

Athens, Monday 3 August 2015

Announcement

In response to the Hellenic Capital Market Commission's (HCMC) questions regarding recent developments in the Greek banking sector mainly as a result of the bank holiday, the restrictions in cash withdrawals and the capital controls, as well as the forthcoming Comprehensive Assessment (CA) which will be conducted by the Regulatory Authority (ECB), Piraeus Bank is providing the current update to the investment community.

More specifically, Piraeus Bank informs the investment community of the following:

- *Estimated impact on capital adequacy.* The bank holiday started on June 29, 2015 and ended on July 20, 2015. However, the restrictions on cash withdrawals and transfer of funds have remained in place. The real impact of capital controls on the economy cannot yet be determined accurately. Also, one of the objectives – among others – of the forthcoming Comprehensive Assessment, which will be conducted by the ECB is the determination of the capital controls' impact on the capital adequacy of the Greek banks. Moreover, the financial statements of the Group for the 1st half of 2015 are in the process of preparation and review by the certified auditors. Therefore, in the current phase, the Bank is not in a position to estimate the impact on its capital adequacy. The most recent published data refer to March 2015, when Piraeus Bank's Group CET-1 capital adequacy ratio stood at 11.6% and the total capital ratio at 11.7%.
- *Level of funding from the Euro system.* The total liquidity that Piraeus Bank has raised through the Euro system amounted to €37 bn (€15 bn through the ECB and €22 bn through the ELA) as of June 30, 2015, this amount has remained unchanged to today.
- *Estimated impact on the level of non-performing loans.* As mentioned above regarding capital adequacy and the information available to date, the Bank has no data to determine reliably the impact of the bank holiday and capital controls on non-performing loans. The pace of non-performing loans will be mainly influenced by the extent of the looming decline in GDP and the development of the unemployment rate in Greece, counterbalanced by the impact of the European Union's development package agreed during the Euro zone Heads of State Summit on July 12, 2015.
- *Estimated impact on the recoverability of deferred tax assets.* The recoverability of deferred tax assets is, by standard practice, part of the financial statements creation, which are currently in preparation and review stage by the auditors. The amount of Group deferred tax assets was €4.0 bn at the end of March 2015, of which €1.3 bn related to the impairment on Greek government bonds, following the PSI in 2012 (30 years horizon use from the year incurred); €2.2 bn in loan impairment and receivables, as a result of the recession in Greece during the past years (indefinite horizon use); and €0.5 bn tax losses carried forward (5 years horizon use from the year incurred).

- *Estimated time plan for the conclusion of the evaluation of the asset quality assessment, the stress tests and recapitalization.* It is estimated that the entire process will be completed by year end. Preparation for the Comprehensive Assessment that will be conducted by the ECB's Single Supervisory Mechanism has already begun and will cover the Asset Quality Review (AQR) and will also incorporate Stress Test and Join-Up processes, similar to those conducted a year ago. However, the scope, method and recapitalization instruments have not yet been clarified.

Additionally, Piraeus Bank informs the investment community that the Bank, as along with the entire Greek banking system, was in a bank holiday status beginning June 29 until July 20, 2015, pursuant to the Legislative Act of June 28, 2015, as amended. In this context and subject to the restrictions of the requirements of the Act's provisions, the Bank fully served the needs of its 5 million customers in Greece and provided them with uninterrupted services.

As of July 20, 2015, with the termination of the bank holiday, the Bank's 778 branches in Greece were made again available to the public under the provisions of the new Legislative Act of July 18, 2015, and the amendment of the Ministerial Decision of 24 July 2015. During the weeks from late June 2015 to date, the Bank has issued almost 340,000 new debit cards, added some 75,000 registered users to the 'winbank' electronic banking platform, handled an average of more than 100,000 online transactions per day (+50% increase versus previous period) and focused on effectively servicing its customers under the newly established conditions in the banking market in Greece.

Finally, it is noted that in the first six months of 2015 the Bank's deposits in Greece declined 28%, whereas since the end of the bank holiday to date, deposits have not recorded any additional outflows.