

## 9M 2011 RESULTS

### Safeguarding The Group's Balance Sheet, Resilient Pre Provision Profitability, Reduced Operating Costs

#### Management Statements

"In the second half of 2011, there was a significant increase in uncertainty in the international economic and financial environment. The sovereign debt crisis has spread to the core economies of the eurozone endangering both its cohesion and global economic growth. As time is short, important and bold decisions are required by the Leaders of the European Summit in December.

A positive outcome from these discussions is vital to the Greek economy to restore stability and ensure a faster course to recovery by addressing, amongst other things, the severe problem of unemployment in the country. The immediate activation of development mechanisms such as EIB and NSRF funds, will contribute significantly to this.

Regarding Piraeus Bank, we have reemphasized our policies to safeguard our balance sheet through the implementation of stricter evaluation criteria in the loan portfolio and a significant increase in provisions. This action along with the continuing improvement of organic revenues and decisive measures aimed at decreasing operating costs, that have already been decided, will enable the bank to improve its results in the forthcoming period."

**Michalis Sallas, Chairman of BoD**

"In the midst of a particularly challenging environment, the Group's pre provision profitability displayed resilience in 9m'11. Pre tax and provision profit amounted to €608 mn (\*) compared to €468 mn in 9m'10 along with a 12% increase in net revenues and a significant 4% decrease in operating expenses (-6% in Greece). This reduction in operating expenses is in line with the target that was set for the full year 2011 (-5%), while actions have been undertaken aimed at achieving a significantly larger decline of operating costs for 2012.

The worsening of all major indicators of the Greek economy in Q3'11 along with a stricter policy for refinancing loans resulted in the increase of the loans in arrears above 90 days ratio to 11.7% (+2 percentage points compared to 30.06.2011). Despite this increase in NPLs, the significant increase in provisions at €909 mn compared to €402mn a year ago, enabled the coverage ratio of provisions to be maintained at 46%, while cumulative provisions stood at 5.3% on average loans".

**Stavros Lekkakos, CEO**

(\*) In the Interim Condensed Financial information of 30 September 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.

Piraeus Bank Group ([www.piraeusbank.gr](http://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 of the Greek economy. At the end of September 2011, the Group possessed a network of 810 branches (354 in Greece and 456 internationally) and employed 11,528 people (6,355 and 5,173 respectively). Piraeus Bank Group's total equity amounted to €2.9 bn, customer deposits to €24.5 bn, net loans €35.5 bn and total assets to €55.6bn. Piraeus Bank Group, combining business operations and social responsibility, endorses systematically its relations with its social partners through specific actions, as well as the broader social environment, while emphasis is placed on the protection of the natural and cultural environment.



## Group Performance Highlights, 1 January - 30 September 2011

### 9M 2011 Results

- €608 mn pre provision Income, +30% y-o-y.
- Net interest income €916 mn, +4% y-o-y.
- Net commission income €141 mn, increased by 1% y-o-y, mainly stemming from commercial banking commissions (+5% y-o-y).
- Net revenues increased by 12% y-o-y at €1,202 mn.
- Operating expenses improved by 4.4% y-o-y amounting to €576 mn, mainly attributable to the decrease registered in Greece (-6%).
- Group personnel expenses decreased by 4% y-o-y at €274 mn, -5% y-o-y in Greece.
- General administrative expenses were reduced by 7% y-o-y at €237 mn, -10% y-o-y in Greece.
- Improvement of cost to income ratio to 48% from 56% a year ago.

The latest available economic data illustrate a significant deterioration of the economic environment in Greece. GDP contracted by -5.2% in Q3'11, unemployment rate for August at 18.4%, consumer confidence index at -84 points recorded a historical low in October and additional austerity measures will have a negative impact on disposable income. Against this backdrop, Piraeus Bank's Management decided on the implementation of a stricter policy for refinancing loans, adjusting to current economic conditions.

- As a result of the aforementioned developments, formation of non-performing loans demonstrated a significant acceleration in Q3'11 compared to the two previous quarters of 2011, resulting to a ratio of loans in arrears above 90 days (IFRS 7) at 11.7% compared to 9.5% in June '11. Consequently, provisions increased in 9m'11 and amounted to €909 mn compared to €402 mn a year ago (+126% y-o-y), corresponding to 320 bps on average loans (141 bps in 9m'10). Thus, the coverage ratio stood at 46%.
- Including PSI impact (-€865 mn), after tax result attributable to shareholders from continuing operations amounted to -€1,153 mn.
- Net loss of €287 mn attributable to shareholders from continuing operations, excluding the PSI impact, due to increased loan provisions.

### Volumes as of September 30<sup>th</sup> 2011

- Net loans amounted to €35.5 bn, down 4% y-t-d.
- Deposits reached €24.5 bn, decreased by 14% y-t-d, as the outflow trend of deposits continued in Greece but in a decelerated pace when compared to Q2'11 (-4% and -10% respectively). It should be noted that deposits of the Greek market (private and public sector-BoG data) contracted by 14% in 9m'11 or €32mn.
- The Group's total equity stood at €2.9 bn in September '11 while total regulatory capital amounted to €3.1 bn. The capital adequacy ratio stood at 8.8%, Tier I at 7.8% while Core Tier I (according to EBA definition) at 7.4% (including preference shares of the Greek state).

### PSI+ Impact

- The European Summit held on October 26, 2011, reached a resolution on the basic principles that should govern an agreement regarding the voluntary involvement of the private sector (PSI+) for the refinancing of Greece's debt. However, the non-specified basic terms of PSI+ until today (coupon rate, maturity, guarantees, face value reduction) raise numerous uncertainties regarding the assumptions that should be considered in estimating the recovery value of Greek Government Bonds. Thus rendering unreliable all efforts in calculating the impact that PSI+ would have on the financial results of Piraeus Bank. The final impact of the PSI+ programme will be calculated and imprinted in the Bank's annual financial statements, provided that the specific parameters and details of PSI+ will be finalized prior to their publication date.
- In Q3'11 there was an additional PSI effect due to the recycling of the negative AFS bond reserve of €75 mn into P&L.

## Key Figures of Piraeus Bank Group in September 2011

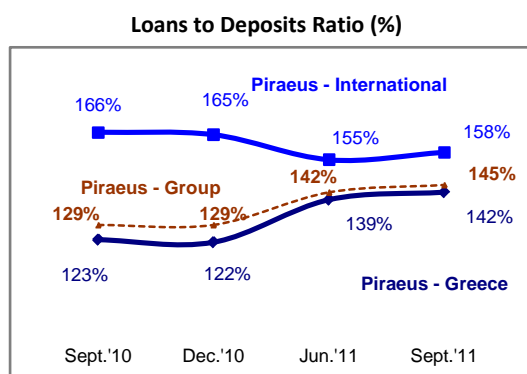
(Balance sheet data at the end of the period, income statement data for the 9month period. All figures exclude Egyptian operations, as a result of applying IFRS 5 in relation to discontinued operations)

Consolidated Data	30 Sept.2011	30 Sept.2010	Δ y-o-y
<b>Selective Volume Figures (€ mn)</b>			
Assets	55,552	55,811	0%
Net Loans	35,545	37,144	-4%
Deposits & retail bonds	24,522	28,702	-15%
Total Equity	2,922	3,362	-13%
• Common Shareholders' Capital	2,423	2,863	-15%
• Non-controlling Interests	133	134	0%
• State Preference Shares	366	366	0%
Total Regulatory Capital	3,095	3,642	-15%
<b>Summary Results (€ mn)</b>			
Net Interest Income	916	882	4%
Net Fee & Commission Income	141	140	1%
Trading Results	101	-30	>100%
Other Income & Dividend Income	44	80	-45%
<b>Total Net Revenues</b>	<b>1,202</b>	<b>1,071</b>	<b>12%</b>
Personnel Expenses	(274)	(284)	-4%
• o/w Greece	(202)	(212)	-5%
Administrative Expenses	(237)	(256)	-7%
• o/w Greece	(163)	(181)	-10%
<b>Total Operating Expenses</b>	<b>(576)</b>	<b>(603)</b>	<b>-4%</b>
• o/w Greece	(401)	(426)	-6%
<b>Pre Tax and Provision Profit</b>	<b>608</b>	<b>468</b>	<b>30%</b>
Impairment losses on loans	(909)	(402)	>100%
GGB impairment charge due to PSI	(1,080)	-	
<b>Pre Tax Profit /(Loss)</b>	<b>(1,381)</b>	<b>66</b>	<b>-</b>
<b>Net Profit/ (Loss) attributable to Shareholders from continuing operations</b>	<b>(1,153)</b>	<b>39</b>	<b>-</b>
Net Profit/(Loss) attributable to Shareholders from Discontinued Operations	(21)	(25)	-
<b>Net Profit/(Loss) attributable to Shareholders from continuing operations, excluding GGBs impairment charge</b>	<b>(287)</b>	<b>67</b>	<b>-</b>
<b>Key Ratios (%)</b>			
Loans / Deposits	145%	129%	1,554 bps
- Greece	142%	123%	1,936 bps
- International Operations	158%	166%	-848 bps
NPLs > 90 days (IFRS 7)	11.7%	6.7%	493 bps
- Greece	11.2%	6.3%	495 bps
- International Operations	13.3%	8.5%	488 bps
Coverage of NPLs > 90 days	46%	48%	-233 bps

## Volumes Evolutions

**Deposits** amounted to €24.5 bn at the end of September 2011, decreased by 14% y-t-d and -3% q-o-q. The decrease in Group deposits was mainly related to operations in Greece as the monthly increase in deposits which was recorded both in July and August pursuant to the EU resolutions on July 21<sup>st</sup>, was reversed in September due to the rising uncertainty linked to the disbursement of the 6<sup>th</sup> installment by IMF and EU. It is evident that changes in deposits are highly correlated with domestic political – economic developments, a factor which has also been felt in Q4'11. Deposits stemming from international subsidiary banks, were marginally lower by 2% on a quarterly basis.

Loans to deposits ratio stood at 145% compared to 142% in June '11. The ratio mainly deteriorated in Greece due to the decline in deposits. Loans to deposits ratio of the Group's international operations was 158% versus 155% in the previous quarter.



Group **net loans** decreased by 4% y-o-y and amounted to €35.5 bn at the end of September 2011. In Greece, the loan portfolio balance amounted to €28.8 bn (-4% y-o-y), while loans from international operations decreased to €6.8 bn (-6% y-o-y).

Per customer category, at the end of September'11:

- total business portfolio decreased by 2 % y-o-y,
- loans to individuals decreased by 9% y-o-y, mortgages remained flat, while consumer loans and credit cards decreased by 23%,
- loans to businesses constituted 72% of total net loans and loans to individuals 28% (19% mortgage, 9% consumer).

## Group Volume Analysis (€ mn)

### Net Loans per Type

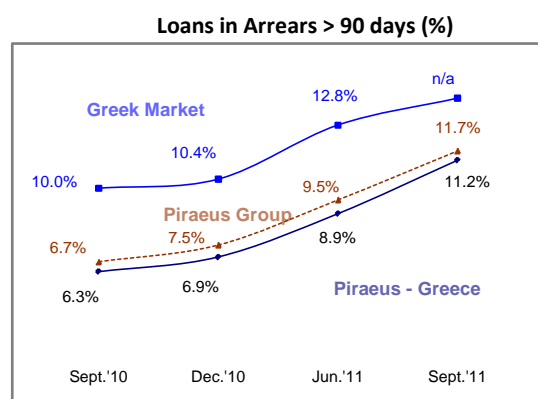
	Sept.'11	Δ% y-o-y
Loans to Businesses	25,437	-2%
Loans to Individuals	10,108	-9%
<b>Total Loans</b>	<b>35,545</b>	<b>-4%</b>
<i>Greece</i>	<i>28,756</i>	<i>-4%</i>
<i>International Operations</i>	<i>6,789</i>	<i>-6%</i>

### Deposits per Type

	Sept.'11	Δ% y-o-y
Sight-Savings-Others	7,563	-13%
Term	16,959	-15%
<b>Total Deposits</b>	<b>24,522</b>	<b>-15%</b>
<i>Greece</i>	<i>20,213</i>	<i>-17%</i>
<i>International Operations</i>	<i>4,309</i>	<i>0%</i>

## Asset Quality

Loans in arrears over 90 days ratio (IFRS 7) reached 11.7% at the end of September '11 compared to 9.5% in the previous quarter. This significant increase is mainly attributed to domestic operations and linked to businesses that are negatively affected by the contraction in consumption, private and public, and the restricted liquidity.



The NPLs>90 days coverage by cumulative provisions stood at the same level as in June'11 (46%). Loan written-offs amounted to €262 mn in 9m'11.

## Evolution of Results

Net revenues improved by 12% in 9m'11 and reached €1,202 mn, of which 88% were comprised of core revenue sources (net interest income and commissions). Operating costs amounted to €576 mn, decreased by 4% y-o-y, in line with the target that was set for total operating expenses to be reduced by 5% in full year 2011.

Pre-tax and provision profit for 9m'11 increased by 30% and reached €608 mn. The increase in provisions weighed on 9m'11 results with provisions up 126% y-o-y to €909 mn.

Furthermore, since Piraeus Bank is planning to participate in the PSI programme for the refinancing of the Greek Government bonds, its 9m'11 results were impacted by a) a €1,005 mn impairment charge that was posted in H1'11 b) a recycling of the AFS bond negative reserve of €75 mn in Q3'11 (totaling €1,080 mn).

Including the aforementioned impairment charge, pre-tax profit amounted -€1,381 mn in 9m'11, while net income attributable to shareholders from continuing operations was -€1,153 mn.

## Evolution of Results by Geography

The Group's Net Interest Income in Greece recorded an increase of 5% y-o-y, while international operations' NII increased by 2% y-o-y.

Net Commission Income in Greece decreased by 6% y-o-y, while the Group's international operations displayed a significant increase of 25% y-o-y. It should be noted that the decrease recorded in commissions stemming from domestic operations is primarily related to commercial banking and secondly to investment banking, whereas the increase in commissions from international operations is related to commercial banking commissions.

Domestic pre-tax and provision profit amounted to €388 mn, while International operations' pre-tax and provision profit amounted to €220 mn in 9m'11.

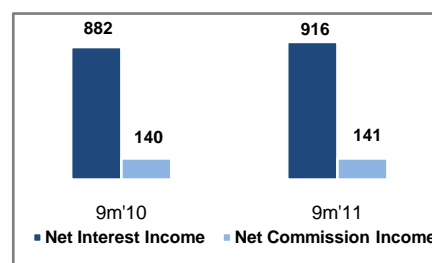
In Greece, the Group's provision expense further increased and amounted to €765 mn as a consequence to the adverse economic environment, whereas abroad provisions were slightly decreased at €143 mn.

Selected Results per Geography (€ mn)	9m '11	Δ% y-o-y
Net Interest Income	916	4%
Greece	593	5%
International Operations	324	2%
Net Commission Income	141	1%
Greece	104	-6%
International Operations	37	25%
<b>Net Revenues</b>	<b>1,202</b>	<b>12%</b>
Greece	807	22%
International Operations	395	-4%
<b>Operating Costs</b>	<b>576</b>	<b>-4%</b>
Greece	401	-6%
International Operations	175	-1%
<b>Pre-Tax and Provision Profit</b>	<b>608</b>	<b>30%</b>
Greece	388	66%
International Operations	220	-6%
<b>Pre-Provision Profit (excluding trading)</b>	<b>507</b>	<b>2%</b>
Greece	311	-3%
International Operations	196	10%
<b>Provision Expense (excluding PSI)</b>	<b>909</b>	<b>&gt;100%</b>
Greece (excluding PSI)	765	>100%
International Operations	143	-8%

## Revenue Analysis

Net Interest Income reached to €916 mn in 9m'11, recording an increase of 4% y-o-y.

Net Interest and Commission Income (€ mn)



Net Commission Income amounted €141 mn (+1% y-o-y). It is worth noting that the commercial banking commissions recorded an increase of 5% y-o-y despite the unfavorable economic conditions, whereas other commission categories recorded a double digit decrease.

<b>Net Commissions (€ mn)</b>	<b>9m '11</b>	<b>Δ% y-o-y</b>
Commercial Banking	124	2%
Investment Banking	12	-22%
Asset Management	5	-19%
<b>Total</b>	<b>141</b>	<b>+1%</b>

Trading results were significantly increased and amounted to €101 mn compared to trading losses of €30 mn in 9m'10, mainly attributed to bonds.

Other Operating Income amounted to €41 mn, compared to €75 mn in the respective period a year ago. Revenues of this category mainly come from financial services companies in 9m'11, with the largest part stemming from operating leasing activities.

### Operating Expenses Analysis

Operating expenses in 9m'11 improved by 4% y-o-y at €576 mn compared to €603 mn in 9m'10.

<b>Analysis for Selected Cost Elements (€ mn)</b>	<b>9m '11</b>	<b>Δ% y-o-y</b>
<u>Personnel Expenses</u>		
Greece	202	-5%
International Operations	72	1%
<b>Total</b>	<b>274</b>	<b>-4%</b>
<u>Administrative Expenses</u>		
Greece	163	-10%
International Operations	74	-1%
<b>Total</b>	<b>237</b>	<b>-7%</b>

Per cost category, personnel expenses reached €274 mn with 4% reduction y-o-y. The respective reduction for Greece was 5%, while international personnel expenses remained almost unchanged (1% y-o-y).

Other administrative expenses were €237 mn, down 7% y-o-y, recording a significant decrease in Greece (-10% y-o-y) and a moderate decrease abroad (-1%).

The cost to income ratio was significantly improved to 48% from 56% in 9m'10, while when excluding trading results the ratio was 52% compared to 55% a year ago.

### Provision Expense

Impairment losses on loans and receivables rose to €909 mn in 9m'11 compared to €402 mn in 9m'10, recording an increase of 126% y-o-y. Expressed as a percentage of average loans, the provision expense reached 320 bps (336 bps for Greece and 255 bps abroad) compared to 141 bps at group level in 9m'10 (108 bps in Greece and 267 bps abroad).

Furthermore, as a result of Piraeus Bank's decision to participate in the voluntary programme of PSI, it posted €1,080 mn impairment charge in the 9m'11 results, as was previously mentioned.

### Recent Events

On October 26, 2011, the European Banking Authority (EBA) published the analytical methodology used to assess the required capital buffers for a 9% Core Tier 1 ratio, along with the per country results. Specifically for Greece, the EBA only announced that the available €30 billion capital of the Hellenic Financial Stability Fund exceeds the required capital estimated by EBA so that a level of 9% Core Tier 1 ratio is reached.

On November 28, 2011, Piraeus Bank announced that it was informed by Standard Chartered Bank of its intent to withdraw from the potential acquisition of Piraeus Bank Egypt. Standard Chartered Bank indicated that this decision was taken in light of the deteriorating global macroeconomic environment and not on account of issues arising out of their due diligence of Piraeus Bank Egypt. Piraeus Bank has communicated this information to regulators in both Greece and Egypt. Piraeus Bank had received indications of interest for Piraeus Bank Egypt from a number of other potential purchasers, that were not evaluated while discussions with Standard Chartered Bank were ongoing. Piraeus Bank intends to proceed, through a process that will be announced, in exploring interest and initiating discussions with other interested parties. Meanwhile, Piraeus Bank would like to stress that Piraeus Bank Egypt continues to maintain high levels of capital adequacy and liquidity on a standalone basis, and will continue to provide banking services to its Egyptian client base as a member of Piraeus Bank Group.

Athens, 30 November 2011

*Note: The Interim Condensed Financial Information as at September 30, 2011 is available on the Bank's corporate site [www.piraeusbank.gr](http://www.piraeusbank.gr) and published in the press on November 30, 2011.*