



PIRAEUS GROUP RESULTS

Management Statements

“The Greek banking system contributed decisively to the success of the recent Greek Government Bond (GGBs) buyback program, which helped Greece to remain in the Euro zone and to reduce its sovereign debt levels for a second time.

Due to our participation in the PSI and the recent GGBs buyback program, the Bank suffered significant financial losses. Following the completion of the recapitalization, which is currently under way, the capital adequacy ratios of Piraeus Bank are restored and, also bolstered by our recent acquisitions, the Bank will be able to respond to demands of a recovering Greek economy.”

Michalis Sallas, Chairman of BoD

“Piraeus Group’s net revenues for the 9m 2012 period declined, affected by both the adverse economic environment and in particular increased funding costs. Operating costs remained broadly unchanged compared to the same 9m period of 2011, despite the consolidation of ATEbank’s operating expenses for two months. Excluding ATEbank, Piraeus Group is on track to meet its full-year 2012 target for reducing operating costs by 10%.

The 9m 2012 pre-tax and provision profitability amounted to €0.5 bn. The provision expense for loans and other assets reached €1.5 bn, mainly due to deteriorating economic conditions in Greece. A significant effect on the 9 month results was the additional €0.3 bn impairment on the new GGBs, as their initial fair value was remeasured based on market values.

In the second half of December 2012, the Hellenic Financial Stability Fund (HFSF) provided Piraeus Bank with an additional Capital Advance of €1.5 bn, as well as a Commitment Letter of €1.1 bn for its participation in the Bank’s capital enhancement program. In total, the Capital Advances and the Commitment Letter provided by the HFSF amount to €7.3 bn, corresponding to the aggregate capital needs determined by the Bank of Greece (BoG).

From a stronger capital position and significantly higher market share, Piraeus Bank aims to create a modern platform of high quality banking services with the aim to support the recovery and growth of the Greek economy, and focusing on medium-sized enterprises and agri-businesses.”

Stavros Lekkakos, Managing Director & CEO

On 27.07.12, Piraeus Bank acquired the “good” part of ATEbank (selected assets and liabilities, hereafter ATEbank), following the decision of the Resolution Measures Committee of the Bank of Greece (Meeting 4/27.07.2012, Greek Government Gazette 2209/27.07.12). As a result, the sum of the selected balance figures of ATEbank for 30.09.12 are included in the volumes of this Press Release, as well as the ATEbank results for the period 27.07.12 to 30.09.12. Fair values on the acquired assets and liabilities are temporary and the conclusive valuation has been assigned by the Bank of Greece to an auditing company, according to the law, and it is expected to be finalized by end January 2013. Due to the nature of the incorporation of the selected figures of ATEbank since 27.07.12, it is not possible to display comparable Group Balance Sheet and Profit & Loss figures for prior time periods.

Additionally, the sale of Piraeus’ participation (98.5%) in Marathon Bank was completed on 27.09.12, after having received the required approval from the US regulatory authorities. Therefore, Piraeus Group’s operations in New York are not incorporated in the 30.09.12 Balance Sheet, whereas the respective figures for the period 01.01.12 to 27.09.12 are presented as discontinued operations in the Income Statement, according to IFRS 5. For the sake of comparability, all results, figures and ratio items do not include operations in New York in this Press Release.

Furthermore, the figures of the Balance Sheet as of 30.09.12 and of the Profit & Loss for the period 27.07.12 to 30.09.12 of ATE Insurance and its direct participation in ATE Insurance Romania are included in the discontinued operations, as Piraeus Bank has initiated the process to dispose of these participations.

Finally, on 31.07.2012, Piraeus Bank terminated the sale process of its subsidiary in Egypt, and hence, all its figures are incorporated in the 6m and 9m 2012 financial statements.

Group Performance Highlights

9month 2012 Results

- Net Interest Income amounted to €720 mn
- Net Fees & Commission Income reached €140 mn, 91% of which originated from recurring revenue sources (commercial banking commissions).
- Net Revenues amounted to €1,088 mn, following a positive contribution from net trading income of €207 mn.
- Operating Costs reached €591 mn, which was stable year on year despite the incorporation of ATEbank's figures since July 27, 2012. The aforementioned expenses include a €10 mn one-off unamortized cost from 80 branches that ceased operating during the 9 month period of '12. The like-for-like operating cost of the group for the 9m '12 (excl. ATEbank) period was down 8% year-on-year.
- Profit before Tax and Provisions was €513 mn for the 9 month '12 period.
- Aggregate Impairment charges during the 9month '12 remained at a high level (€1.8 bn), of which €1.4 bn related to loan impairment charges as a consequence of the unfavorable macroeconomic conditions and a €0.3 bn additional impairment for the new GGBs.
- Net Result attributable to shareholders from continuing operations during the 9m '12 period was a loss of €629 mn.

Volumes and Presence as of 30 September 2012

- The Group's total assets amounted to €67.4 bn at the end of September 2012, including the "good" ATEbank. When adding the €7.3 bn capital-commitment provided by the HFSF and €0.5 bn capital for ATEbank, the Group's total assets reached €75.3 bn.
- Gross Loans reached €46.6 bn, 64% of which were business loans, 26% mortgages and 10% consumer loans.
- Deposits and Retail Bonds stood at €33.3 bn, 44% of which comprised low-cost deposits (current & savings accounts).
- Net loans to deposits ratio improved to 126% at end September 2012.
- NPLs above 90 days ratio increased to 18.0% at end September 2012 and the coverage of loans in arrears by cumulative provisions reached 55%. The ratio of cumulative provisions to gross loans increased to 9.9%.
- Total equity of the group at the end of September 2012 amounted to €5.4 bn, including €7.3 bn capital from the HFSF, and the €0.5 bn for ATEbank. The Group's capital adequacy ratio reached 13% at end September 2012 (pro-forma for HFSF capital).
- The Group's branch network for the group comprised 1,244 branches at end September 2012, of which 793 branches were in Greece and 451 in nine countries internationally. At 30.09.12 the Group employed 17,359 persons, 11,057 were in Greece and 6,303 abroad.

Key Figures of Piraeus Bank Group in 9-month and 6-month 2012

(Balance sheet data as of 30.09.12 and 30.06.12, profit & loss data for 9-month and 6-month '12)

Consolidated Data	30.09.12	30.06.12
Selective Volume Figures (€ mn)		
ASSETS [pro-forma for HFSF capital and commitment letter]	75,259	53,665
• o/w assets from Discontinued Operations ¹	544	716
Gross Loans	46,579	35,947
Cumulative Provisions	4,615	3,303
Deposits & Retail Bonds	33,279	19,220
Total Equity [pro-forma for HFSF capital and commitment letter]	5,445	5,065
Summary Results (€ mn)		
Net Interest Income	720	408
Net Fee & Commission Income	140	89
Net Trading Income	207	213
Other Operating Income & Dividend Income	20	-4
Net Revenues	1,088	706
Personnel Expenses	278	170
• o/w Greece	200	118
Administrative Expenses	234	147
• o/w Greece	161	98
Total Operating Costs	591	369
• o/w Greece	408	246
Total Operating Costs on like-for-like basis²	581	360
Profit before Tax & Provisions		
	513	327
Impairment of Loans & Other Assets	1,455	890
GGB Impairment	311	311
Loss before Tax	-1,253	-874
Share of Bank shareholders in loss after tax from continuing operations	-629	-355
Profit after tax from discontinued operations	13	3

NOTES

¹ **Discontinued Operations:** for the Balance Sheet Marathon Bank for 30.06.12, ATE Insurance-ATE Insurance Romania for 30.09.12, for the P&L Marathon Bank (operations profit for all the periods and disposal gain for Q3'12) and ATE Insurance-ATE Insurance Romania for the period 27.07.12 - 30.09.12.

² **Expenses on a like-for-like basis:** excluding branch amortization for the branches ceasing operation during 2012.

Volume Evolution

Group deposits amounted to €33.3 bn at the end of September 2012. Deposits in Greece, with the incorporation of ATEbank, reached €28.9 bn. It should be noted that following the elections in mid-June 2012, deposits in Greece stabilized.

Accordingly, deposits stemming from the Group's international activities amounted to €4.4 bn. It also should be noted that since the absorption of ATEbank, the Group's international activities incorporate ATEbank Romania and one branch in Frankfurt.

At the end of September 2012, gross loans amounted to €46.6 bn. Gross loans in Greece reached €39.1 bn, and abroad they stood at €7.5 bn. As regards loan composition per customer category at end September '12, business loans amounted to €30.0 bn and retail loans €16.6 bn. Loans to businesses clients constituted 64% of total group loans, and individual clients 36% (26% mortgages and 10% consumer loans).

Group Volume Analysis (€ mn)	Sept.'12
<u>Gross loans per type</u>	
Loans to businesses	29,981
Loans to individuals	16,598
Total loans	46,579
• Greece	39,074
• International Operations	7,505
<u>Deposits per type</u>	
Sight-Savings-Other	14,770
Term	18,509
Total deposits	33,279
• Greece	28,867
• International Operations	4,412

Loan Portfolio Quality

The loans in arrears over 90 days ratio for the Group, including ATEbank, reached 18.0% at the end of September '12. The ratio's deterioration was related to both the recession in Greece and the economic slowdown in the countries where the Group has an international presence. The ratio for the market in Greece reached 21.4% at the end of June 2012 from 15.9% at the end of December 2011 (Piraeus in Greece, 18.1% as at 30.06.12).

The NPLs > 90 days coverage by cumulative provisions rose to 55%, while with, the inclusion of tangible collateral after the haircut it reached 106% at the end of September 2012. The cumulative provisions to gross loans ratio at the same date stood at nearly 10%.

Capital Adequacy

In the second half of December 2012 the HFSF provided Piraeus Bank with an additional Capital Advance of €1.5 bn, as well as a Commitment Letter of €1.1 bn, for its participation in Piraeus Bank's capital enhancement program. Thus, the total capital needs determined by the BoG, amounted to €7.3 bn (plus €0.5 bn for ATEbank). Consequently, the Group's Capital Adequacy ratio reached 13% and the EBA Core Tier I ratio 12% (pro-forma).

The recapitalization of the largest Greek Banks including Piraeus Bank, is expected to be implemented in three phases and based on the law 3864/2010 and Cabinet Act 38/9.11.12: the 1st phase refers to the provision of an additional advance payment by the HFSF to the Banks, by the end of 2012, allowing the Core Tier I ratio to reach a minimum of 9%. The 2nd phase relates to the issuance of contingent convertible bonds by the end of January 2013, which will be entirely covered by the HFSF. Finally, the 3rd phase refers to the completion of the share capital increase with common shares, by the end of April 2013, in which any unsubscribed shares will be undertaken by the HFSF.

Evolution of Results

Group net interest income (NII) reached €720 mn in the 9month period of 2012. It should be noted that the net interest income was negatively affected by additional funding cost, as the delay in the recapitalization process hampered the de-escalation of the deposits cost in Greece. At the same time, NII was burdened by the use of the ELA mechanism as opposed to ECB funding (incurring an additional cost of €256 mn during the 9month '12 period). NII stemming from operations in Greece reached €428 mn, while the respective income from international operations was €292 mn.

Net Fees & Commission Income was €140 mn in the 9month 2012 period, of which commissions from the commercial activities reached €128 mn (91%). Net Fees & Commission Income in Greece was €104 mn, while the respective amount for the international operations was €36 mn.

Net revenues for the 9month 2012 period amounted to €1,088 mn, including positive contribution from trading gains. It should be noted that the trading gains were positively affected by Piraeus' own debt buyback program.

The Group's operating expenses remained at €591 mn, considering the incorporation of ATEbank for 2 months, and the accounting of the one off unamortized cost of €10 mn related to the branches that ceased operating during the 9 months of 2012. Consequently, the annual target, set by management for the reduction in the operating costs by 10% (excluding ATEbank) is deemed achievable.

The number of Group personnel stood at 17,359, with 11,057 employed in Greece and 6,303 in international operations. The Group branches comprised 1,244 units, 793 of which were in Greece and 451 internationally. In the 9m period of 2012, 80 branches ceased operations (21 in Greece and 59 internationally).

The Group's pre-tax and provisions profitability reached €513 mn in the 9m period of 2012.

The total impairment charge for loans, other assets and new GGBs, increased year-on-year and reached €1,767 mn.

The Impairment for loans losses rose to €1,358 mn. In particular, the loan impairment charge reached €1,173 mn in Greece and €185 mn abroad.

Apart from these provisions, an additional impairment charge amounting to €311 mn was accounted in the 9m '12 results, relating to the new GGBs, as well as a securities impairment of €61 mn and impairment of tangible and intangible assets amounting to €37 mn.

The 9m '12 Group pre-tax loss was €1,253 mn, while the net result attributable to shareholders from continuing operations was a loss of €629 mn, and discontinued operations contributed a profit of €13 mn (€9 mn of which was attributed to the sale of the US subsidiary).

Developments following March 31st 2012

Piraeus Bank:

- terminated the sale process for the subsidiary Piraeus Bank Egypt at the end of July 2012,
- acquired the “good” part of ATEbank (selected assets and liabilities of ATEbank) at the end of July 2012, significantly enhancing the Group’s position in the Greek banking activities, bringing a market share of 18% in deposits and 16% in loans (based on September 2012 data). The integration of ATEBank into Piraeus Group is well on track,
- disposed of its participation (98.5%) in the subsidiary Marathon Bank of New York at the end of September 2012, strengthening the Group’s capital adequacy ratio by c20 bps,
- signed an agreement with Societe Generale (SocGen) for the acquisition of SocGen’s total stake (99.08%) in Geniki Bank. The agreement was finalized with the reception of all the required approvals on December 14, 2012,
- participated, following the BoD decision of 07.12.12, in the Hellenic Republic bonds buy-back program, with the total of its new GGBs portfolio representing a nominal amount of €4,3 bn,
- reinforced its management team with the arrival of Mr. Anthimos Thomopoulos as Deputy CEO of Piraeus Bank.

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 September 2012, the Group possessed a network of 1,244 branches (793 in Greece and 451 internationally) and employed 17,359 people (11,057 Greece and 6,303 abroad). Piraeus Bank Group, which 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 the initiatives for the support of healthy business plans, and the transition of the Greek economy into a new era of modern and sustainable growth.

Athens, 20 December 2012

Note:

The Condensed Interim Financial Information and Data as of June 30, 2012 and September 30, 2012 will be available at the corporate site (www.piraeusbank.gr) on Friday, December 21, 2012 and will be published in the Press on Saturday, December 22, 2012.

