

FULL YEAR 2011 RESULTS

Management Statements

The implementation of the Greek Government bond exchange programme (PSI), inevitably had very large negative effects on both the financial results and the equity capital of all Greek banks.

To address the negative effect that the PSI and the economic crisis had on Greek banks' regulatory capital, the new Economic Adjustment Programme entirely provides for the safeguarding of the capital adequacy of the Greek banks and the stability of the Greek financial system.

Piraeus Bank has already received a Commitment Letter from the Hellenic Financial Stability Fund (HFSF) to participate in the Bank's share capital increase, which will take place in the coming months and restores our total capital adequacy ratio to 9.7% (pro-forma).

The completion of the recapitalization of the Greek banks will facilitate the enhancement of liquidity in the market and the funding of Greek companies' investment plans, helping to stimulate the gradual recovery of the Greek economy.

Michalis Sallas, Chairman of BoD

Over the past year, Piraeus Group managed to preserve its organic revenue level in an unprecedentedly difficult environment: net interest income and net commission income amounted to €1.4 bn, remaining at the 2010 level despite a significant contraction in demand for banking services and products.

At the same time, the Group's target for reducing operating costs by 5% was achieved, with 2011 being the third consecutive year of reduced operating costs. A further reduction of approximately 10% is targeted for the year ahead.

Provision expenses on loans significantly increased compared to the 2010 level due to the deterioration in economic conditions and the implementation of a stricter loan administration policy. Consequently, the NPL ratio increased to 13.5% versus 7.5% in 2010, while the coverage of NPLs by cumulative provisions and tangible collaterals stood at 100% at the end of 2011.

The Group's 2011 total net comprehensive income attributable to Shareholders from continuing operations amounted to a loss of €6.3 bn, primarily due to the PSI impairment charge.

In terms of the diagnostic exercise carried out by BlackRock Solutions, the results showed that the expected loss rate of Piraeus Bank's loan portfolio was lower (better) than the average rate of the Greek banking system.

Stavros Lekkakos, Managing Director and CEO

Group Performance Highlights, 1 January - 31 December 2011

Piraeus Group's Participation in the Private Sector Involvement Programme PSI

- Piraeus Group, following the resolution of its Board of Directors on 07.03.12, participated in the PSI, with its entire portfolio of eligible Greek Government Bonds (GGB) and loans owned, which amounted to €7.7 bn in nominal value.
- Within this framework, the total PSI impairment charge amounted to €5.9 bn (€1.1 bn posted in the nine month 2011 results and €4.8 bn in Q4 2011). It should be noted that there was an additional charge in the net trading income of the income statement, due to the fair value valuation of the GGBs trading portfolio of €0.4 bn face value, and €0.1 bn fair value as of 31.12.11.
- The HFSF has already committed itself to participate in the Bank's forthcoming share capital increase up to the amount of €5.0 bn. Thus, Piraeus Bank's total capital adequacy ratio is restored at 9.7% on a pro-forma basis.

2011 Results

- The Group's pre tax and provision profit for 2011, when excluding trading results and the loss from the valuation at fair value of Citylink investment property, amounted to €592 mn versus €638 mn in 2010. When the aforementioned are included, pre tax and provision result was €385 mn compared to €635 mn in 2010.
- Net interest income €1,173 mn, -1% y-o-y.
- Net commission income €190 mn, + 1% y-o-y.
- Net operating revenues €1,213 mn, -18% y-o-y. Excluding trading results (which were negatively affected by the significant reduction in the value of GGBs in 2011) and the loss from the valuation at fair value of Citylink investment property, net revenues amounted to €1,420 mn, -4% y-o-y.
- Operating costs decreased by 5% y-o-y at €796 mn, which was mainly attributed to the reduction in expenses recorded in Greece (-6%).
- Personnel expenses decreased by 5% y-o-y at €372 mn, while the rationalization of general administrative expenses resulted in a higher reduction of 8% y-o-y, at €335 mn.
- The total impairment charge on loans, bonds and other assets significantly increased during 2011 to €7.9 bn versus €0.6 bn in 2010, mainly due to the PSI impairment charge and the higher impairment loss on loans, attributed to the macroeconomic conditions. In addition to the aforementioned impairments, an amount of €0.3 bn attributed to the recycling of the available for sale (AFS) portfolio's negative reserve in the income statement, and an amount of €84 mn related to the impairment on the value of intangible assets (goodwill) were recorded. It should be noted that both the impairment of intangible assets and the recycling of the negative AFS reserve did not affect the Group's regulatory capital, as they already constituted deducted elements.
- Including the after-tax impairment due to the PSI, net results attributable to Shareholders from continuing operations amounted to -€6.6 bn. The Group's net total comprehensive income, which also includes the valuation of the AFS portfolio that affects equity capital, amounted to -€6.3 bn.

Volumes as of December 2011

- Gross loans at €37.1 bn, -3% y-o-y. Deposits €22.0 bn, -23% y-o-y, as the deposits' outflow trend continued in the Greek market (-€40 bn outflow in 2011 and -€23 bn in 2010).
- Loans in arrears above 90 days increased at 13.5% compared to 7.5% in 2010. The provision expense expressed as a ratio of total loans almost tripled compared to 2010.

In the annual financial statements for 2011, Piraeus Group's operations in Egypt are displayed as discontinued according to IFRS 5. Hence, for comparative reasons all figures and ratios contained in the Press Release exclude Egypt, unless otherwise stated.

Key Figures of Piraeus Bank Group in December 2011

(balance sheet data at the end of the period, income statement data for the 12month period)

Consolidated Data	31 December 2011	31 December 2010	Δ % y-o-y
Selective Volume Figures (€ mn)			
Assets	49,352	57,561	-14%
• Assets from Discontinued Operations in Egypt (for sale)	1,157	1,703	-32%
Gross Loans	37,058	38,218	-3%
Deposits & Retail Bonds	22,038	28,675	-23%
Total Equity	(1,940)	3,274	>-100%
Total Equity excluding PSI in 2011	3,139	3,274	-4%
Summary Results (€ mn)			
Net Interest Income	1,173	1,188	-1%
Net Fee & Commission Income	190	188	1%
Trading Results	(110)	9	>-100%
Other Income & Dividend Income	(41)	91	>-100%
Total Net Revenues	1,213	1,477	-18%
Total Net Organic* Revenues	1,420	1,479	-4%
Personnel Expenses	(372)	(390)	-5%
• o/w Greece	(277)	(294)	-6%
Administrative Expenses	(335)	(363)	-8%
• o/w Greece	(233)	(259)	-10%
Total Operating Costs	(796)	(837)	-5%
• o/w Greece	(560)	(597)	-6%
Profit before Tax & Provisions	385	635	-39%
Organic* Profit before Tax & Provisions	592	638	-7%

* excluding both trading results and the loss from the valuation at fair value of Citylink investment property

Volumes Evolutions

Deposits amounted to €22.0 bn at the end of December 2011, a decrease of 23% y-o-y. When excluding the Greek State's deposits that were zero at the end of 2011, versus €1.65 bn in December 2010, the Group's domestic deposits declined by 20% y-o-y compared to the overall Greek deposits' market contraction of 17% (the Group's domestic deposits decreased by 26% y-o-y, when State deposits are included). Deposits stemming from international subsidiary banks fell by 8% during 2011.

Gross loans decreased by 3% y-o-y and amounted to €37.1 bn at the end of December 2011. In Greece, the loan portfolio balance amounted to €29.7 bn (-3% y-o-y), while loans from international operations decreased to €7.3 bn (-4% y-o-y).

The per customer category, at the end of December'11:

- total business portfolio decreased by 2% y-o-y,
- loans to individuals decreased by 5% y-o-y, with consumer loans and credit cards showing the largest decrease (10% y-o-y), while mortgages marginally decreased by 1% y-o-y,
- loans to businesses constituted 71% of total loans and loans to individuals 29% (18% mortgages, 11% consumer).

Asset Quality

The loans in arrears over 90 days ratio (IFRS 7) reached 13.5% at the end of December '11. This deterioration versus 7.5% in the previous year, is primarily attributed to Greek operations (13.2% in 2011 from 6.9% in 2010) as a result of the deepening of the recession and the continued deterioration of the economic climate and to a lesser extent to international operations (14.6% vs 9.6% respectively). For Greece in particular, the respective ratio for the market is estimated to be at 16% (BoG data) versus 10% a year ago.

It should be noted that the quality of the domestic loan portfolio of the Greek banks and their subsidiaries was thoroughly examined during the diagnostic exercise of BlackRock Solutions, in line with the mandate from Bank of Greece. The results reconfirmed the prudent credit policy that Piraeus Bank has pursued over time. The expected loss as a percentage of loans was estimated at 10% versus 11% for the Greek market. Piraeus Bank was best in class in SBLs, in top tier banks in SMEs, better in corporate as well as in consumer credit and in line with the market for residential mortgages.

The NPLs > 90 days coverage by cumulative provisions and intangible collaterals after haircut (conservative approach) was 100.3% at the end of December 2011. The loan write-offs amounted to €343 mn in 2011.

Capital Adequacy

The Group's total capital adequacy ratio turned negative due to the effects of the participation in the Greek Government bond exchange programme (PSI).

The HFSF has already committed itself to participate in the Bank's forthcoming share capital increase up to the amount of €5.0 bn, resulting in the restoration of the total capital adequacy to 9.7% (pro-forma).

Group Volume Analysis (€ mn)	Dec.'11	Δ% y-o-y
Gross Loans per Type		
Loans to Businesses	26,326	-2%
Loans to Individuals	10,732	-5%
Total Loans	37,058	-3%
<i>Greece</i>	29,729	-3%
<i>International Operations</i>	7,329	-4%
Deposits per Type		
Sight-Savings-Others	7,223	-12%
Term	14,815	-28%
Total Deposits	22,038	-23%
<i>Greece</i>	18,057	-26%
<i>International Operations</i>	3,981	-8%

Evolution of Results

Revenues from organic sources (net interest income and net commission income) remained almost stable at €1,364 mn in 2011 from €1,376 mn in 2010 (-1%). In particular, net revenues amounted to €1,213 mn due to negative trading results and other revenues. Operating costs decreased by 5% y-o-y at €796 mn, achieving the initial target set by the Bank's management.

The Group's pre tax and provision profit for 2011 amounted to €592 mn versus €638 mn in 2010, when excluding trading results which were negatively affected by the significant reduction of the value of GGBs during 2011 and the loss from the valuation at fair value of Citylink investment property. When the aforementioned are included, the Group's pre tax and provision profit for 2011 amounted to €385 mn compared to €635 mn in 2010.

The Group's after tax results attributable to shareholders from continuing operations for 2011 including the PSI impairment recorded a loss of €6.6 bn. The Group's net total comprehensive income, which includes the valuation of the AFS portfolio that affects equity capital, amounted to -€6.3 bn in 2011. It should be noted that a deferred tax asset of €0.4 bn which is related to PSI will most likely be recognized in Q1 2012, thus increasing by an equivalent amount the Group's net results and equity in the quarterly period.

The result from discontinued operations in Egypt amounted to -€37 mn in 2011 versus -€42 mn in 2010.

Revenue Analysis

Net interest income marginally decreased by 1% at €1,173 mn.

Revenue Analysis (€ mn)	2011	Δ% y-o-y
Net Interest Income	1,173	-1%
Greece	739	-3%
International Operations	434	2%
Net Commission Income	190	1%
Greece	140	-4%
International Operations	50	18%

This is mainly attributed to the increased costs of deposits as well as the increased cost of funding from the Eurosystem, offset by the loans' repricing.

Net commission income displayed resilience (+1% y-o-y), reaching €190 mn compared to €188 mn in 2010, which was attributed to the increase of commercial banking commissions to €168 mn from €162 mn in 2010 (+4%). Net commission income from international operations increased significantly by 18%.

Net Commissions (€ mn)	2011	Δ% y-o-y
Commercial Banking	168	4%
Investment Banking	15	-18%
Asset Management	7	-16%
Total	190	+1%

Trading results declined considerably to -€110 mn compared to marginally positive results in 2010, and were negatively affected by the large reduction in the value of GGBs in 2011.

Other Operating Income amounted to -€44 mn, compared to a profit of €85 mn a year ago. This decrease was mainly attributed to the loss from the valuation at fair value of Citylink investment property.

Cost Analysis

Over the past year, operating costs at €796 mn decreased significantly by 5% compared to 2010, with the Group successfully achieving the target that was set. This declining trend confirms the successful policy implementation of further operating cost efficiency, which the Group has followed since the onset of the crisis (3 year period 2009-2011: -8% at a Group level, -13% in Greece).

Per cost category, personnel costs decreased by 5% y-o-y and amounted to €372 mn. Personnel costs in Greece dropped by 6% while international expenses decreased by 1% y-o-y.

The effort for a rationalization of general administrative expenses resulted in an annual decrease of 8% to €335 mn, with a significant reduction stemming from Greek operations (-10%).

Furthermore, international operations recorded a respective decrease of 3%.

Selected Cost Elements (€ mn)	2011	Δ% y-o-y
<u>Personnel expenses</u>		
Greece	277	-6%
International Operations	95	-1%
Total	372	-5%
<u>Administrative Expenses</u>		
Greece	233	-10%
International Operations	101	-3%
Total	335	-8%

For the year 2012, a target has been set to further reduce operating expenses by approximately 10%.

Financial Calendar 2012

The Annual Analysts' Briefing will take place on April 20, 2012.

The FY 2011 Condensed Financial Information and Data will be published in the Press on April 21, 2012

The Ordinary General Meeting of the Shareholders will be held in relation to the forthcoming recapitalization of the Bank and it will be announced as soon as is scheduled.

Athens, 20 April 2012

Piraeus Bank Group (www.piraeusbank.gr) 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 December 2011, the Group possessed a network of 797 branches (346 in Greece and 451 internationally) and employed 11,246 people (6,171 and 5,075 respectively). Piraeus Bank Group's customer deposits at the end of 2011 were €22 bn, with gross loans of €37 bn and total assets of €49 bn. Piraeus Bank Group, combining business operations and social responsibility, endorses systematically its relations with its social partners through specific actions, while emphasis is placed on the protection of the natural and cultural environment.