



IMPROVED Q1.2015 GROUP RESULTS - Net Profit of €23 mn for Parent Piraeus Bank

Management Statements

“The forthcoming agreement between Greece and the Institutions is significant, as it will remove any uncertainties and restore confidence in the economy and the Greek market. This development will enable the return of deposits into the banking system, its access to cheaper funding sources and enhance liquidity in the economy.

Restoring liquidity is imperative for stimulating business activity, creating jobs and enabling growth. The latter is the most appropriate way to address the economic and social crisis, as it allows for an increase in employment, as well as the implementation of a redistributive policy with the aim of improving the living standards of vulnerable social groups.

Piraeus Bank is preparing itself to respond to its heightened responsibilities and its role in the Greek economy.”

Michalis Sallas, BoD Chairman

“Despite the economic uncertainty that inevitably affected both liquidity and asset quality, the Group’s net result was -€69 mn in Q1.2015 compared to -€246 mn in Q1.2014. In particular, the parent Bank in Greece posted a positive result of €23 mn for the first time since Q1.2011.

The improvement in the net result is mainly attributed to the strengthening of pre-tax and provision income, which amounted to €266 mn, reinforced by the increase in net income and the containment of operating costs.

However, deposit outflows contributed to a 15% decrease year-to-date, resulting in an increased Eurosystem funding. Furthermore, NPLs formation slightly increased, interrupting the favorable trend displayed during the previous quarters, whereas the coverage of loans in arrears over 90 days by cumulative provisions ratio was increased at a level of 57% versus 51% in March 2014.

The Group’s capital adequacy remains strong, with the Common Equity Tier I ratio at 11.9% in March 2015.

Piraeus Bank, continues to contribute to the stability of the Greek banking system, by absorbing Panellinia Bank in April 2015. Moreover, moving a step further towards implementing the Group’s Restructuring Plan, the Bank reached recently an agreement to sell its subsidiary Piraeus Bank Egypt, thus strengthening further the capital adequacy ratio of the Group.”

Anthimos Thomopoulos, CEO



Group Performance Highlights

Q1.2015 Results

- ☑ Recurring **profit before tax and provisions** was €266 mn in Q1.2015, up 6% versus Q1.2014 and 7% versus Q4.2014.
- ☑ **Group net interest income** reached €500 mn, up 4% yoy, and marginally decreased 2% qoq, as a result of greater ELA reliance. **Further de-escalation of time deposits costs in Greece** in Q1.2015 to 183 bps compared to 206 bps in Q4.2014 helped offset the ELA burden.
- ☑ **Net fees & commissions income** was €83 mn in Q1.2015, up 4% annually. The economic uncertainty during the first quarter of the year affected new fees generation, which nonetheless displayed relative resilience.
- ☑ **Net operating revenues** were €593 mn, up 3% yoy and marginally down 2% qoq.
- ☑ Recurring **operating expenses** were €327 mn, down significantly 9% versus Q4.2014. Moreover, **staff expenses excluding one-off items** decreased 9% yoy.
- ☑ The **loans in arrears over 90 days ratio** remained unchanged at 39% versus December 2014. NPLs formation in Q1.2015 was €264 mn, or 38 bps over gross loans. The **coverage ratio of loans in arrears over 90 days by cumulative provisions** remained at a high level of 57% up significantly when compared to March 2014 ratio (51%).
- ☑ The Group posted **loan impairment charges** of €278 mn in Q1.2015, in line with the NPLs formation. This resulted in a loan loss reserves over gross loans ratio of 22% post write-offs (€0.4 bn in Q1.2015).
- ☑ **Net result from continuing operations attributable to shareholders** amounted to -€69 mn in Q1.2015.

It is noted that the parent Piraeus Bank posted a **€23 mn recurring net profit in Q1.2015 for the first time since Q1.2011.**



Volumes as of March 31, 2015 - Recent Developments

- Group total assets** amounted to €88.5 bn, down 1% versus December 2014. Adjusting, for the seasonal agri-loan (€1.8 bn) in December 2014 and for the FX impact of the CHF and USD appreciation in March 2015 on the Group's loan portfolio (+€1.1 bn), total assets remained unchanged qoq.
- Customer deposits** totalled €46.5 bn, down 15% or c.€8 bn versus year end 2014. It should be noted that following the agreement attained at the Eurogroup meeting on February 20, 2015, the deposits outflows have significantly declined. However, since March 2015, the outflows' mix has shifted towards Government related deposits. Despite the contraction in the deposit base the downward trend of the time deposit costs continued in Q1.2015.
- Gross loans before adjustments** were €71.4 bn up €0.2 bn qoq. Adjusting for the FX impact due to the appreciation of CHF and USD in Q1.2015, the loan portfolio continued to deleverage, decreasing 1% qoq (excluding the seasonal agri-loan in December 2014). Net loans amounted to €55.7 bn.
- Net loans to deposits ratio** was 120% in March 2015 versus 101% in December 2014, at par with the Greek market level (122% at the end of March 2015). The net Eurosystem funding over total assets ratio (excluding EFSF bonds pledged as collateral to the ECB) increased to 18% versus 9% in December 2014, as a result of the outflows in deposits.
- The **Group's total capital adequacy ratio** according to Basel III was 12.0%¹, while the Common Equity Tier I ratio was 11.9%¹ burdened by €0.7 bn in RWAs, which is attributed to the appreciation of CHF and USD loans. Under the fully implemented Basel III regulatory framework, CET-1 stood at 11.1%¹.
- On April 17, 2015 Piraeus Bank acquired the carve-out part of Panellinia Bank healthy assets, thus continuing to contribute to the restructuring of the Greek banking system. The acquired carve-out comprised €504 mn in deposits, €370 mn in gross loans, as well as 26 branches and 163 employees. The initial funding gap amounted to €273 mn, while the final amount is expected to be finalized in less than 6 months following the transaction by a certified auditor that has been appointed by the Bank of Greece.
- On May 21, 2015 Piraeus Bank announced that it had entered into a definitive agreement with Al Ahli Bank of Kuwait to dispose of its stake in Piraeus Bank Egypt S.A.E., its Egyptian subsidiary, for a consideration of \$150 mn. This transaction improves the Group's CET1 ratio by c.30 bps and increases the Group's liquidity by c.€0.2 bn, and is in line with the framework of implementing the approved Restructuring Plan of the Group.
- The **Group's branch network** comprised 1,137 units at the end of March 2015, of which 791 branches operated in Greece and 346 abroad. The Group's branch network was further reduced by 38 branches in Q1.2015, with the Restructuring Plan 2017 target of 870 branches having been surpassed in 2014.
- The **Group's headcount** at the end of March 2015 totaled 21,033 employees, of which 15,499 were related to the Group's domestic operations, having essentially achieved the Restructuring Plan target three years ahead of schedule. The Group's employees, which are related to its international operations were 5,533 (pro-forma 4,277 for the disposal of the Egyptian operations).

¹ pro-forma ratios for the disposal of the Egyptian operations and acquisition of the healthy perimeter of Panellinia Bank and the sale of ATE Insurance (+30 bps aggregated estimate)



Key Figures of Piraeus Bank Group

Consolidated Figures (amounts in mn €)	31.03.15	31.12.14	31.03.14	qoq	yoy
Selected Balance Sheet Figures					
Assets	88,516	89,290	89,457	-1%	-1%
Deposits	46,450	54,831	54,609	-15%	-15%
Gross Loans before Adjustments ¹	71,381	72,983	73,610	-2%	-3%
Cumulative Provisions ¹	15,699	15,840	14,155	-1%	11%
Total Equity	7,238	7,322	8,320	-1%	-13%
Selected P&L Results*					
Net Interest Income	500	513	479	-2%	4%
Net Fees & Commission Income	83	87	80	-4%	4%
Net Trading Income & Gain less Losses from Investment Securities	(8)	(40)	(15)	-	-
Other Operating Income & Dividend Income	13	(1)	9	-	40%
Net Revenues	589	559	553	5%	6%
- o/w one-off results ²	(4)	(49)	(22)	-	-
Personnel Expenses	(176)	(235)	(190)	-25%	-7%
Administrative Expenses	(138)	(179)	(123)	-23%	12%
Depreciation & Other Expenses	(31)	(35)	(43)	-11%	-29%
Total Operating Costs	(344)	(448)	(355)	-23%	-3%
- o/w one-off costs ³	(17)	(88)	(32)	-	-
Pre Provision Income (PPI)	245	111	198	121%	24%
PPI excluding one-off revenues-costs	266	248	252	7%	6%
Share of Profit of Associates	(13)	(6)	(4)	-	-
Impairment losses on Loans	(278)	(519)	(481)	-46%	-42%
Impairment on Other Assets & Other impairments	(8)	(179)	(35)	-95%	-77%
Pre Tax Result	(54)	(593)	(322)	-	-
Income Tax	(15)	254	75	-	-
Net Result Attributable to Shareholders	(69)	(332)	(247)	-	-
Net Result from Discontinued Operations	(9)	5	(2)	-	-

* results appearing in the second column refer to Q4.2014

¹ The amount includes the fair value adjustment related to credit risk, from the loans acquired by "good" part of ATEbank, Geniki Bank, the domestic loans of the 3 Cypriot banks and those of Millennium Bank Greece. Furthermore, gross loans in 31.12.2014 include the seasonal loan of €1.8 bn agri-loan to OPEKEPE for the disbursement of EU agricultural subsidies, already repaid in Feb. 2015.

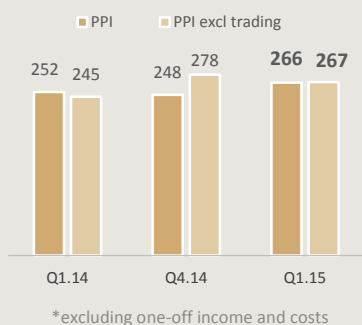
² Analysis of one-off revenue: Q1.2015, trading loss €7 mn and other income €3 mn. Q4.2014, €9 mn trading loss and -€40 mn other income from real estate revaluation. Q1.2014, trading loss €22 mn.

³ Analysis of one-off costs: Q1.2015, €9 mn integration costs of acquisitions and €8 mn operating costs from "Imitheia SA", which resulted from loan restructuring. Q4.2014, €62 mn VES, €20 mn integration costs of acquisitions, and €6 mn operating costs from first consolidation of "Imitheia SA". Q1.2014, €7 mn VES and €25 mn integration costs of acquisitions.

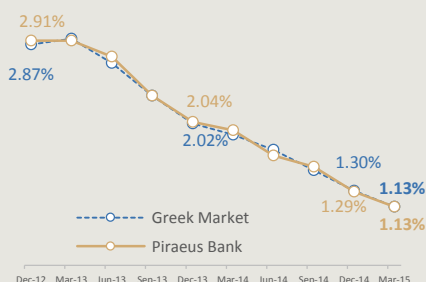


Evolution of Results

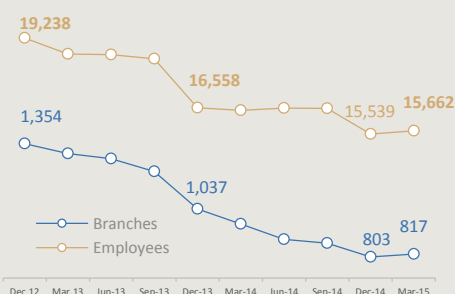
Recurring profitability (€ mn)



Average monthly deposits' interest rate (%)



Employees and branches (#) - Greece



Including 26 branches and 163 employees from Panellinia Bank in March 2015 (805 branches in total today in Greece).

The Group's Q1.2015 **net revenues** were €589 mn, up 6% yoy (+3% when excluding one-off items). **Net interest income** (NII) stood at €500 mn, up 4% versus Q1.2014 and 2% lower versus Q4.2014, largely reflecting the use of the ELA mechanism in Q1.2015. Nevertheless, this was offset by further containment of time deposits' average monthly cost which fell to 180 bps from 195 bps in December 2014. Despite market developments in Q1.2015, which resulted in significant deposit outflows, the downward trend in time deposits' cost was not affected and therefore the rate of new time deposits at end April 2015 was set at 1.75%.

Net Interest Margin (NIM) for Q1.2015 stood at 273 bps versus 255 bps in Q1.2014 (as a percentage of assets excluding EFSF bonds). NII of Greek operations was €432 mn in Q1.2015, while international activities NII amounted to €68 mn.

Net fees & commission income was €83 mn in Q1.2015, +4% yoy and -4% qoq, mainly due to the economic developments that negatively influenced loan commissions. Net fees & commission income (as a percentage of assets excluding EFSF bonds) reached 45 bps in Q1.2015 (+3 bps yoy). Commissions from banking activities comprised 86% of total, while investment banking and asset management accounted for 7% and 8%, respectively. Net fees & commission income in Greece was €71 mn in Q1.2015, while for international operations it was €12 mn.

The Group's **operating expenses** stood at €344 mn, of which 51% were related to staff expenses (€176 mn), 40% to administrative expenses (€138 mn) and 9% to depreciation and other expenses (€31 mn). Operating costs in Q1.2015, normalized for one-off items, were €327 mn, down 9% qoq and marginally up 1% versus Q1.2014. The latter is of a technical nature, as in Q1.2015 the Group implemented for the first time a seasonal adjustment to general expenses, in addition to the regular adjustments for accrued expenses. The **cost to income ratio** on a like-for-like basis improved to 55% in Q1.2015 versus 59% in Q4.2014.

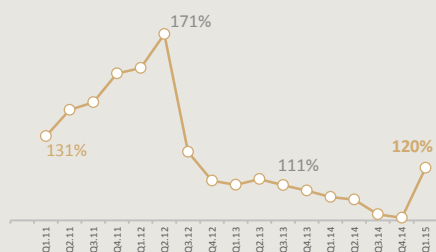
The Group's **recurring profit before tax and provisions** was €266 mn in Q1.2015, compared to €252 mn in Q1.2014 (+6%), excluding one-off integration costs related to acquisitions (€17 mn and €32 mn in Q1.2015 and Q1.2014 respectively) and one-off results (-€4 mn and -€22 mn respectively).

The Group posted €278 mn of **impairment losses on loans** in Q1.2015 versus €481 mn in Q1.2014. The quarterly amount consists of €206 mn in Greece and €72 mn abroad. Impairment losses over gross loans in Q1.2015 fell to 1.6% compared to 2.6% in Q1.2014. In addition, impairment for other receivables stood at €8 mn.

The **Group's net results** from continuing operations attributable to shareholders amounted to a loss of €69 mn in Q1.2015. It is noted that the parent Piraeus Bank **posted a net profit of €23 mn**.



Loans to Deposits Ratio (%) *



* excluding agri-loan

Volumes Evolution

The Group's **customer deposits** amounted to €46.5 bn, recording a 15% reduction or approximately €8 bn compared to year end 2014. The decline in Q1.2015 was almost in line with the decrease, which was recorded for the entire deposit market in Greece (-14%). Following the agreement attained at the Eurogroup meeting on February 20, 2015, the impact from deposit outflows was contained, and since March 2015 there has been a shift of outflows from the private sector towards the general government deposits. Nonetheless, the decline in time deposits' cost has not stopped, and continues at a milder pace during the first months of 2015. At the same time, it is worth noting that the bulk of outflows is channeled into banknotes and only a small portion is transferred abroad, a point that is important for the gradual return of deposits as soon as market conditions stabilize.

Deposits related to international operations increased 7% yoy in Q1.2015, totalling €5.1 bn (mainly from Egypt, Bulgaria and Cyprus).

Gross loans before adjustments at the end of March 2015 amounted to €71.4 bn. Adjusting for the positive FX impact of CHF & USD appreciation (€1.1 bn), the loans of the Group decreased at a level of 1% in Q1.2015 (excluding the seasonal agri-loan in December 2014), mainly attributed to the deleveraging related to the economic conditions, and in write-offs. Loans in Greece amounted to €64.5 bn and in international operations to €6.9 bn (10% of total loans). Business loans represented 65% of total Group loans, whereas retail loans made up 35% (25% mortgages and 10% consumer loans). Net loans amounted to €55.7 bn.

Loans to deposits ratio at the end of March 2015 stood at 120%, due to the impact of deposit outflows, versus 101% at end 2014 (excluding agri-loan).

Piraeus Bank's Eurosystem funding increased to €30.3 bn at end March 2015 from €14.1 bn in December 2014 (ELA: €15.4 bn and €0 respectively). The rise is mainly due to the drop in domestic deposits, the lack of access to the interbank repo markets, and also the drawing of liquidity from the ELA mechanism as a result of the ECB's decision to waive the acceptance of GGBs & Greek state guarantees as refinancing instruments. Eurosystem funding for Piraeus reached €32 bn in Apr.2015 versus market funding of €113 bn.

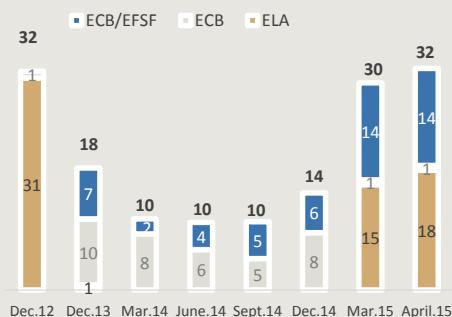
Net Eurosystem funding ratio (excluding EFSF⁴ bonds pledged to the ECB) inevitably reached at 18% of assets versus 9% in December 2014.

Volume Analysis	Amounts (€ mn)	Composition (%)
Gross Loans		
Loans to Businesses	46,542	65%
Loans to Individuals	24,839	35%
Total Gross Loans	71,381	100%
✓ Greece	64,532	90%
✓ International	6,848	10%
Deposits		
Sight- Savings	21,428	46%
Term	25,022	54%
Total Deposits	46,450	100%
✓ Greece	41,310	89%
✓ International	5,141	11%

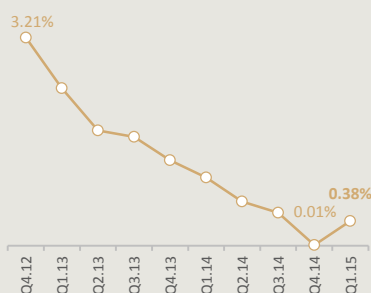
⁴ excluding €14 bn and €6 bn EFSF bonds as collateral for ECB refinancing



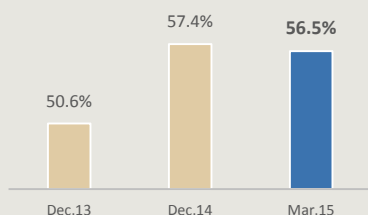
Eurosystem Funding (€ bn)



NPL Formation over gross loans (%)



NPL Coverage by cumulative provisions (%)



Asset Quality

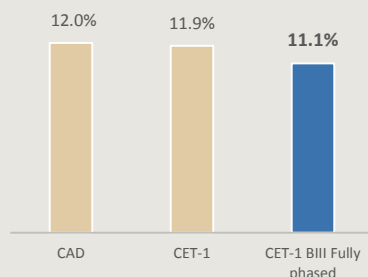
Group NPL formation, which almost zeroed in Q4.2014 following a long deceleration, increased slightly in Q1.2015 caused by the heightened economic uncertainty, settling at +€0.3 bn. Specifically, new loans in arrears as a percentage of loans was 0.38% in Q1.2015. Quick resolution of the current uncertainty through a successful agreement between Greece and the Institutions is expected to create the conditions for a return to a more favorable trend for new loans in arrears.

The **Group's NPLs ratio** (post write-offs of €0.3 bn in Q1 2015) stood at 38.9% at the end of March 2015, only marginally higher compared to 38.8% in December 2014 (adjusted for the agri-loan that was reimbursed in early 2015).

The **coverage of loans in arrears** over 90 days by cumulative provisions stood at 56.5% at the end March 2015 (56.3% in Greece and 58.3% abroad) compared to 50.7% in March 2014. Including the tangible collateral and guarantees total coverage reached 122%. Accordingly, the cumulative provisions to gross loans ratio reached the particularly high level of 22.0% (the respective ratio for business loans was 25.3%, 6.8% for mortgages, and 37.0% for consumer and credit cards) compared to 19.2% in March 2014, when the aforementioned ratio for the total Greek market stood at 17.6% in March 2015 (stand-alone financial statements).



Capital Adequacy Ratio (%)



Brief Profile

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 March 2015, the Group possessed a network of 1,137 branches (791 in Greece and 346 abroad) and employed 21,033 people (15,499 in Greece and 5,533 abroad) and 5.8 mn customers in 10 countries.

Piraeus Bank Group, 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 undertakes initiatives in order to support healthy business plans, and the transition of the Greek economy into a new era of modern and sustainable growth.

Capital Adequacy

The Group's **total equity** amounted to €7.2 bn at the end of March 2015, bringing the **leverage ratio** to 8%, thus at a much higher level than the minimum 3% threshold required by the Basel Committee.

At the end of March 2015, the Group's **total capital adequacy ratio**, according to the regulatory framework of Basel III, stood at 12.0% and the **Common Equity Tier 1 ratio** at 11.9% (pro-forma for the sale agreements for Piraeus Bank Egypt and ATE Insurance, as well as the acquisition of the carve-out of Panellinia Bank healthy assets). The Common Equity Tier 1 ratio, based on the fully loaded Basel III rules, stood at 11.1%, in line with the European average.

Athens, May 27, 2015

The financial statements of Piraeus Bank Group for Q1 2015 will be posted on the corporate website (www.piraeusbankgroup.com) today 27 May 2015