



## Q1 2014 Financial Results of GENIKI Bank Group Member of Piraeus Bank Group

- **Completion of GENIKI Bank's financial restructuring**
  - **Return to profitability in Q1 2014 for the first time after 10 consecutive years of losses**
  - **Further strengthening of Key Financial Ratios, the highest in the market**
  - **Accelerated revenues from effective NPL management**
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- **Profits after tax at € 4.8 million in Q1 2014 after 10 consecutive years of losses** and Operating Profit before provisions at € 1.9 million, positive for the first time since 2010.
  - **Further improvement of the Core Tier I Ratio of the Bank to 19.4% at the end of Q1 2014, the highest in the Greek banking sector, from 18.2% in Q4 2013** with no reliance of GENIKI Bank for capital on the Greek Government or the Hellenic Financial Stability Fund (HFSF).
  - **Further improvement of the already strong liquidity ratios of the Bank through the increase of deposits, with the Loan-to-Deposit Ratio down to 79% at the end of Q1 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 Greek Government or the Eurosystem.**
  - **Increase of the deposits market share.** GENIKI Bank's deposits amounted to € 2,249 million at the end of Q1 2014, recording an increase of 3.7% compared to December 2013 (vs -1.3% change in the market in the same period) and 13.4% compared to September 2013, despite the reduction of interest rates of its time deposits at a pace faster than the market.
  - **Further decline of operating expenses by 14% in Q1 2014 compared with Q4 2013,** as a result of the initiatives undertaken for the rationalization of operations and the reduction 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%.**
  - **Effective NPL management led to a substantial acceleration of NPL collections in Q1 2014 and lower provisioning requirements.**



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

"Eighteen months after its successful integration into Piraeus Bank Group, GENIKI Bank has completed its financial restructuring. In a challenging but stabilized domestic economic environment and improved capital market conditions, GENIKI Bank returned to profitability in Q1 2014, recording net profits after tax of € 4.8 million, for the first time after 10 consecutive years of losses. The financial recovery of GENIKI Bank is mainly attributed to the full support provided by Piraeus Bank Group and the decisive contribution of its management and staff. In addition, the improvement of the financial and economic conditions in Greece has contributed to the same direction.

Piraeus Bank Group, the largest financial group in Greece, has decided the merger, by absorption, of GENIKI Bank from Piraeus Bank. Following this decision, our Group is further strengthened by incorporating the solid financials of GENIKI Bank (Capital Adequacy Ratio Core Tier I at 19.4%, without any reliance on HFSF, strong liquidity with the Loan to Deposit Ratio at 79% in Q1 2014 and NPL Coverage Ratio at 63%, the highest in the market). At the same time, through the merger, experienced and talented professionals are incorporated into the Group.

I ensure both the shareholders and clients that during the transition period that will follow, GENIKI Bank will continue to provide comprehensive and quality services to our clients.

Upon the completion of above process, within a few months, our clients will have the opportunity and access to the full range of products and services of Piraeus Bank Group and the confidence and quality of services assured by the Group's financial strength and leading position in the Greek market".

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

## Q1 2014 Financial Results – GENIKI Bank Group

GENIKI Bank Group recorded profits before provisions € 1.9 million in Q1 2014, after 4 years of constant operating losses and profits after tax € 4.8 million after 10 consecutive years of losses, mainly due to the intensive efforts, commitment and mobilization of its management and staff, the significant improvement in NPL management, resulting in higher net interest income and the continuous effort of the Group to reduce operating costs.

**Net Interest Income** for Q1 2014 amounted to € 18.8 million, increased by 134% Y-o-Y and by 9% compared to Q4 2013. This was mainly due to the increased payments from NPL management during Q1 (€ 12.4 million in Retail, higher by 12% vs Q4 2013 and € 3.5 million in Corporate higher by 25% vs the 2013 average). Furthermore, there was a widening of interest rate spread, mainly due to lower interest expenses, associated with the significant reduction of time deposits' cost, which fell faster than the market.

**Net Income from Fees and Commissions** reached € 4.5 million, increased by 29% compared to Q1 2013, despite the reduction of outstanding loans.

**Operating Income** for Q1 2014, amounting to € 23.4 million, was higher by 98% compared to Q1 2013 and 11% compared to Q4 2013, mainly due to increased net interest income.

**Operating Expenses** amounted to € 21.5 million, declining by 14% compared to Q1 2013 and lower than Q4 2013 (excluding the Voluntary Exit Scheme cost). This evolution is due to the costs synergies realized through the optimization of the new organizational structure plus the coordinated actions taken during 2013 aiming at the rationalization of operations and the reduction of costs.

The **Accumulated Provisions** for NPLs decreased by € 2.7 million in Q1 2014. The amount of provisions is still maintained at very high levels, €1.3 billion at the end of Q1 2014, while the Provisions-to-NPLs ratio stood at 63%, the highest in the Greek market.

### Key Balance Sheet figures as at March 31, 2014

At the end of Q1 2014, the assets of GENIKI Bank Group amounted to €2,732 million, displaying a 2% increase compared to December 2013. The breakdown of the balance sheet of the Group is depicted in the following tables:

<b>Assets (amounts in € millions)</b>		<b>Liabilities (amounts in € millions)</b>	
Cash Reserves	50.8	Loans from ECB	91.2
Interbank Placements	636.4	Interbank deposits	2.3
Net Loans and Advances to customers	1,776.0	Sight and Savings deposits	799.7
Securities portfolio	20.0	Time Deposits	1,449.7
Derivatives	2.3	Other	28.9
Other	246.1	Capital	359.8
<b>Total</b>	<b>2,731.6</b>	<b>Total</b>	<b>2,731.6</b>

As of the end of March 2014, **gross loans before provisions** amounted to €3,074 million, down by 0.5% compared to December 2013. The corporate loan portfolio amounting to €1,576 million represents 51% of total loans. Retail loans represent 49% of the total portfolio. Housing and consumer loans represent 61% and 39% respectively of the retail portfolio.

**Net loans** (after provisions) amounted to € 1,776 million, displaying a 0.7% decrease compared to December 2013.

**Deposits** reached €2,249 million at the end of Q1 2014, displaying a 3.7% increase compared to December 2013 vs a 1.3% decrease in the Greek market and an increase of 13.4% compared to September 2013. The Bank reduced its interest rates by 23 bps in Q1 2014, at a pace faster than the market; yet, time deposit balances increased by 10% compared to December 2013, attesting the strong confidence of clients in GENIKI Bank.

This is also in line with the increase of the market share of the Bank in deposits during the last two quarters, due to the inflow of new deposits compared to the reduction of the total deposits in the Greek banking market during the same period.

### **Strong capital adequacy and liquidity ratios**

GENIKI Bank implemented a number of initiatives to further optimize its risk weighted assets and improved its Core Tier I ratio which stood at 19.4% in Q1 2014, compared to 18.2% in Q4 2013 and 17.6% in Q3 2013, still the highest in the Greek market. Furthermore, the Loan/Deposit ratio has been further reduced to 79% in Q1 2014, compared to 82% in Q4 2013, which is the lowest 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 or liquidity on the Eurosystem, the Greek Government or the Hellenic Financial Stability Fund.

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

In Q1 2014, NPLs portfolio slightly decreased by € 2 million compared to December 2013, reversing the trend of new NPLs accumulation. This was due to the effective management of NPLs, increased NPL collections and the new restructuring solutions offered to clients.

The accumulated provisions were maintained at the high level of €1.3 billion.

The average NPL coverage ratio in the corporate portfolio stood at 75%, and in the retail portfolio at 55%. The coverage ratio for non-collateralized loans (consumers and credit cards) stood at 93%.

The ratio of non-performing loans over 90 days to the total loans portfolio remains stable compared to December 2013, at 67%.

The coverage of the non-performing loans over 90 days by provisions stands at 63%, 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.

## Financial Results of the March 31, 2014

Amounts in € millions

	Q1 2014	Q4 2013	Q1 2013
Net interest income	18.8	17.2	8.0
Net fees income	4.5	3.4	3.5
<b>Total Net Interest &amp; Commissions Income</b>	<b>23.3</b>	<b>20.6</b>	<b>11.5</b>
Net income from financial instruments	0.3	0.1	0.2
Other income and income from Dividends	-0.2	0.4	0.1
<b>Total Net Operating Income</b>	<b>23.4</b>	<b>21.2</b>	<b>11.8</b>
Personnel fees and expenses	-12.8	-13.3	-14.8
Voluntary Exit Program cost	-	-22.8	-
Administrative Expenses & Depreciation	-8.7	-10.8	-10.2
<b>Total Net Operating Expenses</b>	<b>-21.5</b>	<b>-46.9</b>	<b>-25.0</b>
<b>Operating Profit/Loss before provisions</b>	<b>1.9</b>	<b>-25.7</b>	<b>-13.1</b>
<b>Operating Profit/Loss before provisions and extraordinary results</b>	<b>1.9</b>	<b>-1.4</b>	<b>-13.1</b>
Impairment of Loans & Other Provisions	2.9	-3.8	-14.8
Impairment of assets	0.0	-1.2	-0.04
<b>Profit /Loss of the period before taxes</b>	<b>4.8</b>	<b>-30.7</b>	<b>-28.0</b>
<b>Profit /Loss of the period after taxes – GENIKI Bank</b>	<b>4.8</b>	<b>-30.7</b>	<b>-28.0</b>
<b>Profit /Loss of the period after taxes – Group</b>	<b>4.8</b>	<b>-30.7</b>	<b>-28.0</b>

Key Balance Sheet figures Consolidated data (amounts in € millions)	31 Mar 2014	31 Dec 2013
Total Assets	2,732	2,676
Gross Loans	3,074	3,089
Accumulated Provisions	1,298	1,300
Deposits	2,249	2,168
Total Equity	360	355

Financial Ratios	31 Mar 2014	31 Dec 2013
Core Tier I	19.4%	18.2%
Loans to Deposits Ratio	79%	82%
NPLs Coverage Ratio	63%	63%
Provisions to Gross Loans Ratio	42%	42%