Q1 2013 Results – Management Statements

"The capital enhancements programmes of the country's 4 systemic banks, which are underway and will be concluded in the next few weeks, are milestones for the domestic banking sector and the economy in general.

Piraeus Bank, having contributed to the restructuring of the Greek banking system, has successfully become the largest bank in Greece with market share of 30% and total equity of €1.3 bn on 31.03.13, which will reach €9.7 bn (pro-forma) upon the completion of its forthcoming share capital increase. This level of equity places Piraeus Bank in the 30th place among banks in the European Union. At the same time, the Bank succeeded in safeguarding its private management and transformed itself into a financially robust banking institution, able to cope with the headwinds of the economic environment and to actively support all sound business and private initiatives, thus helping to strengthen the country's competitiveness".

Michalis Sallas , BoD Chairman

"Piraeus Bank, following the acquisition of healthy ATEbank and Geniki Bank in 2012, acquired the Greek banking operations of the Cypriot banks in late March 2013. Additionally, in April 2013, Piraeus Bank signed an agreement with Millennium BCP to acquire 100% of Millennium Bank in Greece and secure the €400 mn participation of BCP in the upcoming share capital increase of Piraeus Bank. Following this transaction, the Group's combined total assets will amount to € 99 billion, with 1,750 branches and 25,000 employees in Greece and abroad.

Group pre-tax and provisions profitability amounted to € 170 mn in Q1 2013. The total impairment losses on loans and advances reached €506 mn, contributing to a pre-tax loss of €336 mn (*). The attributable net result from continuing operations amounted to €203 mn (*), positively affected by the change in the corporate tax rate beginning as of 01.01.2013.

During Q1 2013, Piraeus Group's deposits continued to increase, which contributed to a significant reduction in the Eurosystem funding which amounted to €21 bn versus €32 bn as at 31 December 2012, while the loan to deposit ratio showed an additional improvement to 114% compared to 121% at the end of 2012. It should be noted that the Group regained meaningful access to the repo interbank market outside from the European Central Bank with a balance of € 5.9 bn at the end of March 2013.

The Group's Core Tier I –EBA ratio, pro-forma for the recapitalization plan, stands at the very high level of 14.8%, that safeguards the balance sheet and allows the efficient financing of the economy".

Stavros Lekkakos, Managing Director & CEO

(*) Excluding the negative goodwill stemming from the acquisition of the Greek networks of the Cypriot banks

Group Performance Highlights

Q1 2013 Results

- Net interest income amounted to €315 mn in Q1 2013. It should be noted, that net interest income was negatively affected by €44 mn due to the use of the ELA mechanism, that was the sole source of Eurosystem financing up to mid January 2013.
- Net Fees & Commission Income reached €55 mn, 90% of which was originated from commercial banking activities.
- Net Revenues amounted to €432 mn.
- Operating Costs reached €264 mn, of which €149 mn are related to staff expenses, €88 mn administrative expenses and €27 mn depreciation & other expenses.
- Profit before Tax and Provisions in Q1 2013 amounted to €170 mn.
- Total Impairment charges amounted to €506 mn or 3.3% (annualized) of the average gross loans.
- Pre-tax result was -€336 mn (*) in Q1 2013.
- For the determination of the fair value of assets and liabilities of the operations of the Cypriot banks in Greece, that were acquired by the Bank in late March 2013, and contingent liabilities of the acquired items, the method for purchase price allocation was applied according to the provisions stipulated in IFRS 3 "Business Combinations". The negative goodwill amounted to €3,414 mn.
- Including this negative goodwill, pre-tax profit amounted to €3,077 mn in Q1 2013, while net result from continuing operations attributable to shareholders amounted to €3,617 mn, including a positive deferred tax of €540 mn (mainly from the increase of the corporate tax rate from 20% to 26%).

Volumes and Presence as of 31 March 2013

- Group total assets amounted to €85.9 bn at the end of March 2013, whereas when the capital strengthening plan of €8.4 bn is also considered, pro-forma total assets would reach €94.4 bn.
- Gross loans amounted to €71.9 bn, of which business loans were 66%, mortgages 23% and consumer loans 10%.
- Deposits amounted to €53.3 bn, with considerable improvement in their composition, since savings and current deposits constituted 38% of the total portfolio compared to 30% at the end of March 2012.
- Net Loan to deposit ratio was considerably improved to 114% on 31 March 2013 from 158% at the end of March 2012.
- NPL ratio (loans in arrears over 90 days) reached 31% at the end of March 2013 (burdened by 5 p.p. due to the inclusion for the first time of the Cypriot operations in Greece) and the coverage ratio of loans in arrears > 90 days by cumulative provisions reached 50%. The ratio of cumulative provisions to gross loans amounted to 16%.
- Total equity of the Group at the end of March 2013 amounted to €9.7 bn, including the €8.4 bn which will be raised as part of the capital strengthening programme. The Group’s total capital adequacy ratio reached 15.2% at end March 2013 (pro-forma).
- The Group’s branch network comprised of 1,630 units at the end of March 2013, of which 1,186 branches operate in Greece and 444 in nine countries internationally. As at 31.03.13, the Group employed 23,574 persons, 17,408 were in Greece and 6,167 abroad.
- **With Millennium Bank, the combined net loans of the Group amount to €64.9 bn, deposits reach €56.3 bn, the loans to deposits ratio 115% and the ratio of cumulative provisions to gross loans 15%. The Group branch network comprises of 1,750 units and 24,756 personnel, while the domestic market shares stood at 29.6% and 28.9% in terms of loans and deposits respectively.**

(*)Excluding the negative goodwill stemming from the acquisition of the Greek networks of the Cypriot banks

Key Figures of Piraeus Bank Group in Q1 2013

(balance sheet data at the end of the period, income statement data for the 3month period)

Consolidated Data (in € mn)	**31.03.13**	**31.03.12**
Selective Balance Sheet Figures		
Assets (pro-forma March 2013)	94,355	47,243
• *o/w assets from discontinued operations*[1]	*354*	*677*
Gross Loans[2]	71,868	35,999
Cumulative Provisions[2]	(11,182)	(2,829)
Deposits	53,340	20,946
Total Equity (pro-forma March 2013)	9,730	(1,854)
Summary Results		
Net Interest Income	315	235
Net Fees & Commission Income	55	46
Net Trading Income & Gain less losses from Investment Securities	51	99
Other Operating Income & Dividend Income	11	14
Net Revenues	**432**	**394**
Personnel Expenses	(149)	(85)
Administrative Expenses	(88)	(65)
Depreciation & Other	(27)	(28)
Total Operating Costs	**(264)**	**(178)**
Share of profit of associates	**2**	**(1)**
Profit before Tax & Provisions	**170**	**215**
Impairment of Loans & Other Assets	(506)	(296)
GGB Impairment	-	(311)
Negative Goodwill	3,414	
Pre-Tax Result	**3,077**	**(392)**
Share of Bank shareholders in result after tax from continuing operations	3,617	46
Profit after tax from discontinued operations	12	1

NOTES

[1] ***Discontinued Operations:*** *for the Balance Sheet, ATE Insurance-ATE Insurance Romania for 31.03.13, for the P&L Marathon Bank for Q1 2012 and ATE Insurance-ATE Insurance Romania for Q1 2013.*

[2] ***Gross Loans & Provisions:*** *The amount includes the fair value adjustment of €7.0 bn, related to credit risk, from the loans acquired from ATEbank, Geniki Bank, and the domestic loans of the 3 Cypriot banks.*

Volume Evolution

The Group's total deposits amounted to €53.3 bn at the end-March 2013. Deposits in Greece with the incorporation of ATEbank, Geniki Bank and the Greek portfolios of the Cypriot Banks amounted to €48.7 bn. It should be noted, that the deposit increase in the total Greek market during the second half of 2012 (+9%) continued in the first quarter of 2013, with deposits increasing an additional 4%. Piraeus Group's total deposits increased by +€2.2 bn or 6% on a quarterly basis, like-for-like (excluding the deposits of the three Cypriot Banks as at 31.03.13).

Deposits of the Group's international operations stood at €4.6 bn, up slightly 1% compared to 31 December 2012.

Gross loans of the Group at the end of March 2013 amounted to €71.9 bn. Loans in Greece were at €64.6 bn and loans in international operations at €7.3 bn. Regarding the loan composition per customer category, the total Group business loan portfolio stood at €47.7 bn at the end of March 2013, whereas retail loans amounted to €24.2 bn. Business loans represent 66% of total Group loans, whereas retail loans 34% (23% mortgages and 10% consumer loans).

Group Volume Analysis - Mar.'13	**Amounts (€ mn)**	**Composition (%)**
Gross loans per type		
Loans to businesses	47,663	66%
Loans to individuals	24,205	33%
Total loans	**71,868**	**100%**
• *Greece*	64,553	90%
• *International Operations*	7,315	10%
Deposits per type		
Sight-Savings	20,524	38%
Term	32,815	62%
Total deposits	**53,340**	**100%**
• *Greece*	48,713	91%
• *International Operations*	4,627	9%

The Group's loan to deposit ratio improved further to 114% at the end of March 2013 compared to 158% a year ago. Furthermore the Eurosystem funding over total assets ratio improved significantly to 13%, taking into account the EFSF bond portfolio, which is a potential source of liquidity pledged to third parties apart from the Central Bank.

Loan Portfolio Quality

The Group's loans in arrears over 90 days (NPLs) ratio reached 31% of gross loans at the end of March 2013, incorporating ATEbank, Geniki Bank and the Greek portfolios of the Cypriot Banks. Excluding the NPLs of the Cypriot operations in Greece, the ratio stood at 26% and increased from 24% as at 31 December 2012. In Greece, the Group's NPL ratio stood at 26% on March 31, 2013.

The NPLs and loans in arrears over 90 days coverage by cumulative provisions ratio for the Group stood at 50%. The cumulative provisions to gross loans ratio reached a high of 16% at end March 2013.

Capital Adequacy

The Group's total capital adequacy ratio at the end of March 2013 stood at 15.2% and the Core Tier I EBA ratio at 14.8% (pro-forma for the forthcoming share capital increase).

Group's total equity stood at €1,301 mn. Following the forthcoming capital increase, the Group's total equity will increase to €9,730 mn (pro-forma).

Evolution of results

The Group's net interest income (NII) reached €315 mn in Q1 2013. It should be noted that net interest income continues to be negatively affected by high funding costs, as the deposit rates in Greece remain high, even though at a declining trend. At the same time, NII was burdened by €44 mn in Q1 2013 due to the use of the ELA mechanism versus ECB funding. However, the Group's renewed access to ECB refinancing operations since mid January 2013, is expected to have a positive impact on the Group's future net interest income. NII stemming from operations in Greece reached €223 mn, while the respective income from international operations was €92 mn.

Net Fees & Commission Income amounted to €55 mn in Q1 2013, of which commissions stemming from commercial activities reached €50 mn (90% of the total). Net Fees & Commission Income in Greece was €43 mn, while the respective amount for international operations was €12 mn.

Net revenues amounted to €432 mn in Q1 2013.

The Group's operating expenses amounted to €264 mn in Q1 2013, of which 56% were related to staff expenses (€149 mn), 33% administrative expenses (€88 mn) and 10% depreciation and other expenses (€28 mn).

The Group's profit before tax and provisions amounted to €170 mn in Q1 2013.

Excluding the cost of using the ELA mechanism versus ECB funding, and the negative contribution from Geniki Bank of -€14 mn, pre-tax and provisions profitability amounted to €208 mn.

The impairment losses on loans had a downward trend compared to the all-time high levels in 2012 and reached €506 mn (annualised 330 bps vs 466 bps in 2012), of which €448 mn came from Greece and €58 mn from abroad.

The Group reported pre-tax losses of -€336 mn (not including the negative goodwill stemming from the acquisition of the Greek networks of the Cypriot banks).

For the determination of the fair value of assets and liabilities of the operations of the Cypriot banks in Greece, that were acquired by the Bank in late March 2013, and contingent liabilities of the acquired items, the method for purchase price allocation was applied according to the provisions stipulated in IFRS 3 "Business Combinations". The negative goodwill amounted to €3,414 mn. When including the negative goodwill the Group's pre-tax profit amounts to €3,077 mn.

The Group's net profit attributable to shareholders from continuing operations for Q1 2013 was €3,617 mn, while discontinued operations posted a profit of €12 mn. It should be noted that net result includes a positive deferred tax of €540 mn, mainly due to the increased corporate tax rate from 20% to 26% as of 1.1.2013.

Developments post March 31, 2013

- On April 22 2013, Piraeus Bank signed an agreement with Millennium BCP regarding the acquisition of the 100% of the share capital of Millennium Bank Greece and the participation of BCP in the forthcoming share capital increase of Piraeus Bank, in the amount of €400 mn.

- On April 23, 2013, the Second Iterative General Meeting of Shareholders approved Piraeus Bank's capital increase by €8,429 mn, and authorized the Board of Directors to determine the terms of the share capital increase, and to finalize the relevant procedures.
- On May 13, 2013, Piraeus Bank announced the tender offer to purchase existing subordinated and hybrid securities totalling €321 mn. The main aim of this offer is to strengthen the quality of the Bank's core Tier I capital, while the acceptance period of the offer is expected to run until May 24, 2013.

Athens, Monday 20 May, 2013

The Q1 2013 financial statements of Piraeus Bank Group will be available at the corporate site www.piraeusbankgroup.com on Tuesday, 21 May 2013.

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 March 2013, the Group possessed a network of 1,630 branches (1,186 in Greece and 444 abroad) and employed 23,574 people (17,407 Greece and 6,167 abroad) and 6.4 mn customers in 10 countries.

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.

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, agreement for the acquisition of Millennium Bank Greece), thus further strengthening its market position in order to actively contribute to the restructuring of the Greek economic environment.