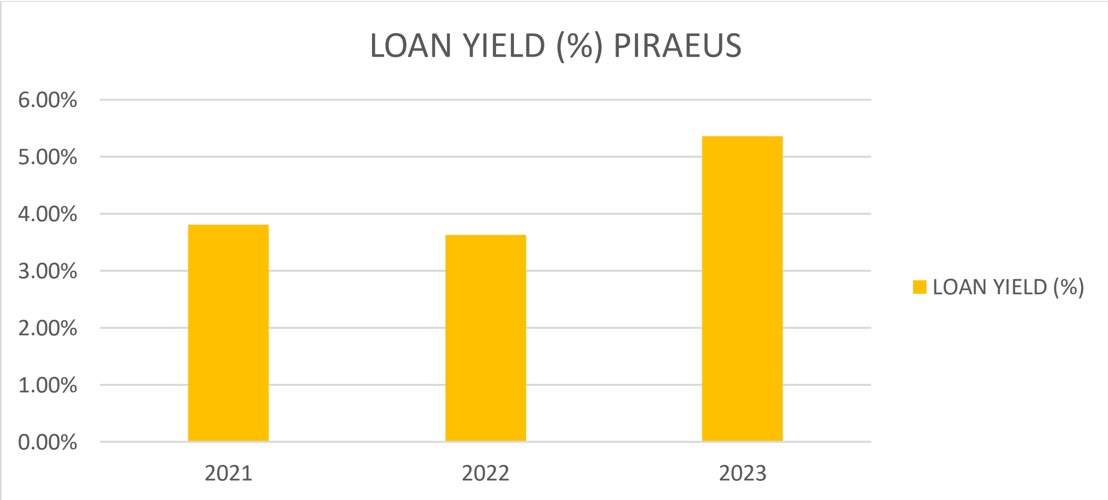


(Chart 4.1)

PIRAEUS			
YEAR	**NII (€)**	**GROSS LOANS (€)**	**LOAN YIELD (%)**
2021	1.410 €	37.018 €	3.81%
2022	1.353 €	37.270 €	3.63%
2023	2.003 €	37.395 €	5.36%

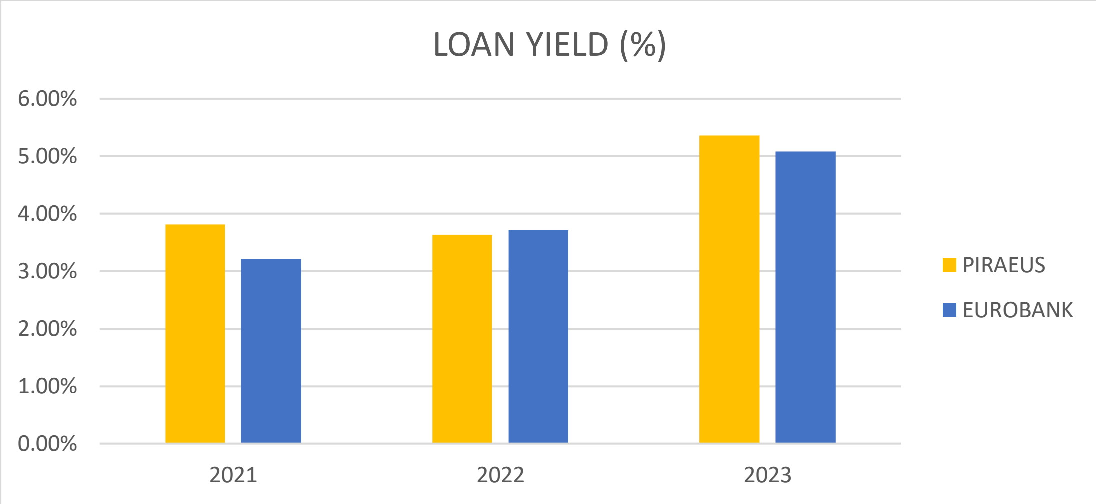
(Table 4.2)

Piraeus Bank's loan yield followed a fluctuating but ultimately strong upward trend. It declined from 3.81% in 2021 to 3.63% in 2022, likely due to loan book restructuring and the derecognition of non-performing exposures (NPEs). However, it surged to 5.36% in 2023, reflecting significant repricing of the loan portfolio and the impact of higher interest rates. Despite limited gross loan growth, the sharp rise in loan yield indicates a notable improvement in profitability per loan unit, highlighting a shift toward margin-focused growth.



(Chart 4.2)

Between 2021 and 2023, both banks recorded a clear improvement in loan yield, though with different patterns and starting points. Eurobank increased its yield steadily from 3.21% in 2021 to 5.08% in 2023, showing consistent pricing adjustments and strong interest rate transmission. Piraeus Bank started higher at 3.81%, declined slightly in 2022 to 3.63%, and then sharply increased to 5.36% in 2023, surpassing Eurobank. This indicates more volatility, but a strong rebound in loan profitability. Overall, Eurobank showed stability and gradual growth, while Piraeus demonstrated a more dynamic late-stage recovery in pricing power.



(Chart 4.3)

5. Cost of Risk

Cost of Risk (CoR) is a key profitability and risk indicator in banking that measures the credit losses a bank expects to incur as a percentage of its loan portfolio. It is calculated using the formula:

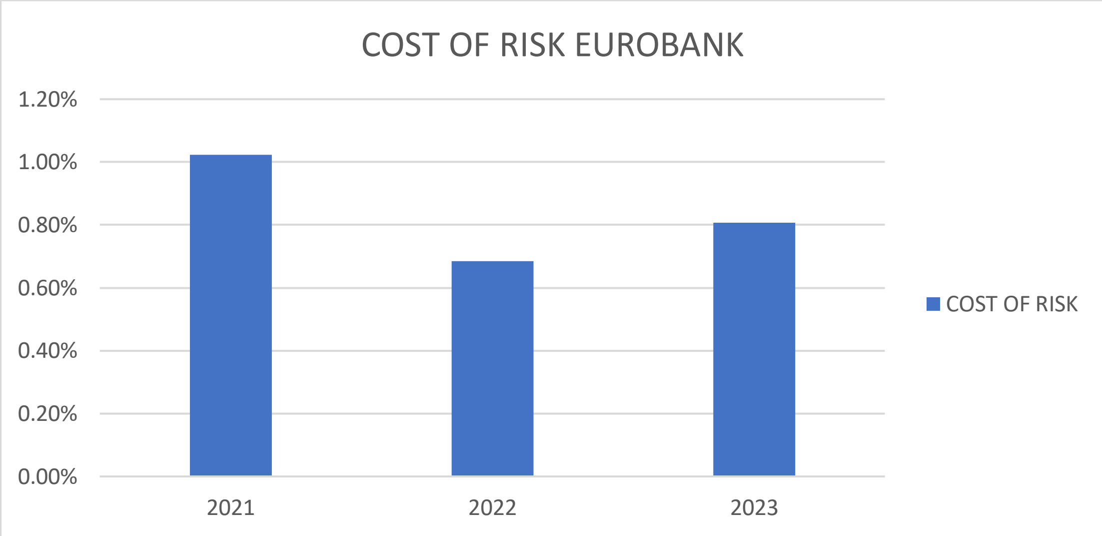
Cost of Risk (%) = $\frac{Loan\ Loss\ Provision}{Gross\ Customer\ Loans}$

A lower CoR indicates stronger asset quality and better risk management, while a higher CoR reflects a greater need for provisions due to loan defaults or deteriorating credit conditions. The following analysis compares the evolution of Cost of Risk for Eurobank and Piraeus Bank over the 2021–2023 period to assess the effectiveness of their credit risk strategies and the resilience of their loan portfolios.

EUROBANK			
YEAR	**LOAN LOSS PROVISION (€million)**	**GROSS CUSTOMER LOAN (€million)**	**COST OF RISK**
2021	418€	40.839€	1.02%
2022	291€	42.466 €	0.69%
2023	345€	42.788 €	0.81%

(Table 5.1)

Eurobank's Cost of Risk (CoR) showed a notable downward trend over the period 2021–2023, reflecting improved credit quality and lower provisioning needs. In 2021, the CoR stood at 1.02%, driven by the tail-end effects of the pandemic and conservative provisioning for legacy exposures. By 2022, CoR dropped significantly to 0.69%, supported by the normalization of asset quality and the absence of exceptional charges. In 2023, a slight increase to 0.81% was observed, likely due to cautious adjustments in response to macroeconomic uncertainty and higher interest rates, though still within a healthy range. Overall, the trend suggests that Eurobank has transitioned from a post-crisis provisioning phase to a more normalized risk environment, maintaining strong credit discipline while allowing for growth in its loan portfolio.

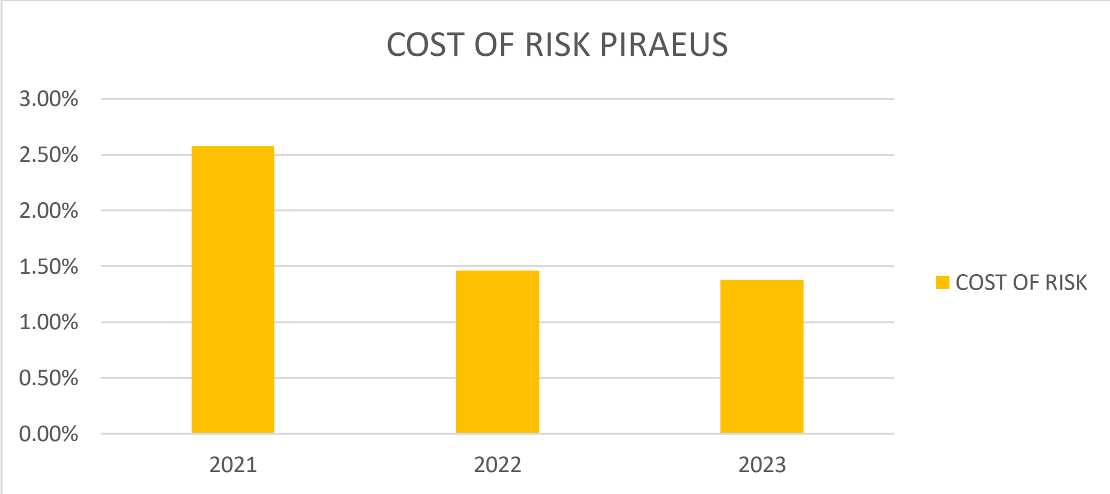


(Chart 5.1)

PIRAEUS			
YEAR	**LOAN LOSS PROVISION (million€)**	**GROSS CUSTOMER LOAN (million€)**	**COST OF RISK**
2021	955 €	37.018 €	2.58%
2022	544 €	37.270 €	1.46%
2023	514 €	37.395 €	1.37%

(Table 5.2)

Piraeus Bank's Cost of Risk decreased significantly from 2.58% in 2021 to 1.46% in 2022, and further to 1.37% in 2023. The elevated figure in 2021 reflects the impact of aggressive balance sheet cleanup initiatives, including NPE securitizations such as Sunrise 3, which required high impairment charges. This was part of the bank's broader strategy to reduce legacy credit risks and improve asset quality. In the following years, provisioning needs declined sharply, indicating that most of the non-performing exposures had already been offloaded. The levels in 2022 and 2023 suggest a transition toward a more stable credit environment, where risk costs are more predictable and aligned with the bank's normalized lending activities. Overall, this trend demonstrates Piraeus Bank's shift from crisis management to operational stability, with lower credit risk costs supporting long-term profitability.

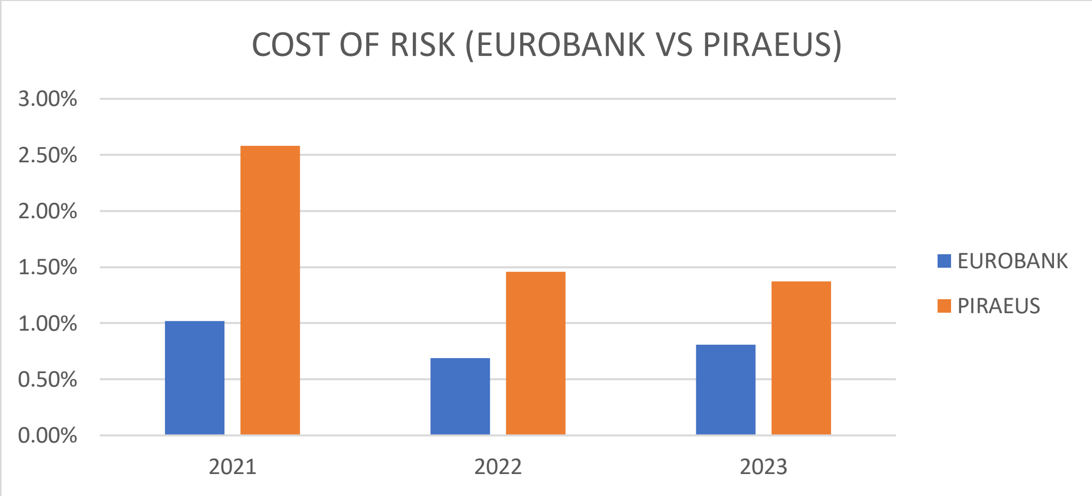


(Chart 5.2)

COST OF RISK (EUROBANK VS PIRAEUS)		
YEAR	**EUROBANK**	**PIRAEUS**
2021	1.02%	2.58%
2022	0.69%	1.46%
2023	0.81%	1.37%

(Table 5.3)

During the 2021–2023 period, Eurobank and Piraeus Bank followed distinctly different trajectories in terms of credit risk charges, reflecting their unique starting points and strategic priorities. Piraeus Bank began the period with a notably high cost of risk at 2.58% in 2021, driven by large-scale efforts to clean up its balance sheet through the disposal of legacy non-performing exposures. This included significant securitizations such as Sunrise 3, which required substantial provisioning. As the de-risking process matured, the cost of risk dropped sharply to 1.46% in 2022 and stabilized at 1.37% in 2023, indicating a transition to a more normalized credit environment. In contrast, Eurobank exhibited greater stability. Starting at 1.02% in 2021, the bank reduced its cost of risk to 0.69% in 2022, reflecting strong asset quality and relatively low provisioning needs. In 2023, the ratio edged up slightly to 0.81%, possibly as a precautionary adjustment amid macroeconomic uncertainties such as rising interest rates and geopolitical volatility, but remained at levels well below those of Piraeus. Overall, Piraeus demonstrated a sharp decline in credit risk costs following a period of intensive restructuring, while Eurobank maintained consistently lower and more stable levels, underscoring differences in portfolio quality and the maturity of their respective transformation strategies.



(Chart 5.3)

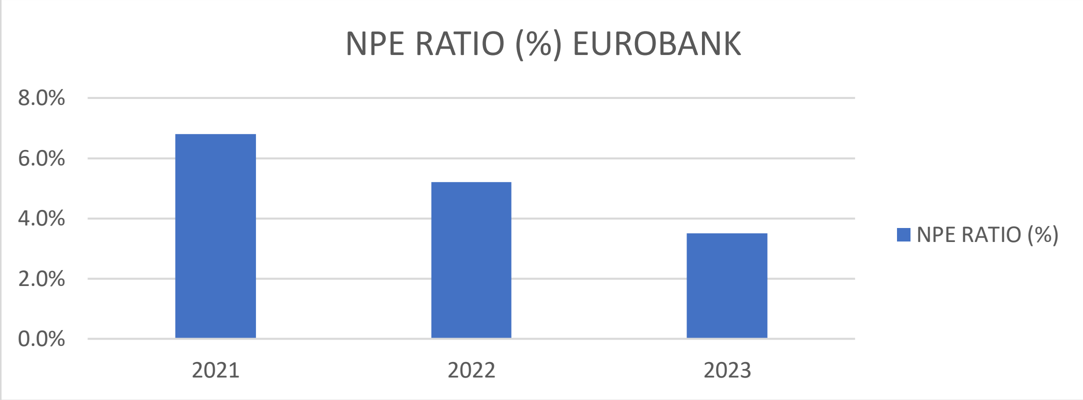
6. NPL Ratio

The Non-Performing Exposure (NPE) ratio is a key indicator used to assess the credit quality of a bank's loan portfolio. It reflects the proportion of loans that are either more than 90 days past due or considered to carry a high credit risk, even without payment delays. A lower NPE ratio suggests better asset quality and stronger risk management, while a higher ratio indicates greater exposure to potential credit losses.

NPE RATIO EUROBANK	
YEAR	**NPE RATIO (%)**
2021	6.8%
2022	5.2%
2023	3.5%

(Table 6.1)

Eurobank achieved a consistent and significant improvement in its NPE ratio over the three-year period. In 2021, the NPE ratio stood at 6.8%, already reflecting progress made through prior NPE reduction initiatives. By 2022, the ratio fell further to 5.2%, supported by active loan restructuring, portfolio cleanups, and limited inflows of new defaults. The declining trend continued in 2023, with the NPE ratio reaching 3.5%, one of the lowest among Greek banks, indicating the bank's successful transition to a cleaner and more resilient loan book. This steady improvement suggests that Eurobank has effectively managed its legacy exposures, while maintaining tight risk controls and avoiding the build-up of new problem loans, a key signal of underlying credit quality.

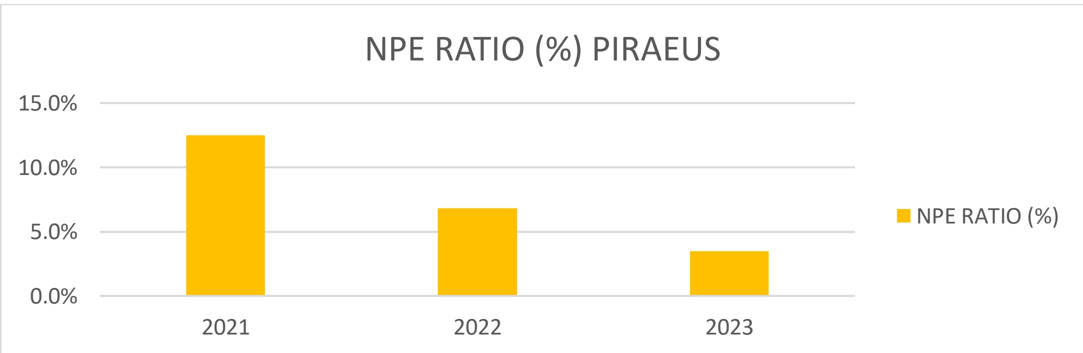


(Chart 6.2)

NPE RATIO PIRAEUS	
YEAR	**NPE RATIO (%)**
2021	12.5%
2022	6.8%
2023	3.5%

(Table 6.3)

Piraeus Bank recorded a remarkable improvement in its NPE ratio over the three-year period, showcasing the effectiveness of its balance sheet transformation strategy. In 2021, the NPE ratio was still relatively high at 12.5%, following a series of securitizations and clean-up transactions that significantly reduced the stock of legacy non-performing exposures. By 2022, the ratio had dropped sharply to 6.8%, reflecting continued efforts in deleveraging, improved asset quality, and limited inflows of new defaults. In 2023, the NPE ratio further decreased to 3.5%, reaching its lowest point in recent years and marking the completion of the group's de-risking plan, which targeted a single-digit NPE level. This trend reflects not only the successful reduction of non-performing assets but also a more stable and healthier loan book going forward.

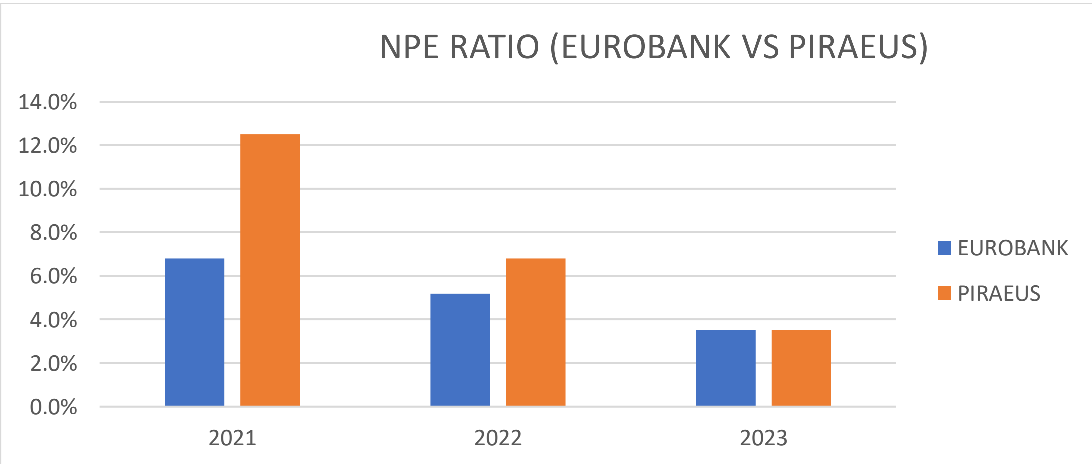


(Chart 6.3)

NPE RATIO (EUROBANK VS PIRAEUS)		
YEAR	**EUROBANK**	**PIRAEUS**
2021	6.8%	12.5%
2022	5.2%	6.8%
2023	3.5%	3.5%

(Table 6.4)

Over the period 2021–2023, both Eurobank and Piraeus Bank achieved substantial reductions in their Non-Performing Exposure (NPE) ratios, but followed different trajectories due to their starting positions and balance sheet conditions. Piraeus Bank began 2021 with a significantly elevated NPE ratio of 12.5%, the result of a high stock of legacy non-performing exposures. Through aggressive de-risking actions, including securitizations and targeted restructurings, the bank managed to more than halve its NPE ratio within two years — reaching 6.8% in 2022, and further declining to 3.5% in 2023. This sharp drop reflects the completion of its NPE clean-up strategy and a shift toward normalized risk levels. Eurobank, in contrast, had already made considerable progress by 2021, reporting an NPE ratio of 6.8% — the same level Piraeus only reached a year later. The bank continued to steadily reduce this ratio to 5.2% in 2022 and finally to 3.5% in 2023, aligning with the sector's best-performing benchmarks. This downward trend confirms Eurobank's consistent risk discipline and early advantage in addressing problem loans. By 2023, both banks had converged at an NPE ratio of 3.5%, signaling the end of their legacy NPE cycles. However, the pace and path were different: Eurobank showed gradual and controlled reduction, while Piraeus executed a more accelerated and restructuring-driven decline. The convergence highlights the overall improvement in the Greek banking sector's asset quality, but also underlines the stronger starting position and earlier progress achieved by Eurobank.



(Chart 6.4)

7. Final Summary & Conclusions (Eurobank vs. Piraeus Bank, 2021–2023)

During the period 2021–2023, Eurobank and Piraeus Bank followed parallel but distinct trajectories in terms of financial development and credit risk management. The analysis focused on key quantitative indicators such as net interest income, loan volume and yield, impairment charges, and asset quality metrics including the Cost of Risk and NPE ratio. Eurobank consistently maintained higher net interest income and demonstrated a clear upward trend in loan yield, suggesting a resilient interest-earning base and effective risk-adjusted pricing. In contrast, Piraeus Bank operated at lower income levels but showed improvement, with a more conservative lending profile following its restructuring phase. In terms of credit risk, the differences were evident. Eurobank maintained low and stable provisioning costs throughout the period, reflecting solid credit quality and well-established risk practices. Piraeus began with significantly higher impairment charges in 2021 due to securitizations and portfolio clean-up operations, but gradually reduced them as part of a successful de-risking strategy. The evolution of the NPE ratio reflects these dynamics. Eurobank achieved a steady decline from 6.8% to 3.5% over three years, following a disciplined and sustained approach. Piraeus Bank, starting from a high 12.5%, recorded a rapid improvement, also reaching 3.5% by 2023 — effectively completing its balance sheet restructuring in a shorter timeframe. In summary, both banks made substantial progress in improving asset quality and reducing credit risk exposure. Eurobank emerged as a stable and consistently managed institution, while Piraeus showed strong capacity for transformation and operational recovery. Although both arrived at similar asset quality levels by 2023, their paths reveal different strengths: Eurobank stands out for its consistency and predictability, while Piraeus for its rapid turnaround and adaptability. Together, they reflect the broader stabilization and convergence observed in the Greek banking sector during this period.

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[links to PDFs if needed – e.g. from each bank's investor relations site]