

# Conference Call Note

## Financial Results 9M 2013

**Valuation & Research Specialists (VRS)**  
Equity Research Team  
info@valueinvest.gr

### Company Profile

Piraeus Bank was founded in 1916 and was listed on the Athens Stock Exchange in 1918. At the end of September 2013, the Group possessed a network of 1,653 branches (1,218 in Greece and 435 abroad) and employed 24,495 people (18,440 in Greece and 6,055 abroad).

Share Price (29/11/2013) € 1.62

# of Shares (,000)	5,072,568
Market Cap (in € mn )	8,217.56
A.D. Volume	14,369,541
Beta Co-efficient	1.83
<b>Statistical Data</b>	
Max 52 week	5.74 €
Min 52 week	0.85 €
1-M Rtn	9.46%
6-M Rtn	-5.26%
12-M Rtn	-59.70%

Source: VRS Calculations, Athens Exchange.

### Stock Price Performance (1 year, in €)



Note: Share price performance based on share price closes on Athens Exchange.

## PIRAEUS BANK GROUP S.A.

[Bloomberg Ticker: TPEIR:GA, Reuters Ticker: BOPr.AT]

**Business Sector: Banks**

### Highlights from the 9M 2013 Results Presented on November 29<sup>th</sup>, 2013

by Anthimos Thomopoulos, Managing Director and Deputy CEO

- During the conference call, Piraeus Bank management highlighted the pre-provision income (PPI) recovery (+35% in Q3 '13), the operating expenses contraction (by 4% on like-for-like basis), the monetization of various synergies following recent acquisitions (63% of synergies already crystallized), the deceleration of NPLs formation, and the bank's capital adequacy which settled at 13.6% (on group level).
- According to the management, Piraeus Bank completed in record-time horizon the integration of 6 banks: Agricultural Bank (ATE Bank), Hellenic Bank, Bank of Cyprus (Greece), Cyprus Popular Bank (Greece), Millennium Bank and Agricultural Bank of Romania. The results of 9M 2013 reflect for the first time all 6 banks acquired. According to Thomopoulos, cost synergies are estimated at EUR 345 million of which 56% have already crystallized and funding synergies are projected to EUR 160 million (96% already crystallized).
- The recovery of PPI is attributable among others to the tightening of Greek time deposit rates, the disengagement from ELA (Emergency Liquidity Assistance - Piraeus' ELA balance was zero as of end September 2013), the optimization of the Greek branch network (from 1,354 points in Dec. 2012 is projected to decrease to 1,040 points in Dec. 2013) and the rationalization / reduction of personnel in Greece (from 19,238 in Dec. 2012 was reduced to 16,570 in Nov. 2013).
- Piraeus management has given guidance on an annual PPI target of EUR 1 billion based on the performance of the PPI in Q3 '13 (EUR 242 million). The target can further improve to EUR 1.4 billion by possible actions relating to synergies, voluntary exit scheme and time deposit cost convergence.
- Loans in arrears over 90 days (non performing loans – NPLs) ratio reached 35% and the coverage ratio, meaning cumulative provisions over loans in arrears > 90 days settled at 49%. According to the management the ratio of cumulative provisions (LLRs) to gross loans amounted to 17% both for the Group and the Greek portfolio versus 14% for the total Greek market. The management observed a mild deceleration in NPLs formation in Q3 2013.
- Furthermore, the management has presented a series capital buffers that can be added to the existing loan loss reserves (LLRs) base EUR 12.8 billion. These buffers are estimated to EUR 6.8 billion for the next 3 years and can be utilized as cushion to the existing LLRs base. They mainly consist of cost synergies, the PPI generation and the European Banking Authority (EBA) common equity tier 1 (CET 1) capital impact.
- As of end September, the participation of the private sector in Piraeus Bank's shareholder base stood at 19% (the remaining was held by the Hellenic Financial Stability Fund – HFSF) with foreign investors holding 76% of the free float.

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#### Key Figures of Piraeus Bank Group, Analytical P&L

Consolidated Data (in € million)

Selective Balance Sheet Figures	30/9/2013	31/12/2012
<b>Assets</b>	<b>92,719</b>	<b>70,408</b>
Gross Loans before Adjustments	74,787	50,573
Cumulative Provisions	-12,790	-5,961
Deposits	54,692	36,971
<b>Total Equity</b>	<b>9,222</b>	<b>-2,324</b>
<b>Summary Results</b>	<b>9M 2013</b>	<b>FY 2012</b>
Net Interest Income	1,187	1,028
Net Fees & Commission Income	195	218
Net Trading Income & Gain less Losses from Invest. Securities	102	635
Other Operating Income & Dividend Income	64	-14
<b>Net Revenues</b>	<b>1,548</b>	<b>1,867</b>
Personnel Expenses	-572	-424
Administrative Expenses	-388	-379
Depreciation & Other	-92	-106
<b>Total Operating Costs</b>	<b>-1,052</b>	<b>-909</b>
Share of Profit of Associates	-4	15
<b>Profit before Tax &amp; Provisions</b>	<b>492</b>	<b>973</b>
Impairment of Loans & Other Assets	-1,684	-2,197
GGB Impairment	0	-311
Negative Goodwill	3,810	351
<b>Pre-Tax Result</b>	<b>2,618</b>	<b>-1,184</b>
<b>After Tax Result</b>	<b>3,232</b>	<b>-513</b>

Source: IFRS Consolidated Financial Statements.

Notes: (1) On 26 March 2013 Piraeus Bank acquired selective assets and liabilities of the Greek banking operations of Bank of Cyprus, of Cyprus Popular Bank and of Hellenic Bank, including loans and deposits of their subsidiaries in Greece. As a result, the relevant balance sheet figures as of 30.09.13 are included, while in the P&L data are included for the period from 16.03.13 to 30.09.13. On 19.06.13 Piraeus Bank acquired 100% of Millennium Bank S.A. (MBG). As a result, the balance sheet data as of 30.09.13 are included, while in the P&L data for the period from 20.06.13 to 30.09.13 are included.

(2) According to Piraeus Bank, due to the acquisition of ATEbank on 27 July 2012, of Geniki Bank on 14 December 2012, of operations of the Cypriot banks in Greece from 26 March 2013, and of MBG from 19 June 2013, it is not possible to present comparable figures and results for the Group both on a quarterly and on an annual basis.

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#### PIRAEUS BANK Recent Developments

-- During 2012 and 2013, Piraeus Bank Group proceeded with a series of business transactions (absorption of the "good" part of ATEbank, acquisition of Geniki Bank, acquisition of banking operations of 3 Cypriot banks in Greece, acquisition of Millennium Bank Greece).

-- Negative goodwill of domestic operations of Cypriot banks, of ATEbank and of Millennium Bank Greece amounting to €3,810 million.

Source: Piraeus Bank

#### Stock Versus General Index (Last 5 Years)



Note: Data based on price closes on Athens Exchange.

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**Business Sector: Banks**

<b>Piraeus Bank Group</b> Volume Analysis	in EUR million	Share %
<u>Gross Loans per Type</u>		
Loans to Businesses	48,582	65%
Loans to Individuals	26,205	35%
<b>Total Loans</b>	<b>74,787</b>	
Greece	67,660	90%
International	7,127	10%
<u>Deposits per Type</u>		
Sight Savings	21,601	39%
Term	33,091	61%
<b>Total Deposits</b>	<b>54,692</b>	
Greece	50,173	92%
International	4,519	8%

Source: IFRS Consolidated Financial Statements.

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Business Sector: Banks

#### Historical Balance Sheet Analysis

(million €)	30/6/2012	30/9/2012	31/12/2012	31/3/2013	30/6/2013	30/9/2013	QoQ	
				Including ATE	Including Geniki	Including Cypriot Banks	Including Millennium	All M&As Included
<b>ASSETS</b>								
1. Cash and balances with central banks	2,361	2,542	3,308	3,275	3,438	3,297	-4%	
2. Loans and advances to credit institutions	482	415	380	478	339	381	12%	
3. Derivative financial instruments	390	417	441	424	455	446	-2%	
4. Gross loans and advances to customers	35,947	46,579	50,573	71,868	75,679	74,787	-1%	
5. Cumulative Provisions	3,304	4,615	5,961	11,182	12,362	12,790	3%	
6. Net Loans	32,644	41,964	44,613	60,687	63,317	61,997	-2%	
7. Bonds of Loan Portfolio	873	8,085	8,016	8,796	15,780	15,818	0%	
8. Financial instruments at fair value through P&L	290	333	371	309	244	233	-4%	
9. Investment securities	3,344	5,509	4,911	3,540	2,902	1,884	-35%	
10. Investments in associates	204	304	302	306	341	347	2%	
11. Goodwill	129	225	215	215	87	87	0%	
12. Other intangible assets	174	173	194	203	223	222	-1%	
13. Property, plant and equipment	1,780	2,228	2,419	2,574	2,430	2,445	1%	
14. Deferred tax assets	1,689	1,752	1,898	2,436	2,627	2,676	2%	
15. Other assets	1,254	2,935	2,965	2,331	2,501	2,543	2%	
16. Assets from discontinued operations	716	544	377	354	343	343	0%	
<b>17. Total Assets</b>	<b>46,330</b>	<b>67,424</b>	<b>70,408</b>	<b>85,926</b>	<b>95,026</b>	<b>92,719</b>	<b>-2%</b>	
<b>LIABILITIES &amp; EQUITY</b>								
18. Due to credit institutions	26,497	33,704	32,561	28,105	27,430	25,777	-6%	
19. Liabilities at FV through PL	0	1	22	1	0	0	-	
20. Derivative financial instruments	365	399	424	415	458	436	-5%	
21. Due to customers <sup>1</sup>	19,220	33,279	36,971	53,340	54,733	54,692	0%	
22. Debt securities	926	569	858	827	660	620	-6%	
23. Deferred tax liabilities	49	37	37	40	40	39	-3%	
24. Retirement benefit obligations	179	181	205	209	213	191	-10%	
25. Other liabilities	740	1,020	1,049	1,092	1,441	1,150	-20%	
26. Liabilities from discontinued operations	624	625	606	598	588	591	0%	
<b>27. Total Liabilities</b>	<b>48,600</b>	<b>69,815</b>	<b>72,733</b>	<b>84,626</b>	<b>85,564</b>	<b>83,496</b>	<b>-2%</b>	
<b>28. Shareholders' funds</b>	<b>-3,144</b>	<b>-3,264</b>	<b>-3,197</b>	<b>430</b>	<b>8,597</b>	<b>8,359</b>	<b>-3%</b>	
29. Non Controlling Interests	131	130	129	127	121	120	-1%	
30. Preference shares	744	744	744	744	744	744	0%	
<b>31. Total Equity</b>	<b>-2,270</b>	<b>-2,390</b>	<b>-2,324</b>	<b>1,301</b>	<b>9,462</b>	<b>9,222</b>	<b>-3%</b>	
<b>32. Total Liabilities &amp; Equity</b>	<b>46,330</b>	<b>67,424</b>	<b>70,408</b>	<b>85,926</b>	<b>95,026</b>	<b>92,719</b>	<b>-2%</b>	

<sup>1</sup> including retail bonds until 30.9.12

Source: PBG (Piraeus Bank Group) Forms, IFRS Consolidated Financial Statements.

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#### Historical Income Statement Analysis

			Including ATE	Including Geniki		Including Cypriot Banks	Including Millennium	All M&As Included
<b>CONSOLIDATED INCOME STATEMENT</b>	<b>Q1 2012</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Q4 2012</b>	<b>FY 2012</b>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>
<i>(million €)</i>								
Net interest income	235.2	173.1	312.1	307.0	1,027.5	314.5	419.2	453.7
Net fee and commission income	45.8	43.4	51.2	77.1	217.6	55.0	66.8	73.6
Dividend income	0.1	1.9	3.7	1.6	7.3	0.1	5.2	8.8
Net trading income & gains less losses from inv. securities	99.1	113.6	(5.5)	428.3	635.5	50.9	23.6	27.4
Other operating income	14.1	(19.9)	20.0	(35.7)	(21.5)	11.2	9.3	29.9
<b>Total Net Revenues</b>	<b>394.3</b>	<b>312.1</b>	<b>381.6</b>	<b>778.3</b>	<b>1,866.4</b>	<b>431.7</b>	<b>524.0</b>	<b>593.3</b>
Staff costs	84.39352	85.37401	108.52561	145.7	424.0	148.6	198.6	224.9
Administrative expenses	65.1	82.0	87.1	145.2	379.3	87.7	149.4	151.2
Depreciation and amortization	28.1	23.8	26.4	27.0	105.4	27.6	32.6	32.5
(Profit) / loss on sale of property and equipment	(0.0)	0.2	0.3	0.3	0.8	(0.3)	(0.2)	0.1
<b>Operating Cost</b>	<b>177.6</b>	<b>191.4</b>	<b>222.3</b>	<b>318.2</b>	<b>909.5</b>	<b>263.7</b>	<b>380.5</b>	<b>408.8</b>
Share of profit of associates	(1.4)	(9.5)	27.4	(1.8)	14.7	1.8	(5.8)	(0.4)
<b>Profit before Tax &amp; Provisions</b>	<b>215.4</b>	<b>111.3</b>	<b>186.6</b>	<b>458.3</b>	<b>971.5</b>	<b>169.9</b>	<b>137.8</b>	<b>184.1</b>
Impairment losses on loans	294.5	498.9	564.6	685.3	2,043.3	505.7	548.8	489.5
Impairment losses on investment securities	1.6	58.6	0.4	33.0	93.7	0.4	31.3	0.9
Impairment losses of fixed and other intangible assets	0.1	36.1	0.5	23.0	59.6	0.1	78.2	28.9
PSI impairment Cost	311.2	0.0	0.0	0.0	311.2	0.0	0.0	0.0
Negative goodwill	0.0	0.0	0.0	351.0	351.0	3,413.7	396.6	0.0
<b>Profit before Tax</b>	<b>(392.2)</b>	<b>(482.3)</b>	<b>(378.9)</b>	<b>68.1</b>	<b>(1,185.4)</b>	<b>3,077.3</b>	<b>(123.8)</b>	<b>(335.1)</b>
Income tax expense	(436.1)	(78.5)	(104.7)	(43.9)	(663.1)	(537.4)	(13.6)	(56.7)
Non Controlling Interests	(2.1)	(2.7)	(0.5)	(3.7)	(9.0)	(1.9)	(2.5)	(1.3)
<b>Net Profit / (Loss) Attributable to Shareholders</b>	<b>46.0</b>	<b>(401.1)</b>	<b>(273.8)</b>	<b>115.6</b>	<b>(513.3)</b>	<b>3,616.7</b>	<b>(107.7)</b>	<b>(277.1)</b>
Net Profit / (Loss) attributable tfrom discontinued operations	1.2	1.5	10.5	(0.2)	13.0	12.2	9.0	(2.0)
Non Controlling Interests from discontinued operations	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	0.0

Source: PBG (Piraeus Bank Group) Forms, IFRS Consolidated Financial Statements.

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**Business Sector: Banks**

#### Historical Loan Portfolio Analysis

	Including ATE	Including Geniki	Including Cypriot Banks	Including Millennium	All M&As Included
<b>CONSOLIDATED LOAN PORTFOLIO QUALITY</b>	<b>30/9/2012</b>	<b>31/12/2012</b>	<b>31/3/2013</b>	<b>30/6/2013</b>	<b>30/9/2013</b>
<i>(million €)</i>					
<b>Gross Loans</b>					
1. Loans to Businesses	29,981	32,579	47,663	49,116	48,582
2. Mortgage loans	11,836	12,713	16,768	18,528	18,349
3. Consumer loans	4,762	5,281	7,437	8,034	7,856
4. Loans to Individuals	16,598	17,994	24,205	26,563	26,205
5. Total Gross Loans to Customers	46,579	50,573	71,868	75,679	74,787
<b>Loans in Arrears &gt; 90 days</b>					
1. Loans to Businesses	5,204	7,527	15,968	17,636	18,506
2. Mortgage loans	1,788	2,297	3,345	3,828	4,075
3. Consumer loans	1,382	1,936	3,227	3,636	3,725
4. Loans to Individuals	3,170	4,233	6,572	7,463	7,799
5. Total Loans in arrears	8,374	11,760	22,540	25,099	26,305
Pre write-offs FORMATION of arrears (like for like)	-	+1,449	+1,176	+1,267	+1,180
<b>LLRs</b>					
1. Loans to Businesses	3,425	4,085	8,250	9,197	9,577
2. Mortgage loans	227	432	568	602	616
3. Consumer loans	962	1,443	2,364	2,563	2,597
4. Loans to Individuals	1,190	1,875	2,932	3,165	3,213
5. Total LLRs	4,615	5,961	11,182	12,362	12,790
<b>Loans in Arrears (IFRS 7) &gt; 90 days / gross loans</b>					
1. Loans to Businesses	17.4%	23.1%	33.5%	35.9%	38.1%
2. Mortgage loans	15.1%	18.1%	19.9%	20.7%	22.2%
3. Consumer loans	29.0%	36.7%	43.4%	45.3%	47.4%
4. Loans to Individuals	19.1%	23.5%	27.1%	28.1%	29.8%
5. Total Loans to Customers	18.0%	23.3%	31.4%	33.2%	35.2%
<b>LLRs / gross loans</b>					
1. Loans to Businesses	11.4%	12.5%	17.3%	18.7%	19.7%
2. Mortgage loans	1.9%	3.4%	3.4%	3.2%	3.4%
3. Consumer loans	20.2%	27.3%	31.8%	31.9%	33.1%
4. Loans to Individuals	7.2%	10.4%	12.1%	11.9%	12.3%
5. Total Loans to Customers	9.9%	11.8%	15.6%	16.3%	17.1%
<b>LLRs / NPLs</b>					
1. Loans to Businesses	65.8%	54.3%	51.7%	52.2%	51.8%
2. Mortgage loans	12.7%	18.8%	17.0%	15.7%	15.1%
3. Consumer loans	69.6%	74.5%	73.3%	70.5%	69.7%
4. Loans to Individuals	37.5%	44.3%	44.6%	42.4%	41.2%
5. Total Loans to Customers	55.1%	50.7%	49.6%	49.3%	48.6%

Source: PBG (Piraeus Bank Group) Forms, IFRS Consolidated Financial Statements.

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
PIRAEUS BANK S.A.	TPEIR:GA	BOPr.AT	€ 1.62	November 29, 2013	--

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### VRS Equity Research Contributors

Nicholas Georgiadis, [ngeorgiadis@valueinvest.gr](mailto:ngeorgiadis@valueinvest.gr)  
Christophoros Makrias, [cmakrias@valueinvest.gr](mailto:cmakrias@valueinvest.gr)  
Georgios A. Savvakis, [gsavvakis@valueinvest.gr](mailto:gsavvakis@valueinvest.gr)  
Maria Papadopoulou, [mpapadopoulou@valueinvest.gr](mailto:mpapadopoulou@valueinvest.gr)  
Constantina Bourelia, [cbourelia@valueinvest.gr](mailto:cbourelia@valueinvest.gr)  
Michail Rizos, [mrizos@valueinvest.gr](mailto:mrizos@valueinvest.gr)

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Assistant Editor

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