



First Half 2014 Financial Results of GENIKI Bank Group Member of Piraeus Bank Group

- **Significant increase of Profit after Tax, at €85 million in H1 2014 compared to losses in previous 10 years.**
 - **Common Equity Tier I Ratio improved further to 23.1%, the highest in the market.**
 - **Further improvement of liquidity ratios in parallel with significant decline of deposits cost, Loan to Deposit Ratio at 77%.**
 - **More efficient NPL management led to increased collectability in Q2 2014, with revenues up by 14% compared to Q1 2014 and decrease of NPLs outstanding by €16 million in the first half of 2014.**
- **The return of the Bank to profitability recorded in Q1 2014 following 10 consecutive years of losses, continued in Q2 2014 with profits after taxes at €80.2 million and at €85 million in H1 2014.**
 - **Operating Profits before provisions continued their upward trend and reached €4.5 million in Q2 2014, against profits of €1.9 million in Q1 2014 and losses of €1.4 million in Q4 2013.**
 - **The Bank's equity position was increased to €440 million in June 2014 from €360 million in March 2014 and €355 million in December 2013.**
 - **Significant improvement Common Equity Tier I Ratio (CET-I) reaching 23.1% at the end of June 2014 from 18.2% in December 2013. Assuming fully front loaded implementation of Basel III CET-I ratio is estimated to reach 20%, one of the highest in the market.**
 - **The sound liquidity ratios of the Bank recorded additional improvement, with the Loan-to-Deposit Ratio down to 77% at the end of H1 2014, the lowest in the Greek market, compared to 82% at the end of Q4 2013, without any reliance of GENIKI Bank for liquidity on the Eurosystem.**
 - **GENIKI Bank's deposits amounted to €2,230 million at the end of June 2014, increased by 3% compared to December 2013 and by 12.3% compared to September 2013. At the same period, time deposits' interest rates were reduced by 140 bps compared to H1 2013.**
 - **Further decline of the operating expenses by 15% in H1 2014 compared to H1 2013, as a result of the initiatives undertaken for the rationalization of operations and the reduction of operating costs in spite of the significant investment in upgrading infrastructure, systems and processes.**
 - **The NPL coverage ratio stood at 60%, whereas the ratio of total provisions to gross loans remained at 42%, one of the highest in the market.**

- **The continuing efficient NPL management led to a substantial acceleration of NPL collections in H1 2014 with revenues up 14% compared to Q1 2014 and 57% versus Q4 2013, whereas the NPL formation was negative for the second consecutive quarter, thus decreasing total outstanding NPLs in H1 2014 by €16 million from the beginning of the year**
- Piraeus Bank Group, the biggest financial institution of the country, has decided in May 2014 to merge GENIKI Bank with Piraeus Bank, in its effort to maximize the benefits for the Group. The processes for the legal and operational merger have already been progressing successfully and the implementation is moving at a satisfactory pace. The merger is estimated to be completed before year end. In parallel, the efficient deployment of the personnel of Geniki Bank within Piraeus Bank Group and the development of a common corporate culture are being implemented, targeting the provision of integrated, uninterrupted quality services to the Bank's clients.

Chief Executive Officer Statement

“Following a 77 years autonomous and successful presence in the Greek market, it has been decided that GENIKI Bank will merge with Piraeus Bank Group, the largest and strongest financial group in Greece. GENIKI Bank played an important role in the financial and economic history of the country, throughout a significant presence in the Greek market the previous decades, maintaining stable and strong relationships with its client base, such as servicing efficiently the traditional relationship with the Army Pension Fund – a former major shareholder of the Bank for numerous years - and consistently contributing to the economic growth and perspective of the Greek economy.

The conditions in the domestic banking sector, the international markets and the country made it necessary for the Bank, its staff and its customers to follow a new era, through the upcoming consolidation within Piraeus Bank Group, a prospect that offers new challenges, significant opportunities and better perspective, for our customers and our personnel.

The Bank completed its financial and operational restructuring successfully and has returned to profitability after a decade of losses, with profit after taxes of €85 million in H1 2014. At the same time, the Bank further strengthened its capital adequacy (Common Equity Tier I: 23.1%) and liquidity ratios (Loans to Deposits: 77%), remaining the best among peers, without any dependence for capital and liquidity from the Eurosystem. In addition, the Bank significantly increased deposits, collections of non-performing loans and further reduced operating costs, while at the same time enhanced the capabilities of its human capital and upgraded infrastructure, processes, procedures and product and services offering.

Piraeus Bank Group consistently supported this effort.

For this successful turnaround, I would like to thank wholeheartedly the management and staff of the Bank, whose continuous and consistent efforts, professionalism and devotion led to the successful reorganization and full restructuring of the Bank. Their role was crucial and I am very pleased that I have had the opportunity and the privilege to work with them and deliver this important outcome.

We are all going forward and continue our efforts, under the umbrella of Piraeus Bank.

I would like to reassure the customers of GENIKI Bank that, upon completion of the merger with Piraeus Bank Group, they will have the opportunity to access the full range of products and services of Piraeus Bank Group and the safety and quality of service offered, ensured by the strong financial status and leading position of our group in the Greek market.

I feel confident that the entire staff of GENIKI Bank is committed to contribute creatively to the new challenges and to further enhance the presence and role of our Group in the Greek economy and society”.

Nikolaos Karamouzis
Chief Executive Officer
GENIKI Bank
Member of Piraeus Bank Group

H1 2014 Financial Results – GENIKI Bank Group

Profit before provisions of GENIKI Bank Group in H1 2014 recorded a significant improvement compared to losses in previous periods and stood at €6.4 million, whereas Profit after tax amounted to €85 million, after ten consecutive years of losses. The highly positive results of GENIKI Bank are mainly attributable to the continuous effort, commitment and mobilization of its management and staff towards the turnaround of the Bank. This improvement stemmed mainly from effective NPL management resulting in higher net interest income, the selective development of business, the improvement of net interest margin from the deceleration of the liquidity cost, the continuing containment of operating expenses and the lower level of provisions.

Net Interest Income in H1 2014 amounted to €38.5 million, 109% higher year-on-year and maintained its upward trend in Q2 2014, increased by 5% compared to Q1 2014. This was mainly due to the continuous improvement of collections from NPLs during Q2, as well as to the continuous normalization of the funding cost. More specifically, the time deposits average interest rate was reduced by 57bps, i.e. from 3.03% in December 2013 to 2.46% in June 2014, significantly faster than the market average, reaffirming the confidence of the customers to the Bank but also the management and staff efforts.

Net Fee and Commission Income amounted to €8.1 million, increased by 15% year-on-year despite the decrease of loans mainly due to more efficient management of fees collection through the introduction of automated controls and revised procedures, as well as the selective services offering.

Operating Income in H1 2014, amounting to €48.4 million, increased by 82% compared to H1 2013, mainly due to the increased net interest income, as well as the income derived from the sale of bonds, acquired in the previous quarter, taking advantage of the favorable market conditions.

Operating Expenses amounted to €42.1 million, declining by 15% compared to H1 2013, despite the significant investment in systems, training of personnel and infrastructure upgrading, aiming at the overall successful restructuring and reprofiling of the Bank. This positive result is mainly due to the synergies achieved through the new organizational structure of the Bank and the cooperation with the parent Bank as well as the continuous actions taken for the rationalization and costs reduction.

Loan Loss Provisions amounted to -€76 million in Q2 2014 vs -€3 million in Q1 2014. This improvement is mainly attributed to the increase of the collateral coverage ratio and better NPL collections. The level of accumulated provisions still remains high compared to the market and stood at € 1.22 billion at the end of Q2 2014, while the Provisions-to-NPL ratio was formed at 60%, the highest in the Greek market.

Key Balance Sheet figures as at June 30, 2014

The assets of GENIKI Bank Group amounted to €2,812 million, increased by 5% compared to December 2013.

Assets <i>(amounts in € millions)</i>		Liabilities & Total Equity <i>(amounts in € millions)</i>	
Cash Reserves	49.1	Loans from ECB	116.3
Interbank Placements	767.1	Interbank deposits	1.2
Net Loans and Advances to customers	1,717.2	Sight and Savings deposits	779.9
Securities portfolio	25.9	Time Deposits	1,450.3
Derivatives	2.2	Other	23.8
Other	250.1	Total Equity	440.0
Total	2,811.6	Total	2,811.6

Gross loans before provisions stood at €2,939 million at the end of June 2014, 5% decreased compared to December 2013. The corporate loan portfolio amounting to €1,450 million represents the 49% of total loans. Retail loans represent the 51% of the total portfolio. Housing and consumer loans represent 61% and 39%, respectively, of the retail portfolio.

Net loans (after provisions) amounted to €1,717 million, displaying a 4% decrease compared to December 2013.

Deposits reached €2,230 million, a 3% increase compared to December 2013 and 12.3% compared to September 2013, improving the market share, as the market moved downwards. The attraction of new customers was significant as 4,187 new customers started co-operating with Geniki Bank, placing €59.4 million of new deposits. The excess liquidity of the Bank that was placed in the interbank market exceeded € 750 million in Q2 2014.

Strong capital adequacy and liquidity ratios

Basel III Common Equity Tier I ratio (CET I) was further strengthened at 23.1%, compared to 19.4% in March 2014 and 18.2% in December 2013, still the highest in the Greek market. Furthermore, the Loan to Deposit ratio has been further reduced to 77% in H1 2014, compared to 79% in Q1 2014 and 82% in Q4 2013, the lowest in the banking sector.

GENIKI Bank maintains capital adequacy and liquidity ratios, which far exceed the regulatory requirements of the Bank of Greece, even after the full implementation of Basel III rules. The Bank remains fully self-funded without reliance for capital or liquidity on the Eurosystem. More specifically, the pro-forma fully loaded Basel III CET I ratio is estimated to be formed at the extremely high level of 20%.

Improved Quality of Loans Portfolio and Strong Coverage of NPLs

As at end of June 2014, NPLs portfolio amounted to €2,047 million, reduced for the second consecutive quarter after several years of steady increases, decreasing NPLs outstanding by €16 million compared to December 2013, confirming the reversed trend of new NPLs accumulation and the financial health of the performing loans portfolio. This evolution is due to the effective management of NPLs, increased collections and the new restructuring products offered to clients, corporate and individuals, with priority in time and flexibility in repayments.

The accumulated provisions were maintained at the high level of €1.22 billion.

The coverage of the non-performing loans over 90 days by provisions stood at 60%, which is the highest in the Greek market, confirming the strong protection of the Bank against the development of potential adverse and unfavorable conditions. The ratio of the accumulated provisions to the total loans remained at 42%, also the highest in the Greek market.

Merger with Piraeus Bank

Following the decisions of the Board of Directors of both banks, the merger process of GENIKI Bank with the parent Piraeus Bank is evolving smoothly and both their legal and operational merger are expected to be completed before year end.

During the transition period that follows, the entire staff of GENIKI Bank will continue to provide integrated and high quality services, aiming to the unhindered service of our customers.

Financial Results for the period ended June 30, 2014

Amounts in € millions

	Quarterly Results			Full Year Results		
	1 Jan to 31 Mar 2014	1 Apr to 30 Jun 2014	% Change	1 Jan to 30 Jun 2014	1 Jan to 30 Jun 2013	% Change
Net interest income	18.8	19.7		38.5	18.4	
Net fees & commissions income	4.5	3.6		8.1	7.1	
Total Net Interest & Commissions Income	23.3	23.3	0.2%	46.6	25.5	82.7%
Net income from financial instruments	0.3	1.2		1.5	0.7	
Other income & Income from dividends	-0.2	0.5		0.4	0.5	
Total Net Operating Income	23.4	25.0	6,8%	48.4	26.7	81.5%
Personnel fees and expenses	-12.8	-12.3		-25.1	-29.6	
Administrative expenses & Depreciation	-8.7	-8.3		-17.0	-19.7	
Total Operating Expenses	-21.6	-20.5	-5.1%	-42.1	-49.3	-14.7%
Operating Profit/Loss before provisions	1.9	4.5	136.8%	6.4	-22.6	-128.1%
Impairment of Loans & Other provisions	2.9	76.3		79.3	64.1	
Impairment of assets	0.0	-0.5		-0.5	-0.3	
Profit/Loss of the period before taxes	4.8	80.3	x 17	85.2	41.1	107.3%
Profit/Loss of the period after taxes – Geniki Bank	4.8	80.3		85.2	-0.97	
Profit/Loss of the period after taxes – Group	4.8	80.2		85.0	41.1	106.9%

Key Balance Sheet figures Consolidated data (amounts in € millions)	30 Jun 2014	31 Dec 2013
Total Assets	2,812	2,676
Gross Loans	2,939	3,089
Accumulated Provisions	1,222	1,300
Deposits	2,230	2,168
Total Equity	440	355

Financial Ratios	30 Jun 2014	31 Dec 2013
Common Equity Tier I Ratio	23.1%	18.2%
Loan to Deposit Ratio	77%	82%
NPLs Coverage Ratio	60%	63%
Provisions to Gross Loans Ratio	42%	42%