



## PIRAEUS GROUP FULL YEAR 2012 RESULTS

### Management Statements

“With the absorption of the banking operations of the 3 Cypriot Banks in Greece, Piraeus Bank is actively participating in the restructuring and stabilisation of the Greek banking system and is contributing to the efforts at restructuring of the Greek economy. In this manner, we are safeguarding the depositors, customers and employees of the 3 Cypriot banks in Greece, and at the same time, the Bank and its shareholders will proceed from a better position going into the forthcoming recapitalisation of the Bank.

Because in recent days, there has been a heightened concern regarding deposits, across Europe and Greece, as a result of the turmoil in Cyprus and the contradictory statements made by European officials, I would like to point out that the Greek banking system is safe and protected. This is because Greek banks with their capital restoration and the restructuring of the banking system are in a stronger position within the Eurosystem, a fact that has been recognized by the European authorities. We must not forget that depositor confidence in our banking system is the only way to restore liquidity in the economy and the fastest way out of the crisis.”

**Michalis Sallas, Chairman of BoD**

“Piraeus Bank, following the acquisition of ATEbank and Geniki Bank, proceeded with the acquisition of the domestic banking operations of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, after submitting an offer in the relevant process organized by the Bank of Greece and the Hellenic Financial Stability Fund (HFSF). Following this transaction, the Group's total assets amount to €98 bn, with a network of 1,650 branches and c.24,000 employees.

The full year 2012 pre tax and provision profitability of Piraeus Bank Group amounted to €1,322 mn, while total impairment charges reached €2,508 mn bringing the net result to -€513 mn. Net revenues amounted to €2,217 mn and operating costs to €909 mn, consolidating ATEbank for 5 months and Geniki Bank for half a month. On a like-for-like basis, the Group's operating costs declined by 9%, within the broader target that was set by the Bank's management for 2012.

Piraeus Bank, has an increased responsibility due to the significant improvement of its market position in Greece, aims to provide sufficient liquidity to businesses and households on competitive terms, actively contributing to the recovery of the Greek economy.”

**Stavros Lekkakos, Managing Director & CEO**

*On 27.07.12, Piraeus Bank acquired the “good” part of ATEbank (selected assets and liabilities, hereafter ATEbank), following a tendering procedure. As a result, the sum of the selected balance sheet figures of ATEbank for 31.12.12 is included in the figures of this Press Release, as well as the ATEbank's results for the period 27.07.12 to 31.12.12.*

*On 14.12.12, Piraeus Bank concluded the acquisition of the total stake of Société Générale (99.08%) in Geniki Bank. As a result, the sum of the selected balance sheet figures of Geniki Bank for 31.12.12 is included in the figures of this Press Release, as well as the Geniki Bank's results for the period 14.12.12 to 31.12.12.*

*Due to the absorption of selected items of ATEbank as of 27.07.12 and Geniki Bank as of 14.12.12, it is not possible to display comparable volumes and results of the Group for previous time periods.*

## Group Performance Highlights

### FY 2012 Results

- Net Interest Income amounted to €1,028 mn.
- Net Fees & Commission Income reached €218 mn, 91% of which originated from recurring revenue sources (commercial banking commissions).
- Net Revenues amounted to €2,217 mn, following a contribution of €394 mn from the participation in the Greek Government Bond buyback program in December 2012 (it should be noted that an additional impairment charge of €311 mn was posted in the FY '12 results related to the new GGBs) and €351 mn from the negative goodwill resulting from the acquisition of Geniki Bank.
- Operating Costs reached €909 mn. The aforementioned expenses include, inter alia, €12 mn one-off unamortized cost from 82 branches that ceased operating during the 2012. The like-for-like operating costs of Piraeus Group for the full year 2012 (i.e. excluding ATEbank, Geniki Bank and other extraordinary expenses) were down 9% year-on-year.
- Profit before Tax and Provisions was €1,322 mn for the full year 2012.
- Following the significant deterioration of the macroeconomic environment, total impairment charges reached a high level during 2012 (€2,508 mn), of which €2,043 mn is related to loan impairment charges, a €311 mn additional impairment for the new GGBs and €153 mn for other impairment charges for securities, tangible and intangible assets.
- Net result from continuing operations attributable to shareholders for full year 2012 was a loss of €513 mn.

### Volumes and Presence as of 31 December 2012

- Group's total assets amounted to €70.4 bn at the end of December 2012, including the "good" ATEbank and Geniki Bank. When adding the €7.3 bn capital-commitment, €0.6 bn commitment for ATEbank and €0.8 bn of the additional funding gap of ATEbank (all amounts provided by HFSF), the Group's pro-forma total assets reaches €79.1 bn.
  - Gross Loans reached €50.6 bn, 64% of which were business loans, 26% mortgages and 10% consumer loans.
  - Deposits stood at €37.0 bn, 46% of which comprised current and savings accounts (from 32% a year earlier).
  - Net Loans to Deposits ratio substantially improved to 116% at the end of December 2012 from 156% at year end 2011.
  - NPLs above 90 days ratio increased to 23.3% in December 2012 and the coverage of loans in arrears > 90 days by cumulative provisions reached 51%. The ratio of cumulative provisions to gross loans increased to 11.8%.
  - Total equity of the Group at the end of December 2012 amounted to €5.6 bn, including a €7.3 bn capital advance from the HFSF and €0.6 bn for ATEbank. The Group's total capital adequacy ratio reached 12.2% at end December 2012 (pro-forma for HFSF capital advance and commitments).
  - The Group's branch network comprised 1,338 units at the end of December 2012, of which 889 branches operate in Greece and 449 in nine countries internationally. At 31.12.12, the Group employed 18,597 persons, 12,365 were in Greece and 6,232 abroad.
- **Post the acquisition of the operations of the 3 Cypriot banks in Greece, pro-forma gross loans of Piraeus Group are at €74.4 bn, deposits at €51.9 bn, loan market and deposit market share both at 27%, loans to deposits ratio at 119% and cumulative loan loss reserves to gross loans at 14.5%.**

## Key Figures of Piraeus Bank Group in 2012

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

Consolidated Data	31.12.2012	31.12.2011
<b>Selective Balance Sheet Figures (€ mn)</b>		
Assets (2012 pro-forma for HFSF capital advances - additional funding gap ATEbank)	79,106	49,352
• o/w assets from discontinued operations <sup>1</sup>	377	683
Gross Loans <sup>2</sup>	50,573	37,211
Cumulative Provisions <sup>2</sup>	5,961	2,690
Deposits	36,971	22,134
Total Equity (2012 pro- forma for HFSF capital advances)	5,589	-1,940
<b>Summary Results (€ mn)</b>		
Net Interest Income	1,028	1,173
Net Fee & Commission Income	218	198
Net Trading Income & Gain less losses from Investment Securities	635	-109
Other Operating Income & Dividend Income	337	-39
<b>Net Revenues</b>	<b>2,217</b>	<b>1,222</b>
Personnel Expenses	-424	-390
Administrative Expenses	-379	-337
Depreciation & Other	-106	-97
<b>Total Operating Costs</b>	<b>-909</b>	<b>-823</b>
<b>Total Operating Costs on a like-for-like basis<sup>3</sup></b>	<b>-747</b>	<b>-823</b>
<b>Profit before Tax &amp; Provisions</b>		
	<b>1,322</b>	<b>367</b>
Impairment of Loans & Other Assets	-2,197	-1,973
GGB Impairment	-311	-5,910
<b>Pre Tax Losses</b>	<b>-1,185</b>	<b>-7,516</b>
Share of Bank shareholders in loss after tax from continuing operations	-513	-6,617
Profit after tax from discontinued operations	13	4

### NOTES

<sup>1</sup> **Discontinued Operations:** for the Balance Sheet, ATE Insurance-ATE Insurance Romania for 31.12.12, for the P&L Marathon Bank (operating profit until disposal date and disposal gain for Q3'12) and ATE Insurance-ATE Insurance Romania for the period 27.07.12 - 31.12.12.

<sup>2</sup> **Gross Loans & Provision:** The amount includes the fair value adjustment of €2.128 mn, related to credit risk, from the loans acquired from ATEbank and Geniki Bank.

<sup>3</sup> **Costs on a like-for-like basis:** excluding OPEX of ATEbank, Geniki Bank and other extraordinary expenses in 2012 (such as branch amortization for units ceasing operation, restructuring costs etc).

Due to the incorporation of the selected figures of ATEbank since 27.07.12 and Geniki Bank since 14.12.12, it is not possible to display comparable Group Balance Sheet and Profit & Loss for previous time periods.

### Volume Evolution

The Group's total deposits amounted to €37.0 bn at end December 2012. Deposits in Greece with the incorporation of ATEbank and Geniki Bank amounted to €32.4 bn, representing a 19% share of the total Greek deposit market. It should be noted, that the deposit reduction in the total Greek market during the first half of 2012 (-13%), was offset in the second half of the year (+9%), after the June 2012 elections and the formation of a new government, driving the total annual change of Greek market deposits to -5%.

Deposits of the Group's international operations stood at €4.6 bn. It is noted that, after the absorption of ATEbank, the Group's international activities incorporate ATEbank Romania and the operations of one branch in Frankfurt.

Gross loans of the Group at the end of December 2012 amounted to €50.6 bn. Loans in Greece were €43.2 bn, of which €2.1 bn was related to the disbursement of 2012 EU agricultural support funds to 700K Greek farmers through OPEKEPE (Greek Payment and Control Agency for Guidance and Guarantee Community Aid). Loans of international operations amounted to €7.3 bn. Regarding the loan composition per customer category, the total Group business loan portfolio stood at €32.6 bn at the end of December 2012, representing 64% of total Group loans, whereas retail loans amounted to €18.0 bn or 36% of the total loan portfolio (26% mortgages and 10% consumer loans).

Group Volume Analysis Dec.'12	Amounts (€ mn)	Composition (%)
<b>Gross loans per type</b>		
Loans to businesses	32,579	64%
Loans to individuals	17,994	36%
<b>Total loans</b>	<b>50,573</b>	<b>100%</b>
• Greece	43,235	85%
• International Operations	7,338	15%
<b>Deposits per type</b>		
Sight-Savings	17,117	46%
Term	19,854	54%
<b>Total deposits</b>	<b>36,971</b>	<b>100%</b>
• Greece	32,413	88%
• International Operations	4,559	12%

The Group's loans to deposits ratio improved significantly to 116% in December 2012 compared to 156% in December 2011, when excluding the seasonal OPEKEPE loan. The ratio stands at 121% when it is included.

### Loan Portfolio Quality

The Group's loans in arrears over 90 days (NPLs) ratio reached 23.3% of gross loans at the end of December 2012, incorporating ATEbank and Geniki Bank. Excluding the seasonal loan to OPEKEPE, the ratio stood at 24.2%. The ratio's deterioration was mainly attributed to deep and prolonged recession in Greece and to a lesser extent to the economic slowdown in the countries where the Group has an international presence. In Greece the NPL ratio for the total market is estimated at 24.5% at the end of December 2012. For Piraeus Bank Group the respective ratio in Greece amounted to 23.0% on December 31, 2012.

The NPLs>90 days coverage by cumulative provisions ratio for the Group stood at 51% at the end of 2012. The cumulative provisions to gross loans ratio reached a particular high level of 11.8% at end December 2012.

### Capital Adequacy

In 2012, the HFSF provided Capital Advances amounting to €6.25 bn and a Commitment Letter of €1.1 bn for its participation in the capital support program of Piraeus Bank. Hence, the total capital support through the HFSF, as set by Bank of Greece, amounts to €7.3 bn. In addition to that, Piraeus Bank has received a Commitment Letter of €570 mn for the undertaking of the "good" part of ATEbank. The total Group capital adequacy ratio at the end of December 2012 stood at 12.2% and the Core Tier I EBA ratio at 11.7% (pro-forma).

Piraeus Bank, after having received the Capital Advances and the Commitment Letter from the HFSF, and the approval from the 2nd Iterative General Meeting of the Bank's common shareholders, which was held on January 31, 2013, for the issuance of contingent convertible securities, will proceed with the implementation of the 3rd phase of its recapitalization process, which involves a rights issue with common shares according to Law 3864/2010 and to the provisions of the Cabinet's Act 38/9.11.12.

## Evolution of results

Group net interest income (NII) reached €1,028 mn in 2012. It should be noted that the net interest income was negatively affected by additional funding costs, as the delay in the recapitalization process hampered the de-escalation of the deposits' costs in Greece. At the same time, NII was burdened by the use of the ELA mechanism as opposed to ECB funding. However, regaining access to ECB refinancing in 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 €642 mn, while the respective income from international operations was €386 mn.

Net Fees & Commission Income was €218 mn in 2012, of which commissions from commercial activities reached €197 mn (91% of the total). Net Fees & Commission Income in Greece was €166 mn, while the respective amount for the international operations was €52 mn.

Net revenues for the full year 2012 period amounted to €2,217 mn, including a positive contribution from gains from investment securities, namely €394 mn from the participation in the Greek government's bond buy-back program in December 2012. It should be noted that an additional impairment charge of €311 mn was posted in Q1 '12 relating to the new GGBs. A positive contribution also stemmed from other operating income and in particular the treatment of negative goodwill from the acquisition of Geniki Bank which amounted to €351 mn.

The Group's operating expenses amounted to €909 mn, incorporating ATEbank for 5 months and Geniki Bank for ½ month. When excluding the operating costs of ATEbank, Geniki Bank, and other non-recurring expenses (such as the one-off unamortized cost of €12 mn related to the branches that ceased operating during 2012), the Group's operating costs decreased 9% annually, attaining essentially the 2012 annual target that was set by management for the reduction in the operating costs.

The number of Group personnel stood at 18,597, with 12,365 employed in Greece and 6,232 in international operations. The Group branches comprised 1,338 units, 889 of which were in Greece and 449 internationally. In 2012, 82 branches ceased operations (21 in Greece and 61 internationally).

The Group's pre-tax and provisions profitability reached €1,322 mn in 2012.

The total impairment losses on loans and advances had a steep upward trend on a yearly basis and reached €2,043 mn, of which €1,745 mn came from Greece and €298 mn abroad.

Apart from the aforementioned provisions, an additional impairment charge of €311 mn was posted in the FY '12 results, relating to the new GGBs, as previously described, as well as a securities impairment of €94 mn and impairment of tangible and intangible assets of €60 mn.

The full year 2012 Group pre-tax result was a loss of €1,185 mn, while the net result attributable to shareholders from continuing operations was a loss of €513 mn, and discontinued operations posted a profit of €13 mn.

## Developments post December 31, 2012

- On January 28, 2013, following the decision of the Bank of Greece Resolution Measures Committee (resolutions 9/1/28.01.2013 and 8/1/24.01.2013), the perimeter of selected 'good' assets and liabilities acquired by Piraeus Bank from the credit institution "Agricultural Bank of Greece S.A." under special liquidation was finalized. The €7.5 bn difference between the transferred assets and liabilities was covered by the HFSF.
- On January 31, 2013, Piraeus Bank's 2nd Iterative General Meeting of Shareholders resolved the issuance of contingent convertible securities up to a total amount of €2 bn through a waiver of pre-emption rights of existing shareholders of ordinary registered shares, in accordance with the provisions of L.3864/2010, as amended, and the Ministers' Council Act no 38/9.11.2012.
- On February 6, 2013, Piraeus Bank confirmed that exclusive discussions were taking place with Millennium BCP regarding the potential acquisition of its subsidiary Millennium Bank in Greece.
- On March 26, 2013, Piraeus Bank signed an agreement to acquire all of the deposits, loans branches and employees of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank in Greece, including loans and deposits of their Greek subsidiaries (leasing, factoring and the Investment Bank of Greece), for a total cash consideration of €524 mn.

Athens, March 28, 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 December 2012, the Group possessed a network of 1,338 branches (889 in Greece and 449 internationally) and employed 18,597 people (12,365 Greece and 6,232 abroad) 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), thus further strengthening its marketing position in order to actively contribute to the restructuring of the Greek economic environment.*