



## **2013 Financial Results of GENIKI Bank Group Member of Piraeus Bank Group**

- Further strengthening of Key Financial Ratios and the Balance Sheet**
- Improved Operating Results and on course to return to profitability in 2014**
- Preparing the implementation of the New Business Initiatives**

- **Decline of net loss after taxes to €2.9 million 2013 compared to €100.5 million loss in 2012. Excluding extraordinary costs, profit after taxes amounted to €28.3 million.**
- **Net operating result before provisions and extraordinary costs in Q4 recorded a small loss amounting to €1.4 million**, compared to losses amounting to €13.1 million, €9.5 million and €5 million in the previous three quarters, confirming the Bank's positive trend towards operating profitability in 2014.
- **Further improvement of the Core Tier I of the Bank to 18.2% at the end of 2013**, the highest ratio in the Greek banking sector, compared to 14.7% at the end of 2012, no reliance for capital on the Greek Government or the Hellenic Financial Stability Fund (HFSF).
- **Increase of deposits by 6% on a yearly basis and by 9% (+€190 million approx.) vs previous quarter.**
- **Decrease of the average deposit interest rate cost** by more than 100 bps compared to the end of 2012, and by 27 bps compared to the previous quarter.
- **Further improvement of the strong liquidity ratios of the Bank**, with the Loan-to-Deposit Ratio down to 82% at the end of 2013, the lowest in the Greek market, compared to 94% at the end of Q3 2013, without reliance of GENIKI Bank for liquidity on the Greek Government or the Eurosystem.
- **Further decline of operating expenses by 18% on an annual basis**, excluding the impact of the personnel Voluntary Exit Scheme, a result mainly due to the initiatives undertaken for the rationalization of operations and the containment of operating costs.
- **Maintenance of the highest NPL coverage ratio in the Greek market**, at 63%, and the highest ratio of total provisions to gross loans at 42%.
- **Implementation of new business initiatives aiming at** the improvement the organizational structure, processes procedures, infrastructure and network, the strengthening and further development of staff skills, the broadening of specialized products and services offering, the further rationalization of the operating costs and the development of specialized services in the areas of investment banking, corporate restructuring and NPLs management.



### **Statement by the Chief Executive Officer**

"In a difficult but stabilizing domestic economic and financial environment and one year after its successful integration into the Piraeus Bank Group, GENIKI Bank advances toward the future with optimism and confidence. With the full support of Piraeus Bank Group, the decisive contribution of its staff and the trust of its clients, GENIKI Bank has further reinforced the already high capital adequacy ratio (Core Tier I at 18.2%), liquidity ratio (loans to deposits at 82%) and NPLs coverage (provisions to NPLs at 63%), protecting significantly its balance sheet against any future adverse developments.

In parallel, the Bank is currently implementing a comprehensive program of financial restructuring and reforms, leading to a steady improvement of its operating result, with a positive perspective of full return to profitability in 2014.

In full collaboration with Piraeus Bank, we are implementing a comprehensive business and operational restructuring of GENIKI Bank, based on a new business plan which is aiming at transforming GENIKI Bank into a specialized investment and NPL management and financial institution.

Our primary objective is to focus our activities on providing effective NPL management services to third parties, advisory restructuring services and selective funding to viable but problematic corporate entities, selective investment, liquidity and health management services to our clients and mobilizing International resources to fund the corporate sector.

The stabilization of economic conditions in Greece, the clear improvement of the economic climate and of financial expectations, especially of foreign markets, regarding the country's prospects and the Greek economy's expected recovery during 2014, after six years of continuous economic recession and social stress, form a more favorable environment for the implementation of our new Business initiatives which aim at contributing significantly to the financial restructuring of Greek business and the restart of the Greek economy".

Nikolaos Karamouzis  
Chief Executive Officer

## 2013 Financial Results – GENIKI Bank Group

Despite the difficult economic environment in 2013 and one year after its successful integration into Piraeus Bank Group, GENIKI Bank has progressively improved its operating results and further strengthened its already robust capital adequacy, liquidity and NPLs ratios, shielding it against possible adverse or unfavorable market conditions. Without any reliance on the Greek Government, the Hellenic Financial Stability Fund or the Eurosystem for capital and liquidity, with strong financial ratios and significantly improved operating results, with optimism and self-confidence, GENIKI Bank is advancing toward the future with the twin aims of achieving its full financial restructuring during 2014 and implementing its new business initiatives.

**Net losses after taxes have decreased to €2.9 million, compared to losses of €100 million in 2012; excluding extraordinary costs, mainly associated with the Staff Voluntary Exit Scheme, GENIKI Bank Group's profits before taxes amounted to €28.3 million.**

**Specifically, in Q4 the Group further improved the operating result** and - excluding the extraordinary costs – displayed a loss of €1.4 million compared to losses amounting to €13.1 million, € 9.5 million and € 5 million in Q1, Q2 and Q3 of 2013, respectively, **thus attesting to its progress toward its full financial restructuring.**

**Net Interest Income** for 2013 reached € 49.9 million, lower by 19% compared to 2012, mainly due to the decrease of the loans portfolio.

Despite the decline in Net Interest Income between the two years, 2013 saw **an increasing quarter-on-quarter improvement**. This improvement is due to the Bank's re-pricing policy in respect of the loans portfolio, the improvement of collections from non-performing or denounced loans and the fall in deposits cost, as a result of the progressive de-escalation of the time deposits interest rate, as displayed below.

Time Deposits Interest Rate					
31/12/12	31/03/13	30/06/13	30/09/13	31/12/13	Annual change in bps
4.49%	4.17%	3.86%	3.51%	3.03%	
Quarterly change	-32	-31	-35	-48	-146

Overall, the average interest rate of total deposits has been improved by 102 bps compared to the end of 2012, and by 27 bps compared to the previous quarter, displaying a higher interest-rate decrease compared to the sector as a whole.

**Net Income from Fees and Commissions** was lower by 17% compared to 2012, as a result of the decrease of the loan portfolio and the limited development of new business. The income from fees and commissions from commercial banking activities represents 63% of the total.

**Operating Income** for 2013, amounting to € 65.8 million, decreased by 32% compared to 2012. However, excluding the extraordinary income of 2012, the decrease is limited to 17%.

**Operating Expenses** – excluding extraordinary costs amounting to € 31.2 million, mainly due to the Staff Voluntary Exit Scheme – amounted to € 94.8 million, declining by 18% compared to 2012. This is due to the coordinated actions taken in 2013 aiming at the rationalization of operations and the reduction of costs.

Piraeus Bank Group announced a Voluntary Exit Scheme, valid from 19.7.2013 to 9.9.2013, in which 373 employees of GENIKI Bank Group participated. It is estimated that the high participation rate of employees in the scheme will further contribute to the accomplishment of positive operating results in 2014, despite the employment of staff mainly from the Piraeus Bank Group for critical operational positions. It is worth mentioning that the gain from the staff voluntary exit is estimated at over € 15 million annually, beginning from 2014.

Within the framework of the reorganization of Piraeus Bank Group's branch network and the Bank's preparation for the implementation of the new business initiatives, during 2013, 24 branches of GENIKI

Bank ceased their operations and their clients' portfolio was integrated into other branches of GENIKI Bank and of Piraeus Bank Group. Today, the network of GENIKI Bank consists of 80 branches all over Greece.

The **Accumulated Provisions** for NPLs decreased by €59.5 million on an annual basis, due to the improvement of the assessment and credit risk management processes in alignment with Piraeus Bank Group's more advanced and efficient ones, positively affecting the final result. Despite the above adjustment, the level of provisions is still at very high levels, €1.3 billion at the end of 2013, while the provisions-to-NPLs ratio stood at 63%, the highest in the Greek market.

### Key Balance Sheet figures as at December 31, 2013

The assets of GENIKI Bank Group amounted to €2,676 million, displaying a 1% decrease compared to December 2012. The breakdown of the balance sheet of the Group as at 31/12/2013 is displayed in the following tables:

<b>Assets (amounts in € millions)</b>		<b>Liabilities (amounts in € millions)</b>	
Cash Reserves	48.87	Loans from ECB	121.50
Interbank Placements	536.30	Interbank deposits	1.29
Net Loans and Advances to customers	1,788.28	Sight and Savings deposits	865.23
Securities portfolio	48.85	Time Deposits	1,302.53
Derivatives	2.28	Other	30.24
Other	251.04	Capital	354.83
<b>Total</b>	<b>2,675.62</b>	<b>Total</b>	<b>2,675.62</b>

As of the end of December 2013, gross loans before provisions amounted to €3,089 million, down by €224 million compared to December 2012, as a result mainly of repayments. The corporate loan portfolio amounting to €1,570 million represents 51% of total loans. Retail loans represent 49% of the total portfolio, and housing loans and consumer loans represent 61% and 39% respectively of the retail portfolio.

**Net loans** (after provisions) amounted to € 1,788 million, a 6.5% decrease of compared to December 2012.

**Deposits** amounted to €2,168 million, a 6% increase compared to December 2012 and 9% compared to September 2013, marking an important improvement of the Bank's market share in terms of deposits.

Despite an important decrease in the number of branches (24 branches in 2013), the increase of the deposit base confirms the strong relation of the Bank with its traditional customers and their confidence in its prospects.

Also, it is worth mentioning that the increase of deposits was achieved in parallel with the important decrease of the time deposits interest rates (-146 bps).

The composition of the deposits portfolio is particularly satisfactory and is constituted at 40% by current and savings accounts and at 60% by time deposits. Retail deposits represent 73% and corporate deposits 27% of the total deposits of GENIKI Bank.

### Strong capital adequacy and liquidity ratios

In December 2013, Core Tier I ratio stood at 18.2%, compared to 14.7% in December 2012 and 17.6% in Q3 2013, still the highest in the Greek market. Also, the liquidity ratio, as defined by the Bank of Greece, remains the best in the Greek market, reaching 30.06% compared to the minimum regulatory level of 20%, while the Loan/Deposit ratio has been further reduced to 82% in Q4 2013, the best in the banking sector.

GENIKI Bank holds capital adequacy and liquidity ratios which far exceed the requirements of the Bank of Greece and remains fully self-funded without reliance for capital and liquidity on the Eurosystem, the Greek Government or the Hellenic Financial Stability Fund.

It should be noted that, based on Basel III rules, Core Tier I ratio is estimated at 14.7%, one of the highest in the market.

### Improved Quality of Loans Portfolio and Strong Coverage of NPLs

The net increase of the NPLs portfolio has been significantly limited in 2013, to €21 million, and continues to decrease, which reveals the high quality of the existing performing portfolio of GENIKI Bank. Despite the decrease of €59.5 million, due to the adjustment of the accounting estimations, accumulated provisions were formed at the high level of €1.3 billion. The significant deceleration of new NPL growth and the high provisions indicate the improvement of the loans portfolio of GENIKI Bank and the end of the cycle of new default-loans creation.

In 2013, the corporate NPL portfolio remained stable. Retail loans portfolio displayed an increase by 9.9%, as a result of the continuous pressure on households' income. The average coverage ratio in the retail portfolio has been formed at 55%, with the non-collateralized loans (consumers and credit cards) ratio at 90%.

The exposures and related provisions of the NPLs per portfolio are displayed in the table below:  
(amounts in €millions)

Category	Balance as at 31/12/2013	Accumulated provision as at 31/12/2013	Coverage ratio
<b>Retail</b>	<b>1,037.27</b>	<b>568.66</b>	<b>55%</b>
Housing	542.52	124.30	23%
Consumer loans - Credit Cards	494.75	444.35	90%
<b>Professionals &amp; Very Small Businesses</b>	<b>282.35</b>	<b>248.57</b>	<b>88%</b>
<b>Corporate</b>	<b>743.14</b>	<b>476.49</b>	<b>64%</b>
Large Clients	353.66	220.11	62%
SMEs	389.48	256.38	66%
<b>Total NPLs Portfolio</b>	<b>2,062.76</b>	<b>1,293.72</b>	<b>63%</b>

\*The amount of the accumulated provision of € 1,294 million is less from the total accumulated provision of € 1,300 million, by the amount related to the loans which are under monitoring even though they are not in default.

The ratio of non-performing loans over 90 days to the total loans portfolio remains high and was at 67% in December 2013 compared to 62% in December 2012, mainly due to the decrease of the total loans portfolio of the Bank.

The coverage of the non-performing loans over 90 days is at 63% from 69% in December 2012, due to the adjustments in provisions in Q2 2013. The coverage ratio of 63% is the highest in the Greek market, confirming the strong protection of the Bank against potential adverse and unfavorable conditions. The ratio of the accumulated provisions to the total loans remained at 42%, also one of the higher percentages in the Greek market.

### A Positive Business Perspective

With the highest capital-adequacy, liquidity and NPLs-coverage ratios in the Greek banking system, the best Loan/Deposit ratio and a high liquidity and capital buffer, today GENIKI Bank is protected against any possible adverse macroeconomic eventualities and is preparing to implement the new business initiatives for the development of its operations.

At the same time, the reinforcement of its staff with specialized and experienced professionals, the entire development and upgrade of its infrastructure and network, the new organizational structure, the expansion of the products and services offering, the new targeted operations, the improvement of the operating result and the formation and implementation of the new business initiatives, will lead the Bank to its full financial restructuring in 2014 and its progressive conversion into a modern private- and investment-banking institution.

The core axes of the Bank's future development will include: the more effective management of the significant level of NPLs in the Greek market; the financial restructuring of Greek businesses which are

currently experiencing difficulties but are nonetheless deemed viable; the offering of funding advisory and related financial services; the mobilization of international financial resources; and the selective use of the Bank's network to provide specialized services with a view to raising liquidity and managing customers' wealth.

To this end and with the Piraeus Bank Group's critical support, GENIKI Bank advances into the future with optimism and confidence in an improving financial environment and looks forward to contributing creatively to the development of Greek businesses and the Greek economy.

**Financial Results of the year ending on December 31, 2013**  
**Amounts in € millions**

	QUARTERLY RESULTS				FULL YEAR RESULTS		
	1 Jan to 31 Mar 2013	1 Apr to 30 Jun 2013	1 Jul to 30 Sep 2013	1 Oct to 31 Dec 2013	2013	2012	Change %
Net interest income	8.0	10.4	14.3	17.2	49.9	61.9	
Net fees income	3.48	3.58	3.64	3.44	14.1	16.9	
<b>Total net interest &amp; commissions income</b>	<b>11.5</b>	<b>14.0</b>	<b>17.9</b>	<b>20.6</b>	<b>64.0</b>	<b>78.8</b>	<b>-18.8%</b>
Net income from financial instruments	0.2	0.5	0.2	0.1	1.0	17.6	
Other income and income from Dividends	0.1	0.4	-0.2	0.4	0.8	0.1	
<b>Total Net Operating Income</b>	<b>11.8</b>	<b>14.8</b>	<b>17.9</b>	<b>21.2</b>	<b>65.8</b>	<b>96.5</b>	<b>-31.9%</b>
Personnel fees and expenses *	-14.8	-14.8	-14.3	-13.3	-57.1	-67.1	
Staff Voluntary Exit Scheme	-	-	-6.6	-22.8	-29.4	-	
Administrative expenses and depreciations	-10.2	-9.5	-9.0	-10.8	-39.5	-48.5	
<b>Total Net Operating Expenses</b>	<b>-25.0</b>	<b>-24.4</b>	<b>-29.9</b>	<b>-46.9</b>	<b>-126.1</b>	<b>-115.6</b>	<b>9.0%</b>
<b>Operating Profit/Loss before provisions</b>	<b>-13.1</b>	<b>-9.5</b>	<b>-12.0</b>	<b>-25.7</b>	<b>-60.3</b>	<b>-19.1</b>	<b>215.4%</b>
<b>Operating Profit/Loss before provisions and extraordinary results</b>	<b>-13.1</b>	<b>-9.5</b>	<b>-5.0</b>	<b>-1.4</b>	<b>-29.0</b>	<b>-35.9</b>	<b>-19.2%</b>
Provisions	-14.8	78.9	-1.3	-3.8	58.9	-102.6	
Impairment of assets	0.0	-0.3	0.0	-1.2	-1.6	-7.4	
GGB impairment	0.0	0.0	0.0	0.0	0.0	-15.3	
<b>Profit/Loss of the period before taxes</b>	<b>-28.0</b>	<b>69.1</b>	<b>-13.3</b>	<b>-30.7</b>	<b>-2.9</b>	<b>-144.4</b>	
<b>Profit/Loss of the period after taxes – GENIKI Bank</b>	<b>-28.0</b>	<b>27.0</b>	<b>-13.9</b>	<b>-30.7</b>	<b>-45.5</b>	<b>-89.8</b>	<b>-49.3%</b>
<b>Profit/Loss of the period after taxes - Group</b>	<b>-28.0</b>	<b>69.1</b>	<b>-13.3</b>	<b>-30.7</b>	<b>-2.9</b>	<b>-100.5</b>	

*\*In the above analysis of the results for the year 2012, modifications have been introduced due to the retroactive implementation of the amended IAS 19.*

<b>Key Balance Sheet figures Consolidated data (amounts in € millions)</b>	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>Total Assets</b>	<b>2,676</b>	<b>2,650</b>
<b>Gross Loans</b>	<b>3,089</b>	<b>3,313</b>
<b>Accumulated provisions</b>	<b>1,300</b>	<b>1,399</b>
<b>Deposits</b>	<b>2,168</b>	<b>2,043</b>
<b>Total Equity</b>	<b>355</b>	<b>356</b>

<b>Financial Ratios</b>	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>Core Tier I</b>	<b>18.2%</b>	<b>14.7%</b>
<b>Liquidity Ratio</b>	<b>30.1%</b>	<b>22.1%</b>
<b>Loans to Deposits Ratio</b>	<b>82%</b>	<b>94%</b>
<b>NPLs Coverage Ratio</b>	<b>63%</b>	<b>69%</b>
<b>Provisions to Gross Loans Ratio</b>	<b>42%</b>	<b>42%</b>