PIRAEUS BANK GROUP – 9MONTH 2013 RESULTS

Group Net Profit at €3.2 bn in 9month 2013

The prospects for exit from the recession are strengthened

The Banker
Bank of the Year 2013
GREECE

Management Statements

"The Greek economy demonstrates signs of gradual improvement. The fiscal consolidation programme is delivering, as evident from figures to date that point to the direction of a positive primary budget balance in 2013. The current account deficit tends to be eliminated and the economy's competitiveness is being gradually restored. The prospects for exit from the recession are being strengthened. Moreover, there are strong indications of investment interest for particular activities, mainly from international investors.

Greek banks, following completion of the consolidation and the recapitalization of the sector, stand at the center of investor interest, a fact that could be utilized towards acceleration of their privatization process, thus attracting new capital in the country and supporting effectively the recovery effort of the economy. A precondition for the continuation of this positive course is the preservation of the economic and political stability.

Piraeus Bank, after its recent share capital increase and the completion of the operating integration of the acquired banks, has as an immediate priority the faster realization of the synergies and the more efficient management of the non-performing loan portfolio with innovative solutions. Moreover, the expansion of liquidity sources, with eyes set towards international markets, and certainly the financing of the recovery of the Greek economy constitute constant goals for the Bank."

Michalis Sallas , BoD Chairman

"Piraeus Bank, as part of its strategy, has moved decisively for the fast and efficient integration of the banking activities that were added to the Group. The Bank has already successfully completed the full integration of ATEbank and the domestic activities of Hellenic Bank, Bank of Cyprus and CPB, whereas the legal and operating integration of Millennium Bank will take place in December 2013. This integration -much earlier than initially planned- constitutes strong competitive advantage for Piraeus Bank Group, while targeted actions are progressing at a fast pace, such as the rationalization of the branch network and the optimization of personnel.

Recurring pre-tax and provision profitability for the 9month 2013 period for Piraeus Group amounted to €492 mn, while in Q3 2013 the respective figure was €184 mn marking a 34% increase compared to Q2 2013. It is noted, that the pre-provision profitability for Q3 2013 was burdened by the one-off integration costs amounting to €40 mn vs. €17 mn in Q2 2013. Provisions were strengthened to a higher level (€1.5 bn for the 9month), with new NPLs formation in Q3 2013 recording a mild deceleration compared to Q2 2013. Net result attributable to shareholders for the 9month 2013 amounted to €3.2 bn, including the benefit from the negative goodwill of the acquisitions of €3.8 bn.

The Group's liquidity improved further in Q3 2013, with the net loans to deposits ratio setting at 113% from 116% at the end of June 2013, whereas Eurosystem funding declined to €14.7 bn (with zero ELA utilization) from €16.0 bn at the end of June. Finally, taking into consideration the particularly high level of capital adequacy (EBA CT1 at 13.5%) and of cumulative provisions over gross loans (17.1%) ratios, but also the dynamics for pre-provision profitability creation, the Group participates from an advantageous position in the BoG's stress test, and also in the respective test of ECB to take place in 2014."

Stavros Lekkakos, Managing Director & CEO

Group Performance Highlights

9month 2013 Results

- Net result from continuing operations attributable to shareholders amounted to €3,232 mn. Included is the one-off gain from the negative goodwill of domestic operations of Cypriot banks, of ATEbank and of Millennium Bank Greece amounting to €3,810 mn, as well as positive deferred tax of €621 mn mainly from the increase of the corporate tax rate from 20% to 26% from the beginning of 2013.
- Recurring pre-tax and provisions profitability for the 9month 2013 amounted to €492*mn, while in Q3 2013 the respective profit rose 34% to €184 mn from €138 mn in Q2 of the current year. It is noted, that excluding the one-off integration and acquisition costs of €57 mn, recurring pre-tax and provision profitability amounted to €549 mn.
- Net interest income for the Group amounted to €1,187 mn. Net interest income was positively affected by the significant de-escalation of term deposits' cost, and the reduction of ELA funding utilization. On a quarterly basis, net interest income rose 8%.
- Net Fees & Commission Income reached €195 mn, 89% of which was originated from commercial banking activities. As a percentage of assets it amounted to 0.3%, signifying its considerable room for improvement.
- Net Revenues amounted to €1,549* mn, of which net interest income and fees comprised 89%.
- Operating Costs reached €1,053 mn, of which 54% are related to staff expenses, 37% administrative expenses and 9% depreciation & other expenses (in the 9month period, operating costs include one-off acquisition costs of €57 mn).
- Loan impairment charges amounted to €1,544 mn or 2.75% of gross loans, declining 11% to €489 mn in Q3 2013 compared to the previous quarter.

Volumes and Presence as of 30 September 2013

- Group total assets amounted to €93 bn, marking a 2% decline compared to June 2013.
- Gross loans slightly declined (1%) compared to June 2013 and amounted to €75 bn, of which business loans were 65%, mortgages 25% and consumer loans 10%.
- Deposits remained stable compared to the previous quarter and amounted to €55 bn, with savings and current deposits constituting 39.5% of the total portfolio.
- Net loans to deposits ratio improved further to 113% in September 2013, while the net Eurosystem funding ratio (i.e. excluding EFSF bonds that have been pledged as collateral to ECB) stood at 12% of total assets. At the end of September 2013 ELA facility utilization was zero.
- The loans in arrears over 90 days ratio reached 35% and the coverage ratio of loans in arrears > 90 days by cumulative provisions stood at 49%. The ratio of cumulative provisions to gross loans amounted to 17%, both for the Group and the Greek portfolio, vs. 14% for the total Greek market. In Q3 2013, on a sequential basis, a mild de-escalation in new NPL formation was recorded.
- Total equity of the Group amounted to €9.2 bn at the end of September 2013, and the Group's total capital adequacy ratio reached the particularly satisfying level of 13.6%.
- The Group's branch network comprised of 1,653 units, of which 1,218 branches operated in Greece and 435 in nine countries internationally. As at 30.09.13, the Group employed 24,495 persons, 18,440 were in Greece and 6,055 abroad, while completion of the VES programme was under way.

Key Figures of Piraeus Bank Group (**)

Consolidated Data (in € mn)	30.09.13	31.12.12
Selective Balance Sheet Figures		
Assets	92,719	70,408
• o/w assets from discontinued operations [1]	343	377
Gross Loans before adjustments [2]	74,787	50,573
Cumulative Provisions [2]	(12,790)	(5,961)
Deposits	54,692	36,971
Total Equity	9,222	(2,324)
Summary Results	**9month 2013**	**FY 2012**
Net Interest Income	1,187	1,028
Net Fees & Commission Income	195	218
Net Trading Income & Gain less losses from Invest. securities	102	635
Other Operating Income & Dividend Income	64	(14)
Net Revenues	1,549	**1,866**
Personnel Expenses	(572)	(424)
Administrative Expenses	(388)	(379)
Depreciation & Other	(92)	(106)
Total Operating Costs	(1,053)	**(909)**
- **of which one-off integration costs**	(57)	
Share of profit of associates	(4)	15
Profit before Tax & Provisions	492	**972**
- **without one-off integration costs**	549	
Impairment of Loans & Other Assets	(1,684)	(2,197)
GGB Impairment	-	(311)
Negative Goodwill	3,810	351
Pre-Tax Result	2,618	**(1,185)**
Share of Bank shareholders in result after tax from continuing operations	3,232	(513)
Profit after tax from discontinued operations[1]	19	13

NOTES
[1] ***Discontinued Operations:*** *ATE Insurance and ATE Insurance Romania while for 2012 results Marathon Bank is also included.*
[2] ***Gross Loans & Provisions:*** *The amount includes the fair value adjustment of €7.4 bn, related to credit risk, from the loans acquired by "good" part of ATEbank, Geniki Bank, the domestic loans of the 3 Cypriot banks and those of Millennium Bank Greece.*

Volume Evolution

The Group's total deposits amounted to €54.7 bn at end-September 2013, unchanged from the previous quarter. Deposits in Greece, with the integration of all acquisitions amounted to €50.2 bn. Piraeus Bank holds the first place in the Greek banking market with a deposit market share of 29%. Deposits of the Group's international operations stood at €4.5 bn (8% of its total deposits).

Gross loans before adjustments of the Group at the end of September 2013 amounted to €74.8 bn, standing 1% lower compared to the previous quarter. Loans in Greece stood at €67.7 bn and loans in international operations at €7.1 bn (10% of total loans). Regarding the loan composition per customer category at the end of September 2013, the total Group business loan portfolio stood at €48.6 bn, whereas retail loans amounted to €26.2 bn. Business loans represent 65% of total Group loans, whereas retail loans 35% (25% mortgages and 10% consumer loans). Based on loan market shares (30% according to September 2013 data), Piraeus Bank holds the first position in the Greek market.

The Group's loans to deposits ratio stood at 113% at the end of September 2013, from 116% in June (112% in Greece, 130% in international operations, with both ratios on a stable course of improvement).

Group Volume Analysis	Amounts (€ mn)	Composition (%)
Gross loans per type		
Loans to businesses	48,582	65%
Loans to individuals	26,205	35%
Total loans	**74,787**	**100%**
• Greece	67,660	90%
• International	7,127	10%
Deposits per type		
Sight-Savings	21,601	39%
Term	33,091	61%
Total deposits	**54,692**	**100%**
• Greece	50,173	92%
• International	4,519	8%

Piraeus Bank's dependence on Eurosystem funding declined 53% since the beginning of the year and stood at €14.7 bn, with zero utilization of ELA funding on September 30 2013. The relatively low use of Eurosystem funds is reflected by the respective ratio of "net" Eurosystem funding over total assets that stood at 12% on 30.09.13, assisting the goal for funding autonomy.

Loan Portfolio Quality

The Group's loans in arrears over 90 days (NPLs) ratio moved higher to 35% of gross loans at the end of September 2013, as a result of the ongoing deep, although decelerating, recession and the deleveraging of the loan portfolio.

It is worth noting, the deceleration in new NPL formation also in Q3 2013 compared to the previous quarter, mainly attributable to the business portfolio, which is a positive sign for the evolution of the ratio, given of course the macroeconomic developments. The NPLs and loans in arrears over 90 days coverage by cumulative provisions ratio for the Group stood at 49%, whereas together with tangible collateral total coverage amounts to 109%. The cumulative provisions to gross loans ratio at the end of September 2013 reached a high level of 17% (20% for business loans).

Capital Adequacy

Piraeus Bank successfully completed its share capital increase at the end of June 2013, raising a total capital amount of €8,429 mn. The Group's total equity at the end of September 2013 amounted to €9,222 mn.

The Group's total capital adequacy ratio at the end of September 2013 stood at 13.6% and the EBA Core Tier I ratio at 13.5%.

Evolution of results

The Group's net interest income (NII) reached €1,187 mn in the 9month 2013 period. It should be noted, that NII is gradually benefitting from the normalization in the high funding cost, since deposits' cost in Greece is considerably de-escalating in line with the stabilization of the domestic economic environment.

Moreover, the decline in the use of ELA facility, since the beginning of 2013, had a positive impact on the Group's net interest income during the 9month 2013 period, since the interest expense was smaller (€61 mn vs. €256 mn in 9m 2012 incremental cost over ECB reference rate). Net interest income stemming from operations in Greece amounted to €955 mn, whereas the respective figure from international operations was €233 mn.

Net Fees & Commission Income amounted to €195 mn in the 9month 2013 period, of which commissions stemming from commercial activities reached €175 mn (89% of the total). Net Fees & Commission Income in Greece was €159 mn, while the respective amount for international operations was €36 mn.

Net revenues amounted to €1,549* mn in the 9month 2013 period.

The Group's operating expenses amounted to €1,053 mn in 9month 2013, of which 54% were related to staff expenses (€572 mn), 37% administrative expenses (€388 mn) and 9% depreciation and other expenses (€92 mn). Operating costs were burdened with €57 mn one-off integration costs for operations acquired since July 2012. Excluding these one-off costs, the Group's operating costs amounted to €996 mn.

To note, that within the framework of branch network rationalization in Greece and cost synergies' creation, 92 branches have ceased operations within the 9month 2013 period, whereas by the current year's end, their respective number will reach 280, with the domestic branch network amounting to around 1,040 units. Moreover, in the Bank's domestic VES programme, that was concluded recently, around 2,200 persons participated.

The Group's recurring profit before tax and provisions amounted to €492*mn in the 9month 2013, with the respective profit for Q3 2013 at €184 mn marking an increase of 34% vs. Q2 2013. Excluding the one-off integration costs of €57 mn, recurring profit before tax and provisions stands at €549 mn.

The impairment losses on loans reached €1,544 mn (275 bps vs 466 bps in FY 2012), of which €1,252 mn in Greece and €292 mn abroad.

The Group pre-tax results amounted to -€1,192 mn, excluding the negative goodwill stemming from the acquisitions.

For the determination of the fair value of assets and liabilities of the operations of the Cypriot banks in Greece, of ATEbank and of Millennium Bank Greece, the purchase price allocation methodology was applied according to the provisions stipulated in IFRS 3 "Business Combinations". The total negative goodwill amounted to €3,810 mn.

Including the negative goodwill, the Group's pre-tax profit for the 9month 2013 period amounted to €2,618 mn.

The Group's net profit attributable to shareholders from continuing operations for the 9month 2013 period was €3,232 mn, while discontinued operations posted a profit of €19 mn.

It should be noted, that net results include a positive deferred tax amount of €621 mn, mainly due to the increased corporate tax rate from 20% to 26% as of 01.01.2013

Latest Developments

- On October 28, 2013 Piraeus Bank successfully completed the integration in its systems of the Greek operations of Bank of Cyprus.
- Following the participation of BANCO COMERCIAL PORTUGUES S.A. ("BCP") in the recent share capital increase of Piraeus Bank in June 2013, BCP announced on October 30 2013 that it has sold, through an accelerated placement, its entire holding of shares and warrants in Piraeus Bank (235,294,117 respectively). The placement was 2x oversubscribed and was finalized within few hours.
- On November 1, 2013 Piraeus Bank completed, in collaboration with the Hellenic Ministry of Rural Development & Food and the Payment and Control Agency for Guidance and Guarantee Community Aid (OPEKEPE), the procedure of advance payments through the program of unified aid to farmers for 2013, amounting to €960 mn. Beneficiaries were 660 thousand farmers of the country.
- On November 17, 2013 Piraeus Bank successfully completed the integration in its systems of the Greek operations of CPB.
- On November 28, 2013 Piraeus Bank received the distinction of "Bank of the year 2013" in Greece, from The Banker magazine.

Athens, November 29, 2013

The 9month 2013 financial statements of Piraeus Bank Group will be available at the corporate site on Friday November 29, 2013.
(www.piraeusbankgroup.com)

(*) without the negative goodwill of domestic operations of Cypriot banks, of ATEbank and of Millennium Bank Greece amounting to €3,810 mn

(**) On 26.03.13 Piraeus Bank acquired selective assets and liabilities of the Greek banking operations of Bank of Cyprus, of Cyprus Popular Bank and of Hellenic Bank, including loans and deposits of their subsidiaries in Greece. As a result, the relevant balance sheet figures as of 30.09.13 are included in the Press Release, while in the P&L data are included for the period from 16.03.13 to 30.09.13. On 19.06.13 Piraeus Bank acquired 100% of Millennium Bank S.A. (MBG). As a result, the balance sheet data as of 30.09.13 are included in the Press Release, while in the P&L data for the period from 20.06.13 to 30.09.13 are included.

Due to the acquisition of ATEbank on 27.07.12, of Geniki Bank on 14.12.12, of operations of the Cypriot banks in Greece from 26.03.13, and of MBG from 19.06.13, it is not possible to present comparable figures and results for the Group both on a quarterly and on an annual basis.

BRIEF PROFILE

Piraeus Bank was founded in 1916 and was listed on the Athens Stock Exchange in 1918. The Bank operated through a period of private-ownership and management and in 1975 it passed to state-ownership until 1991, when it was privatized again. Since then, Piraeus Group has become one of the most dynamic and active organizations in the Greek economy. At the end of September 2013, the Group possessed a network of 1,653 branches (1,218 in Greece and 435 abroad) and employed 24,495 people (18,440 in Greece and 6,055 abroad) and 6.9 mn customers in 10 countries.

During 2012 and 2013 Piraeus Bank Group proceeded with a series of business transactions (absorption of the "good" part of ATEbank, acquisition of Geniki Bank, acquisition of banking operations of 3 Cypriot banks in Greece, acquisition of Millennium Bank Greece), thus further strengthening its market position in order to actively contribute to the restructuring of the Greek economy.

Piraeus Bank Group, combines business operations with social responsibility, endorses systematically its relations with its social partners through specific actions, while emphasis is also placed on the protection of the natural and cultural environment. As one of the systemic banks in Greece, Piraeus Bank takes initiatives in order to support healthy business plans, and the transition of the Greek economy into a new era of modern and sustainable growth.