



Greek Banks

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Equity Research | Greece

Banks | Update

Keep calm and grow stronger

Prospects keep improving despite uncertainties

Despite the turmoil in US and EU banking sectors, Greek banks appear well placed to improve their fundamental position in the foreseeable future, in our view. The domestic macro conditions appear better than a few months ago, while the interest rates path keeps underpinning their revenue generation capacity. Moreover, their current metrics (liquidity, capital, asset quality and profitability) and business model suggest that risks are quite limited vs global peers, in our view.

Q4 2022 earnings indicative of improving earnings power...

The four systemic banks reported an aggregate Q4 net profit of € 0.7bn (+35% q/q, > 100% y/y), corresponding to a > 12% annualized RoTE, while core PPI came in at € 1.2bn (+29% q/q, +63% y/y). Core revenue generation (NII +23% q/q, F&C +3% q/q) underpinned banks' profitability in Q4. Their average NPE ratio dropped by 80bps to 6.3%, liquidity remained unchanged but comfortable (L/D ratio at 70%), while regulatory capital improved further (avg FLCET 1 at 13.7%, up by 50bps q/q).

...with management guidance pointing to better days ahead

Management guidance for 2023 includes: i) RoTE at a range between >9% to ca13%, ii) asset quality trends to deteriorate slightly and iii) regulatory capital to improve on organic generation, on a conservative set of assumptions. Moreover, management teams highlighted their organic capital generation capacity, based on which they reiterated their intention to reward shareholders through dividends/buybacks, while expanding their business activity.

We upgrade our estimates on higher NII

In this note we update our estimates to incorporate higher NII projections, by an avg 7% for 2023-25 vs previous estimates, on the back of higher market rates; we now expect revenues related to this line to grow by 19% this year. As a result, our core PPI projections are higher by 9% and net income by 14% for the same period. As a key question is the sustainability of these figures beyond 2023, we retain a slightly more cautious stance compared to management guidance, at this stage.

Recent retreat offers a good entry point

Despite last month's retreat, Greek banks' market performance remains positive ytd (+23%), having outperformed EU peers (by ca16%). While we expect fundamentals to keep improving, the external and internal uncertainties may keep their shares volatile in the short-term, we believe. Their valuation at 0.54x P/TBV on 2023est coupled with the projected profitability (ie double-digit RoTE) offers a compelling risk/return profile, suggesting a significant re-rating upon elimination of uncertainties.

Upgrade of our estimates and TPs; positive for the sector

Our new PTs are higher than previously by 15% on avg, owing to higher earnings estimates. We thus reiterate a 'Buy' rating for all three banks under our coverage. At this stage we see higher upside on Piraeus Bank (Buy, PT at € 2.82) on the back of a gradual convergence of profitability and valuation to more advanced peers, while we see further upside in the other two banks, namely National Bank (Buy, PT at € 5.60) and Eurobank (Buy, PT at € 1.53).

	Alpha Services and Holdings	Eurobank Holdings
	Restricted	BUY
Share Price	€ 1,17	€ 1,26
Target Price	-	€ 1,53
Total Return	-	22%
Market cap. (€mn)	2.744	4.668
Shares outst. (mn)	2.346	3.711

	NBG	Piraeus Financial Holdings
	BUY	BUY
Share Price	€ 4,58	€ 2,14
Target Price	€ 5,60	€ 2,82
Total Return	22%	32%
Market cap. (€mn)	4.187	2.678
Shares outst. (mn)	915	1.249

	Eurobank H		NBG		Piraeus FH	
Valuation	2023e	2024e	2023e	2024e	2023e	2024e
P/E	5,8x	6,1x	6,1x	5,8x	4,5x	4,3x
P/BV	0,49x	0,45x	0,59x	0,53x	0,41x	0,38x
P/TBV	0,65x	0,60x	0,63x	0,57x	0,43x	0,40x
ROE	12,1%	10,4%	10,0%	9,6%	9,6%	9,2%
ROTE	12,6%	10,9%	10,7%	10,2%	10,1%	9,7%
RoA	1,1%	1,0%	0,9%	1,0%	0,9%	0,9%
CET 1 Ratio	16,5%	17,4%	17,6%	19,0%	12,9%	13,9%
Per share	2023e	2024e	2023e	2024e	2023e	2024e
EPS	€ 0,23	€ 0,22	€ 0,75	€ 0,78	€ 0,48	€ 0,50
DPS	€ 0,00	€ 0,04	€ 0,00	€ 0,13	€ 0,00	€ 0,11
BS data (€mn)	2023e	2024e	2023e	2024e	2023e	2024e
Sh. Equity	7.473	8.122	7.134	7.852	6.552	7.040
Tang. Equity	7.161	7.794	6.690	7.395	6.225	6.696
Net Loans	42.295	44.515	33.872	35.309	38.529	39.902
Deposits	57.911	59.625	55.282	55.587	59.539	60.730
P&L data (€mn)	2023e	2024e	2023e	2024e	2023e	2024e
NII	1.852	1.796	1.649	1.616	1.597	1.579
PPI	1.472	1.415	1.183	1.176	1.279	1.265
LLPs	376	374	297	219	423	377
Net income	850	811	682	718	599	623
Performance	6m	YTD	6m	YTD	6m	YTD
Abs. Performance	42%	19%	46%	22%	95%	49%
Rel. Performance	12%	4%	16%	7%	65%	34%

Source: AF Research, Bloomberg LP, Refinitiv

Note: Total Return includes price appreciation and expected dividend yield

Note: Relative performance is measured against ASE General Index

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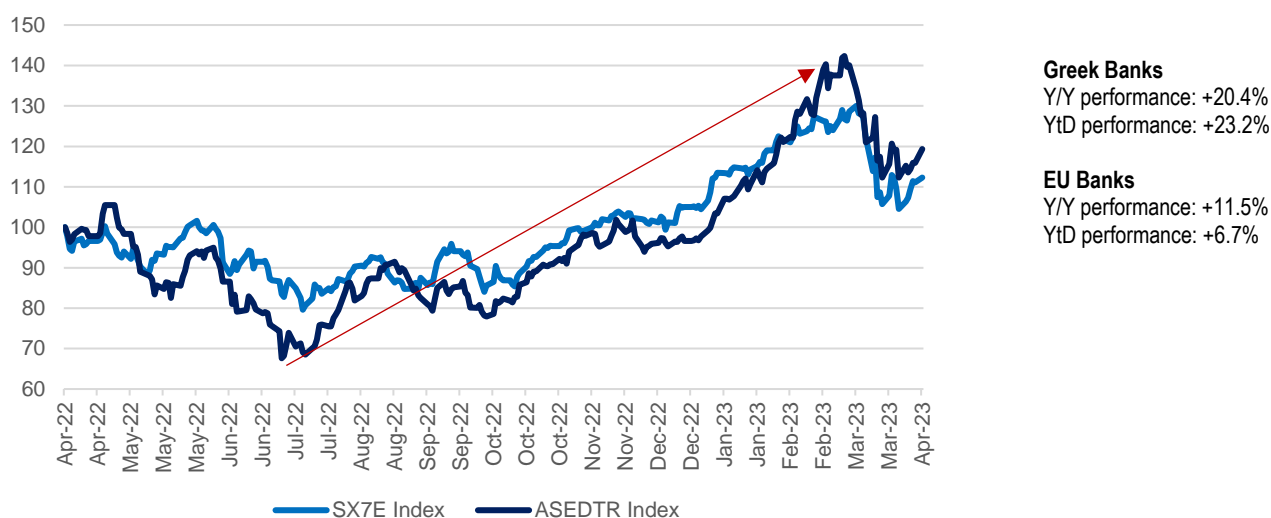
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A. Sector Overview

Outperforming in a recovering sector

Starting from last summer Greek banks have posted a solid recovery having outperformed their EU peers. Their recovery accelerated during the first two months of the year, albeit paring some of the gains during the last month as a result of a banking turmoil in the US and the EU and the political uncertainty in Greece due to a prolonged election period post the tragic train accident in early March. We are of the view that their outperformance reflects a combination of a very positive earnings outlook coupled with attractive valuations as well as the change of perception for Greek banks given the progress made throughout the last years. Their remarkable achievement on asset quality (avg NPE at 6.3% vs close to 49% at YE 2016), a long-standing negative for Greek banks, coupled with the improved liquidity, regulatory capital and the ongoing optimization of their resources pave the way for a return to a sustainable profitability.

Exhibit A.1. Greek banks market performance vs Stoxx banks



Source: AF Research, Bloomberg

Fundamentals expected even more supportive...

In our previous outlook for the sector, ('Contrarians' Nov 28th, 2022) we argued that the domestic macro backdrop and the interest rate environment are expected to be quite supportive, with banks being well positioned to take advantage of both. A few months later, the macro outlook appears even better as we discuss in the next section while rates are expected to go higher than previously, further underpinning banks' top line and profitability.

The recently reported Q4 2022 earnings were indicative of the Greek banks' earnings capacity in such an environment, we believe. Their strong earnings were driven by core revenue improvement on the back of increased lending activity and higher interest rates, while credit losses and opex remained under control. The aggregate net income stood at € 0.7bn for the quarter, reflecting a >12% annualized RoTE. Management guidance for 2023 calls for further improvement vs FY 2022 on the back of healthy credit growth and full effect of interest rate hikes in their loan books.

As a result of the above, we upgrade our estimates mainly on the back of our expectations for higher NII (up by 7% in 2023-25 vs previous estimates) on account of higher interest rates than previously expected and despite a more cautious stance on credit expansion vs management guidance. We also update our estimates for the other P&L lines without significant changes.

Exhibit A.2. Higher earnings on the back of higher core revenues

Estimate Revisions	FY '23e			FY '24e			FY '25e		
	old	new	chng (%)	old	new	chng (%)	old	new	chng (%)
Eurobank									
Total operating income	2.249	2.449	8,9%	2.316	2.417	4,4%	2.355	2.365	0,4%
Pre-Provision income	1.280	1.472	15,0%	1.311	1.415	7,9%	1.318	1.333	1,2%
Provisions	365	376	3,0%	382	374	-2,3%	300	297	-1,1%
Net profit	702	850	21,1%	712	811	13,9%	779	810	4,0%
National Bank									
Total operating income	1.857	2.002	7,8%	1.910	2.011	5,3%	1.949	1.976	1,4%
Pre-Provision Income	1.035	1.183	14,2%	1.073	1.176	9,6%	1.086	1.126	3,7%
Provisions	294	297	0,9%	218	219	0,3%	232	216	-7,1%
Net profit	556	682	22,7%	641	718	12,0%	640	683	6,6%
Piraeus Bank									
Total operating income	2.000	2.143	7,2%	2.061	2.139	3,8%	2.089	2.147	2,8%
Pre-Provision Income	1.133	1.279	12,9%	1.154	1.265	9,6%	1.147	1.246	8,6%
Provisions	410	423	3,1%	386	377	-2,4%	402	392	-2,5%
Net profit*	497	599	20,5%	531	623	17,3%	514	598	16,4%

Source: Banks, AF Research/ * after AT 1 coupons

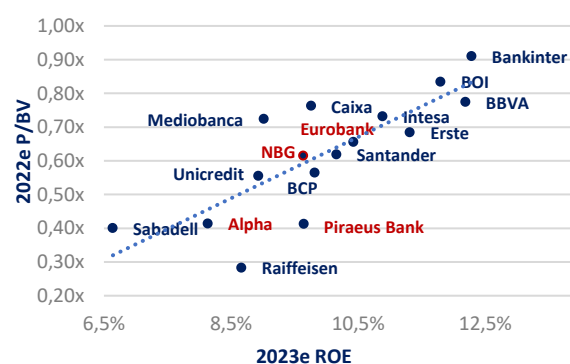
...however short-term uncertainties may prevent re-rating in the short-term

After the recent retreat, Greek banks are now trading at ca 0.5 P/TBV, at ca 25% discount to EU peers broadly in line with last year's average. We believe their valuation levels coupled with their profitability prospects, with the average RoTE estimated to shape at double digits, suggest a very attractive risk/return profile.

Nevertheless, a fragile investor sentiment globally following the turmoil in EU and US banks coupled with a potential uncertainty about the upcoming elections domestically may result in increased volatility, thus containing re-rating potential in the short-term, in our opinion. Upon fading out of concerns for the banking sector in EU and US and some visibility about the elections outcome we expect a significant re-rating for the sector. That said, their outperformance vs EU banks is likely to continue on the back of macro and sector specific characteristics, in our view.

Exhibit A.3. Greek banks' vs EU banks P/TBV

Source: Bloomberg, AF Research

Exhibit A.4. Greek banks' P/TBV vs RoE (based on BBG Consensus) suggest that they remain attractive in relative terms

Higher target prices owing to earnings upgrades

Our new target prices are higher than previously mainly as a result of higher earnings estimates. NII projections are the key driving force behind our earnings upgrades owing to the interest rate path and banks capacity to take advantage of it. We are broadly aligned with management guidance for 2023 (assuming lower credit growth but incorporating higher rates, ie DFR at 300bps) but slightly more cautious for the next years assuming some pressure on loan spreads (10-20bps per year) and higher pass-through rates on deposits, ie ca 80% on time depots and >50% on total deposits by 2025.

We value banks based on the Gordon Growth Model adjusted for excess capital, if any. We take into account the next 5 years average RoE on the 'required equity' to calculate the justified P/BV. We define 'required capital' as a % of RWAs, setting the required level at 13%. We then add a fraction of any additional excess capital (20%) to derive our valuation. Our Cost of Equity stands at 13% which we believe fairly reflects the required return for investing in Greek banks, at this stage.

Our updated PTs imply a significant upside from current levels. We thus reiterate a 'Buy' rating for all three banks under our coverage. At this stage we see higher upside on Piraeus Bank (Buy, PT at € 2.82) on the back of a gradual convergence in profitability and valuations, while we see further upside in the other two banks that we cover, namely National Bank (Buy, PT at € 5.60) and Eurobank (Buy, PT at € 1.53).

Exhibit A.5. Higher target prices, unchanged recommendations

Target Prices & Recommendations							
	Mcap (€ mn)	Price*	New TP	Old TP	New Rating	Old Rating	Upside/ Downside
Eurobank	4.668	1,26	1,53	1,44	Buy	Buy	22%
National Bank	4.187	4,58	5,60	5,00	Buy	Buy	22%
Piraeus Bank	2.678	2,14	2,82	2,25	Buy	Buy	32%

Source: AF Research Estimates/ * as of April 4, 2023

Exhibit A.6. Valuation

	Eurobank	National Bank	Piraeus Bank*
Recommendation	BUY	BUY	BUY
Return on Required Equity	12,8%	13,2%	13,7%
Long Term Growth	0,0%	0,0%	0,0%
CoE	13,0%	13,0%	13,0%
Required TBV per share (13% of RWAs)	1,51	5,31	2,7
Fundamental 2023 P/TBV	0,98	1,02	1,05
Fundamental 2023 Valuation	1,48	5,39	2,82
Excess Equity per share	0,24	1,11	0,00
Valuation Multiple P/B 0.2x	20%	20%	0%
Residual Excess Equity per Share	0,05	0,22	0,00
12-month Target Price	1,53	5,60	2,82

Source: AF Research/ * We apply a 20% discount on TBV given the higher DTA/Equity

B. Macro backdrop improving

Macroeconomic prospects for 2023 better than a few months ago

The supportive macroeconomic backdrop was one of the key factors underpinning our constructive view on the domestic banking sector. In fact, it now appears even better compared to a few months ago mainly on the back of a better-than-expected evolution of the energy crisis, partly due to milder weather conditions during the winter. As a result, the EU, previously expected to slip into a recession in 2023, is now expected to post a mildly positive growth rate for the year, as per the EC winter forecasts. A better macroeconomic environment in the EU coupled with declining energy prices should result in better prospects for the domestic economy (Exhibit B.2).

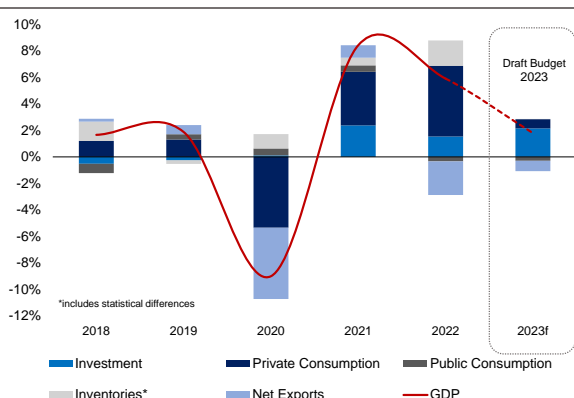
GDP growth to exceed 2% in 2023; fiscal trajectory better than expected in 2022

For Greece, the most recent estimates suggest a growth rate north of 2% for 2023 driven primarily by investments (Exhibit B.1). The Finance Ministry upgraded the expected growth rate for 2023 to 2.3%, upward revised from 1.8% a few months ago, which was the key assumption for 2023 state budget. The fiscal trajectory remains also well on track to achieve a primary surplus starting from this year. However, a significant positive surprise on the final reading for the FY 2022 (vs the estimate for a 1.6% deficit) is likely, with the Parliamentary Budget Office suggesting that it could even turn to a surplus if the SMP/ANFA profits (€ 1.3bn) were to be included. The unemployment rate is also seen dropping below 12%, while the inflation rate is projected to decline at an average ca 4.5% during 2023.

Positive prospects for the real estate market

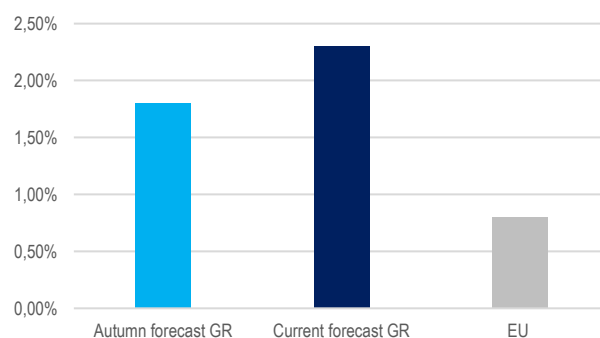
The real estate market remains in a good shape with the latest data from the Bank of Greece suggesting that prices remained on a positive trajectory during 2022, for a fifth consecutive year; indicatively residential real estate prices grew by 11.1% vs 2021 (Exhibit B.4). Looking ahead we expect the prospects for the domestic real estate market to remain positive, as prices remain below the pre-crisis levels and demand appears to remain intact despite external uncertainties, although the high cost of borrowing may moderate the pace of price increases.

Exhibit B.1. Investment to drive GDP growth in 2023



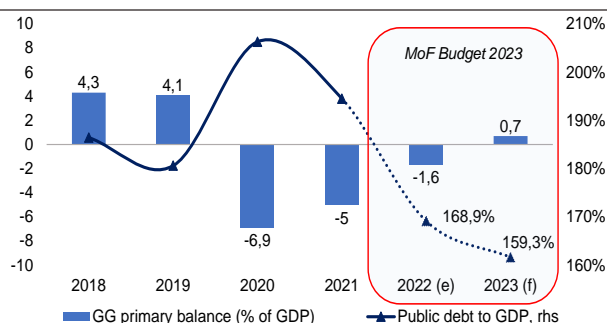
Source: AF Research, HSA, BoG

Exhibit B.2. Greek government expects GDP to grow by 2.3% in real terms during FY 2023



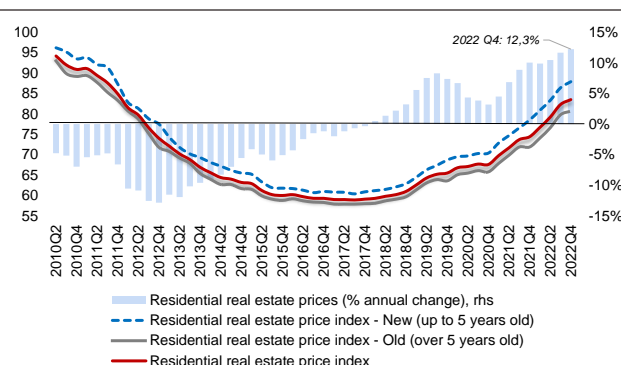
Source: AF Research, EC Winter Forecasts

Exhibit B.3. Greece to return to primary surplus next year with Debt to GDP ratio dropping at fast pace



Source: AF Research, Alpha Bank Economic Research

Exhibit B.4. Residential real estate prices on an upward trend but still well below previous peak



Source: AF Research, Alpha Bank Economic Research

C. Banks' profitability to improve in 2023

Management guidance suggest a better year ahead...

Management guidance for 2023 announced along with Q4 2022 earnings include: i) RoTE at a range between >9% to ca13%, ii) asset quality trends to deteriorate slightly and iii) regulatory capital to improve on organic generation. Net Interest Income generation is expected to be the key driver of this year's profitability, mainly on the back of the interest rates coupled with a mid-single-digit loan growth. F&C income is expected rather flattish, while operating expenses should remain under tight control as inflationary pressures should be offset by further optimization of headcount. All banks have factored in a small increase in the CoR (10-20bps) in view of a potential mild deterioration of asset quality, for which there are no signs as of yet.

...with room for positive surprises...

Overall, their key assumptions are on the conservative side. On NII, banks' projections are based on a 250bps DFR (already at 300bps and highly likely to move further up), with elevated deposit passthrough rates, ie >50% on time deposits assuming also a significant change in mix between time and sight deposits. CoR assumptions may also prove conservative especially for the banks with already high coverage on NPEs.

...and resumption of shareholders rewards

Moreover, management teams highlighted their organic capital generation capacity and they reiterated their intention to reward shareholders through dividends/buybacks (subject to reg. approvals), while expanding their business activities. In particular, Eurobank announced its intention to proceed with buying back HFSF's shares and NBG reiterated the plan to announce a small dividend in the summer (upon approval in the AGM) out of the FY 2022 earnings. Alpha Bank and Piraeus Bank have already announced their intention to resume dividend payments starting from next year (out of the FY 2023 earnings).

Exhibit C.1 Management guidance for 2023 and beyond

National Bank			
	2022a	2023e	2025e
PE loan growth	10%	7% CAGR	
NIM bps*	231	+40bps	Flat vs '23
C/CI	47%	c42%	c40%
EPS (€)	0,59	0,75	0,9
Core RoTE	10%	11%	>12%
NPE ratio	5,1%	5,0%	3,0%
CoR bps	70	80	60
CET 1 FL	15,70%	>350bps organic	
Source: Company, Alpha Finance Research/ * on IEA			

Piraeus Bank		
	2022a	2023e
Net credit expansion	1,8	~1,7
NIM	1,8%	>2.0%
C/CI	45%	>42%
EPS (€)	0,42	>0,45
RoTBV (after AT1)	10%	~10%
NPE ratio	7,0%	<6%
NPE coverage	54,0%	>60%
Total Capital FL	16,40%	>17,3%
Source: Company, Alpha Finance Research		

Eurobank			
	2022a	2023e	2025e
Δ Performing loans (€bn)	3,3	2,8	3
Core PPI (€bn)	1,2	1,4	1,5
Core Operating Profit (€bn)	0,89	1,1	1,2
EPS (€)	0,18	0,22	0,25
RoTBV	11,40%	13,00%	12,00%
CoR	72bps	85bps	60bps
NPE Ratio	5,20%	5,20%	4,50%
FL CET 1	15,20%	16,00%	17,40%
Source: Company, Alpha Finance Research			

Alpha Bank		
	2022a	2023e
NII	-4% y/y	Mid teens growth
Loan growth	10% y/y	Mid-single-digit growth
C/I	54%	<49% or mid-40s ex DGF
EPS (€)	0,18	0,23
RoTE	7,60%	>9,0%
TBVPs	2,5	>2,6
CoR	76bps	c85bps
NPE ratio	7,80%	<7,0%
Source: Company, Alpha Finance Research		

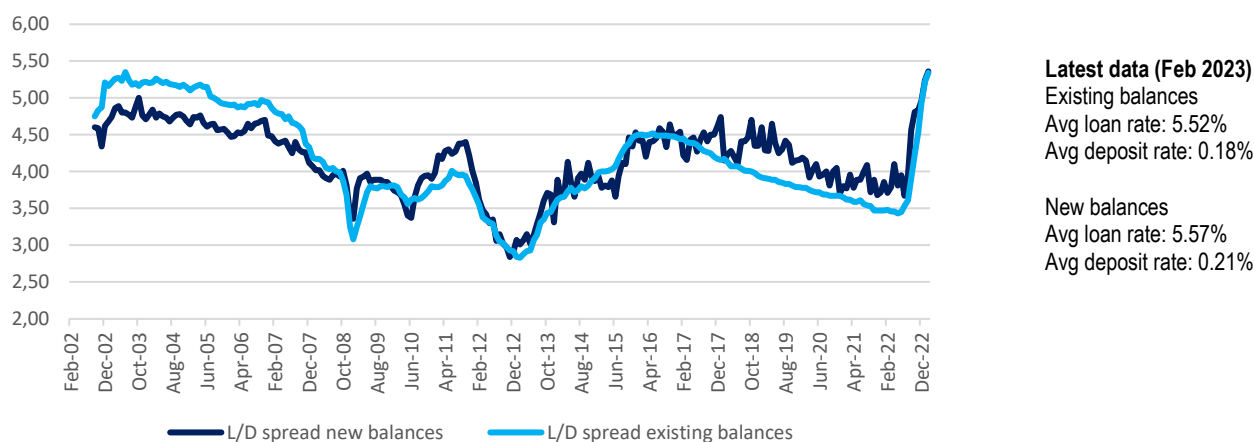
Our estimates are broadly aligned with management guidance

Our estimates are broadly aligned with management guidance, expecting RoTE to shape at double digits for 2023 with a slight decline thereafter. We see some risk on the loan growth assumptions especially as some recent press reports suggesting that repayments are accelerating, a trend possibly reflected also in the decline of corporate deposits in Jan-Feb. Keeping operating expenses under control may also prove challenging in an inflationary environment, especially given the improved revenue and profitability generation.

Taking a closer look at NII dynamics

We are taking a closer look at NII dynamics given its growing importance on Greek banks profitability for 2023 and beyond. As we discussed in our previous note ('Contrarians' 28 Nov 2022), Greek banks are expected to be key beneficiaries of the change in interest rates given the following characteristics: i) more than 90% of their loans are floating (based on Euribor), ii) their ample liquidity which allows for a slow re-pricing of deposits and iii) the four systemic banks are dominating the market so the possibility of smaller banks disrupting pricing on both sides of balance sheet is low. Data from Bank of Greece regarding the loan to deposit spread evolution so far (Exhibit C.2) are indicative, we believe.

Exhibit C.2. Loan to deposit rates spread sharply higher and close to 20yrs high, after years being on a declining trend

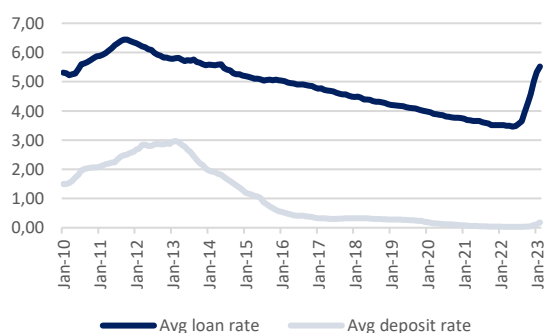


Source: AF Research, Bank of Greece

NII dynamics very favorable for now...

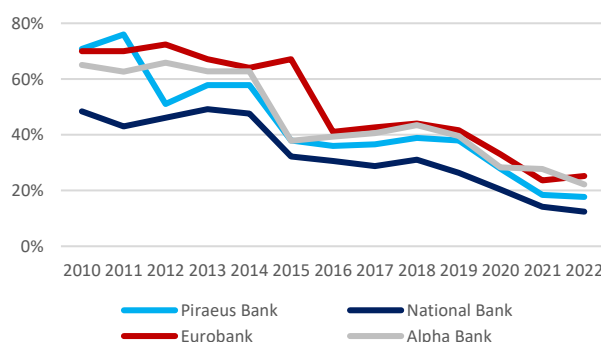
While loan to deposit spreads have significantly increased since last summer, reaching at 20yrs highs, the question is when this is going to peak and what happens after. Key factors to follow here are the spreads over the base rates, the deposit rates as well as the mix between time and savings deposits. Looking at the previous years, loan spreads were wide given the zero base rates, deposits rates were at zero levels while time deposits as a % of total deposits were at a declining trends, recently reaching 20%. (Exhibits C.3-C.4).

Exhibit C.3. Loans repricing much faster than deposits



Source: AF Research, Bank of Greece

Exhibit C.4. Time/total deposits at multi-year lows as a result of low deposit rates offered throughout the last years



Source: AF Research, Bank of Greece

...albeit they may gradually moderate

We are of the view that the higher base rates should naturally put some pressure on loan spreads and will result in higher deposit rates which in turn should alter the mix of deposit. So, two relevant questions here is how all these will end up but also at what pace. For instance, the comfortable liquidity in the system should allow for slow repricing of deposits and thus a slow change in mix. In fact, a look at offered deposit rates suggests that banks are moving slowly on that front, which is positive for their NIM.

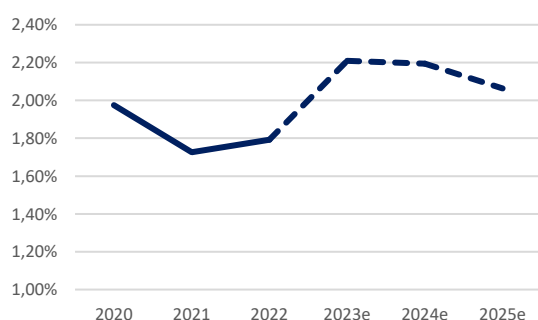
Exhibit C.5. Time deposit rates suggest deposit beta remain relatively low
Interest rates offered for a 12m term deposit *

Alpha Bank		Eurobank		National Bank		Piraeus Bank	
Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
>20k	1,25%	20-50k	0,55%	20-60k	1%	20-100k	0,80%
		50-100k	0,75%	60-100k	1,50%	100-250k	1,30%
		100-200k	0,95%	>100k	1,70%	>250k	1,80%
		>200k	1,15%				

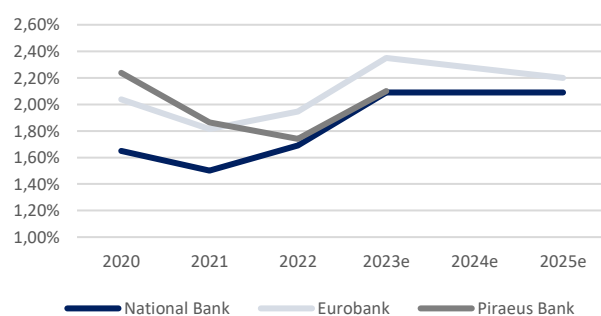
Source: Banks, AF Research/ * as of Apr 4, 2023

We are slightly more cautious vs management guidance on NIM evolution

Banks guidance calls for NIM to shape well above 2% in 2023 which we find quite reasonable, especially given that their guidance is based on conservative assumptions (DFR 250bps, pass-through rates over 50% on time depots). What is more difficult to predict is the sustainability of this figure for the years ahead. From the two banks that they have given guidance up to 2025, National Bank estimates that NIM will remain at the same levels throughout this period, while Eurobank expects some pressure of ca 20bps by the end of this period. We are taking a more cautious view as we anticipate more pressure on loan spreads as well as somewhat lower credit growth.

Exhibit C.6. On our estimates NIM should peak in 2023, decline marginally in 2024 and move closer to 2% by 2025


Source: AF Research, Banks

Exhibit C.7. Management guidance more optimistic than our estimates


Source: AF Research, Banks

D. Will the global banking turmoil affect Greek banks?

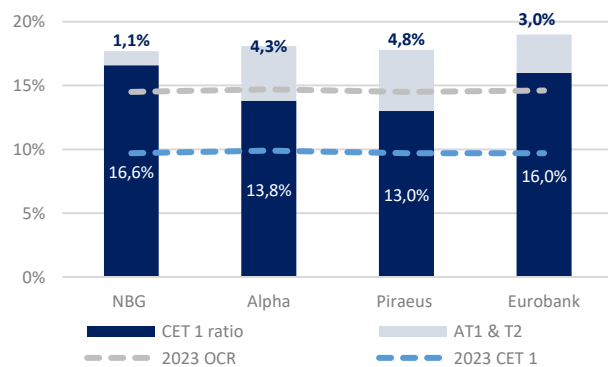
Are we heading for a global crisis similar to 2008? We believe no but some further uncertainty is likely

The recent unfortunate developments in several banks in the US (SVB, First Republic) and Europe (Credit Suisse) have raised concerns on whether we are again ahead of a generalized banking crisis, ie similar to 2008. We are of the view that the current backdrop is significantly different now vs 15 years ago, hence we would assign a very low probability on such a development (a full-blown banking crisis). We would argue that stricter regulation (especially in Europe), more transparency (partly due to the stress tests) and well-established central bank tools should not allow a situation similar to 2008. Some further uncertainty though, as a result of the sharp twist in monetary policy that started last year, cannot be ruled-out, in our view.

Greek banks in a good shape after years of clean-up

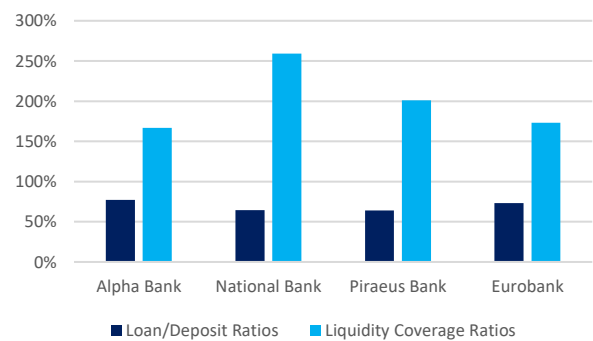
In this challenging backdrop, we think Greek banks are in a pretty good shape to withstand a mild turmoil. In terms of key metrics all banks are now comfortably above regulatory capital requirements (Exhibit D.1) while their liquidity ratios are also very healthy levels (Exhibit D.2). Interestingly, their deposit base is comprised of retail accounts by more than 70%, which are usually much less volatile than big corporate tickets, providing a defensive element to the domestic sector (Exhibit D.3). Their asset quality has been improved considerably during the last years (Exhibit D.4) while profitability outlook is also positive especially after taking into account the higher interest rates environment.

Exhibit D.1. Regulatory capital comfortably above requirements



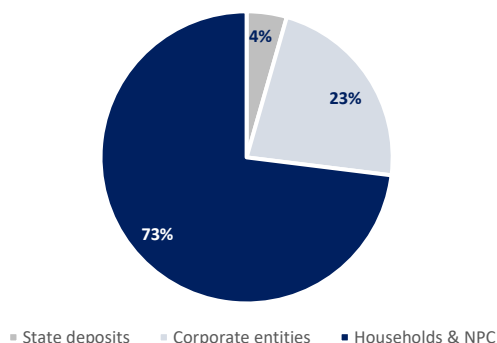
Source: Banks, AF Research

Exhibit D.2. LDRs and LCRs indicative of a traditional banking model where loans are fully funded by deposits



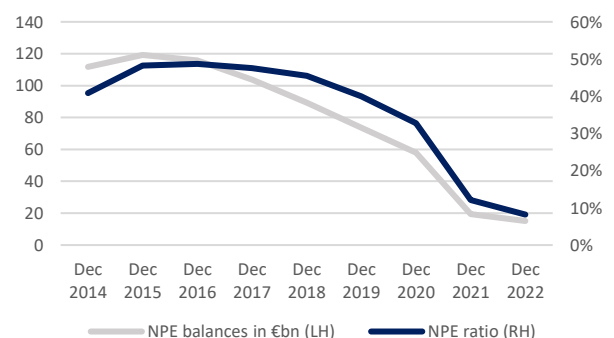
Source: Banks, AF Research

Exhibit D.3. Retail deposit account for more than 70% of the total deposit base



Source: BoG, AF Research

Exhibit D.4. Asset quality improvement remarkable over the last few years



Source: BoG, AF Research

E. Q4 2022 Earnings Summary

The four systemic banks reported an aggregate net profit of € 746mn up by 35% q/q and more than double vs last year, with core PPI shaping at € 1.234mn (+29% q/q, +63% y/y). Core revenue generation (NII +23% q/q, F&C +3% q/q) underpinned banks' profitability in the quarter, offsetting seasonally higher opex (+6% q/q) and higher LLPs (+20% q/q). Their average NPE ratio dropped by 80bps to 6.3%, liquidity remained unchanged but comfortable (L/D ratio at 70%), while regulatory capital improved further (avg FLCET 1 at 13.7%, up by 50bps q/q) mainly as a result of quarterly profitability.

In more detail:

- NII was up 23% q/q and 38% y/y with NIM shaping at 2.16% up by ca 40bps q/q driven mainly by higher market rates and to a lesser extent by volumes (loans and securities); the outlook remains positive given the interest rates trajectory
- F&C Income was up by 3% q/q and 4% y/y reflecting ca 56bps as % assets for the quarter driven by lending activity, asset management and transactions mainly; limited expectations for the coming quarters
- Operating expenses up by just 2% y/y despite inflationary pressures as banks keep optimizing their resources; looking ahead some further headcount and branch network reduction should keep costs under tight control
- Core PPI up by 29% q/q and 63% y/y on the back of stronger core revenues; expected to move higher on the back of core revenues improvement
- Loan loss provisions lower by 62% y/y and up by 20% q/q (albeit from a low base) marking the end of the NPE clean-up losses (or at least the vast majority of it); a small pick-up should be expected in 2023 as per managements' guidance although that will depend on the actual organic flows
- The avg NPE ratio dropped at 6.3% lower by 80bps q/q and 3.3pps y/y reflecting some organic improvement, limited inorganic actions as well as a higher denominator; higher cost of debt servicing may exert some pressure with a mild deterioration appearing as a likely scenario
- Liquidity remains at comfortable levels with the average L/D ratio at 70% as deposit accumulation remained strong for another quarter more than offsetting net loan growth; this is likely to deteriorate in the short-term as deposit flows were negative at the start of 2023 although it should remain at quite comfortable levels
- Eurosystem funding as % of total assets dropped by 5pps to 11% at YE 2022 as some banks opted to partially repay their funding under the TLTRO 3, after the ECB's decision rendering them neutral in profitability terms; further reduction of TLTRO funding highly likely in the coming quarters
- Net loans higher by 2% q/q and 8% y/y mainly due to disbursements to corporate entities; business loans should remain the key driver during the coming quarters with the RRF and other EU programs underpinning loan growth trends
- Regulatory capital higher q/q, with the average phased-in CET 1 at 14.9% up by 70bps q/q partly driven by organic capital generation, while non-organic impact was mainly positive; banks are expected to further improve regulatory capital mainly on organic generation

Exhibit E.1. Higher profitability in Q4 driven by core revenue improvement

Aggregate P&L – Big Four							
In EUR mn	4Q21	1Q22	2Q22	3Q22	4Q22	yoy%	qoq%
Core Revenues	1.668,9	1.613,8	1.708,7	1.828,5	2.163,0	30%	18%
Total Revenues	2.063,0	2.970,2	2.034,6	2.025,1	2.206,7	7%	9%
Operating Expenses	914,1	861,8	876,0	875,0	929,1	2%	6%
Core PPI	754,8	752,0	832,7	953,5	1.233,9	63%	29%
Impairments	894,5	458,5	606,2	282,5	337,8	-62%	20%
Net Profit/Loss	359,8	1.168,2	903,1	566,9	745,7	107%	32%
Source: Banks, AF Research							

Greek banks - quarterly earnings in graphs

Exhibit E.2. NII on its way to a sustainably higher level on the back of higher loans and rates

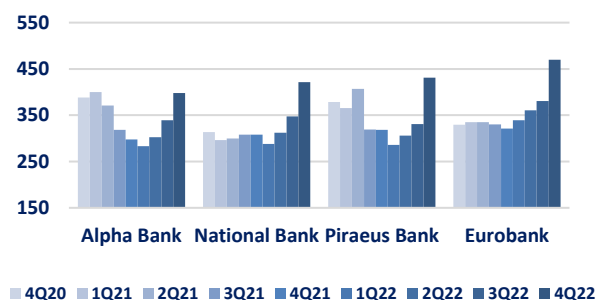


Exhibit E.3. F&C Income growing at a slower pace during the last quarters, as expected

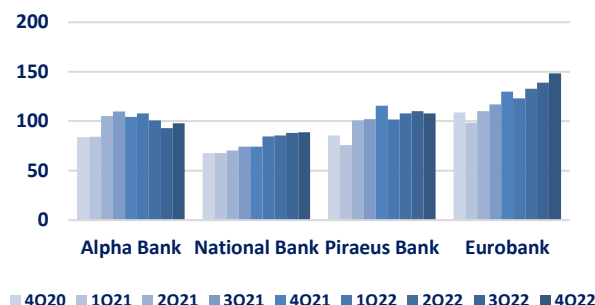


Exhibit E.4. C/I ratios on their way to lower levels

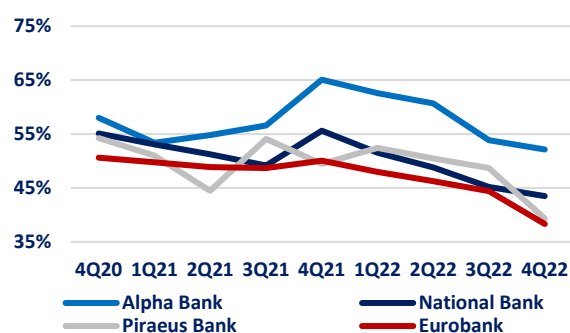


Exhibit E.5. Core PPI moving higher reflecting positive trends in core revenues

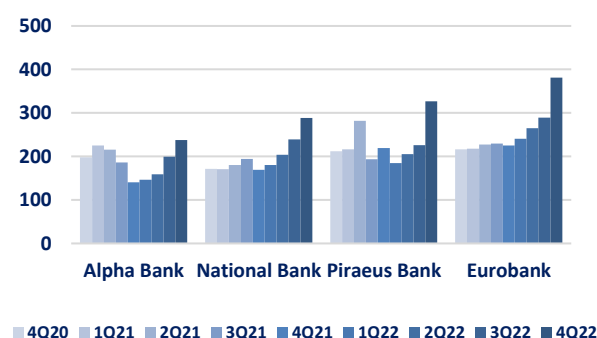


Exhibit E.6. L/D ratios at comfortable levels as accelerating loan growth has been mitigated by strong deposit inflows

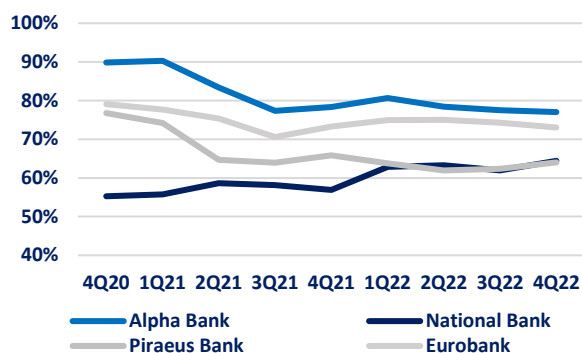
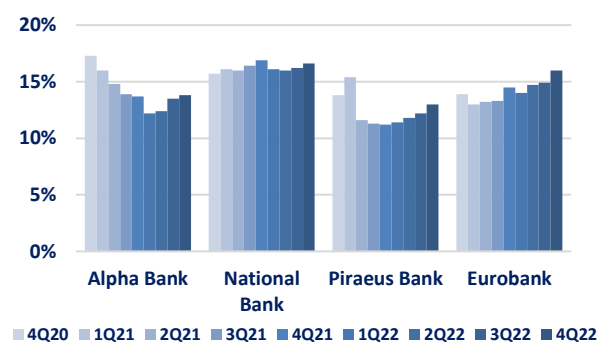


Exhibit E.7. CET 1 ratio (phased in) keeps benefiting from organic capital generation and some inorganic actions



Source: AF Research, Banks

F. Companies Section

This section includes our views and estimates on a per bank basis
(We are "Restricted" on Alpha Bank)

Eurobank Holdings (EH)

Moving at fast pace

Q4/FY 2022 earnings

The group posted strong FY 2022 results, with adj net profit shaping at € 1.17bn reflecting a 11% RoTE, underpinned by rising interest rates. Eurobank's NPE ratio dropped to 5.2%, by 160bps y/y with a 75% cash coverage, the L/D at YE stood at 73% while the FL CET 1 came in at 15.2% (+250bps y/y).

Management targets

Management communicated its key business targets for 2023-2025 period: i) double-digit RoTE (13% in 2023 and 12% in 2025), under a conservative set of assumptions, ii) a 4.5% NPE ratio in 2025 (stable in 2023) and iii) FL CET 1 of 17.4% by 2025. In addition, they announced a plan to buy back the HFSF's stake (1.4% - subject to regulatory approvals and the HFSF's acceptance of the offer) and resume ordinary dividend payments and buybacks from next year (with a payout ratio >25%). Finally, they mentioned that their increasing capital base allows for examining M&A opportunities in the region.

More diversified geographically and by activity

Eurobank offers a more diversified business model than local peers both geographically and by business activity. The group's international segment includes operations in Bulgaria and Cyprus generating approximately 1/3 of profitability (FY 2022) with management stating that it intends to further grow its business in both regions. Domestically, the group has a € 1.3bn real estate portfolio yielding a 7% and generating >10% of recurring profits.

Our estimates

Our updated earnings estimates are higher than previously, mainly reflecting higher NII generation by 7% vs previous estimates during 2023-25 which leads also to higher profitability by 13%. We are broadly aligned with management targets, although remaining a bit more conservative on loan growth and opex evolution. We expect a 19% y/y increase on NII, a cPPI of € 1.4bn and net income at € 850mn reflecting a 12.6% RoTE.

Valuation/View

Our GGM derived valuation generates a 12m PT of € 1.53 Vs € 1.44 previously, on the back of higher profitability estimates, reflecting a 0.73x P/TBV on 2024 estimates. We are of the view that the group offers a compelling investment case with a decent upside based on projected profitability. Downside risks appear limited at the moment, while positive catalysts ahead could arise from further international expansion, and the approval/implementation of the buyback proposal.

Eurobank Holdings

Buy | High Risk

Market cap. (€mn)	4.657	Share Price	€ 1,26
Shares outst. (mn)	3.702	Target Price	€ 1,53
Bloomberg	EUROB GA	Previous	€ 1,44
Reuters	EURBr.AT	Total Return	22%

Material Change | -

Valuation	2021a	2022a	2023e	2024e	2025e
P/E	12,2x	9,4x	5,8x	6,1x	6,1x
P/TBV	0,88x	0,74x	0,65x	0,60x	0,56x
Div. Yield (%)	0,0%	0,0%	0,0%	3,5%	5,2%
RoTE	9,0%	21,6%	12,6%	10,9%	10,0%
RoA	0,5%	1,6%	1,1%	1,0%	1,0%

P&L data (€mn)	2021a	2022a	2023e	2024e	2025e
NII	1.321	1.550	1.852	1.796	1.720
PPI	1.028	1.893	1.472	1.415	1.333
LLPs	418	291	376	374	297
Net income	424	1.330	850	811	810

Graph



Source: AF Research, Bloomberg LP, Refinitiv

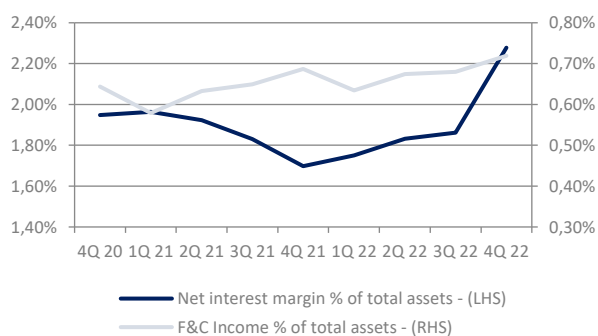
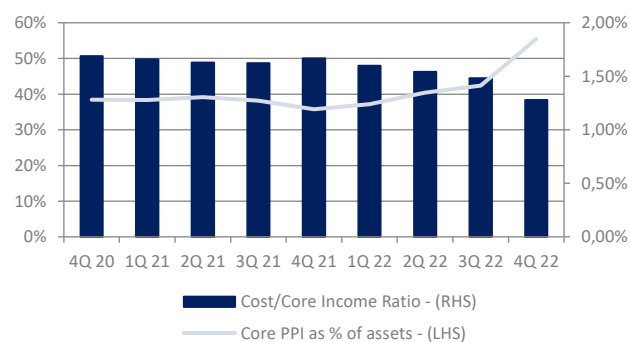
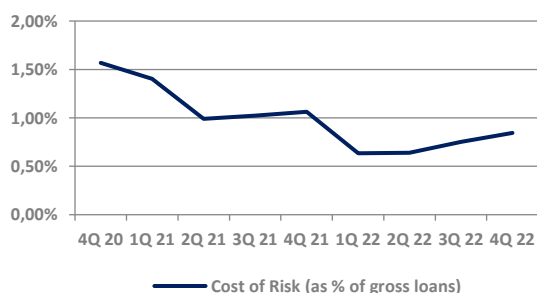
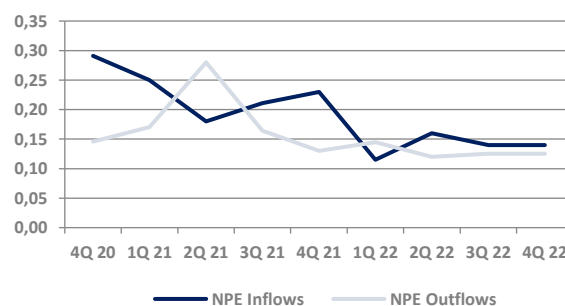
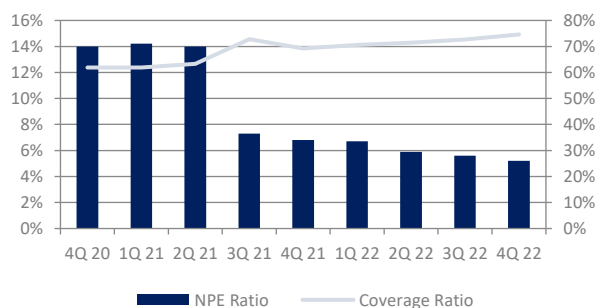
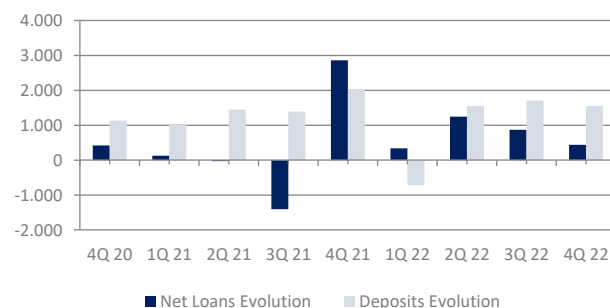
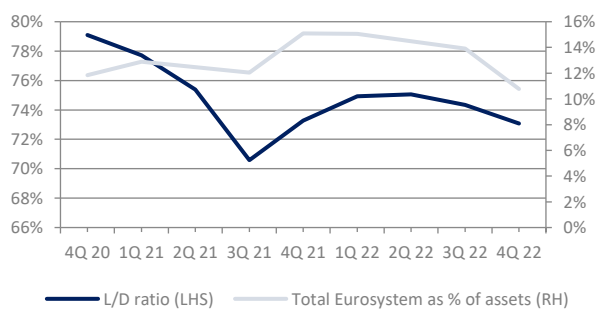
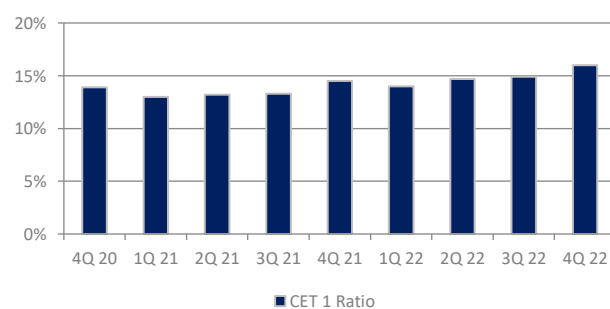
Note: Total Return includes price appreciation and expected dividend yield

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Quarterly earnings summary in graphs

Exhibit F.1. NIM & F&C as % of assets

Exhibit F.2. C/I and cPPI as % of assets

Exhibit F.3. Cost of Credit Risk

Exhibit F.4. Organic NPE flows

Exhibit F.5. NPE ratio and coverage

Exhibit F.6. Net Loans & Deposit flows

Exhibit F.7. L/D ratio and Eurosystem funding

Exhibit F.8. CET 1 Ratio (phased in)


Source for all charts: Bank, AF Research

Eurobank Holdings

Year End	2021	2022	2023	2024	2025
	act	act	est	est	est
Income Statement (€mn)					
Net Interest Income	1.321	1.550	1.852	1.796	1.720
Fees & Commissions	358	449	431	451	472
Operating Income	1.904	2.811	2.449	2.417	2.365
Operating Expenses	876	918	977	1.001	1.032
Pre Provision Income	1.028	1.893	1.472	1.415	1.333
Core Pre Provision Income	802	1.082	1.306	1.246	1.161
Loan Impairments	418	291	376	374	297
EBT	584	1.735	1.133	1.081	1.080
Net Income	424	1.330	850	811	810
EPS (€)	0,11	0,36	0,23	0,22	0,22
DPS (€)	0,00	0,00	0,00	0,04	0,07

Balance Sheet (€mn)					
Gross Loans	40.826	43.460	44.207	46.698	49.474
Net Loans	38.967	41.677	42.295	44.515	47.099
Securities	11.435	13.261	13.661	14.074	14.499
Interest Earning Assets	68.376	72.446	71.524	73.186	75.673
Total Assets	77.852	81.460	80.402	81.949	84.327
Deposits	53.168	57.239	57.911	59.625	61.253
Interbank/Borrowing	12.636	10.588	8.987	7.487	6.987
Interest Bearing Liabilities	70.750	73.040	71.150	72.064	73.892
Shareholders Equity	5.539	6.623	7.473	8.122	8.689
Total Equity	5.635	6.718	7.568	8.217	8.784
Tangible Equity	5.270	6.326	7.161	7.794	8.345
BVPS (€)	1,50	1,78	2,01	2,19	2,34
TBVPs (€)	1,42	1,70	1,93	2,10	2,25

Capital Adequacy					
CET 1 Capital	5.439	6.362	7.095	7.761	8.344
Total Capital (CAR)	6.389	7.612	8.345	9.011	9.594
CET 1 Capital Ratio (%)	13,7%	15,2%	16,5%	17,4%	17,8%
Total Capital Ratio (%)	16,1%	18,2%	19,4%	20,2%	20,5%
FL Basel III CET 1 Ratio (%)	12,5%	14,6%	16,5%	17,4%	17,8%
RWAs Intensity	51,1%	51,3%	53,4%	54,5%	55,5%
RWAs	39.789	41.808	42.975	44.690	46.772

Graph



Year End	2021	2022	2023	2024	2025
	act	act	est	est	est
Income Statement yoy (%)					
Net Interest Income	-2%	17%	19%	-3%	-4%
Fees Income	20%	25%	-4%	5%	5%
Operating Income	-12%	48%	-13%	-1%	-2%
Operating Expenses	1%	5%	6%	3%	3%
Pre Provision Income	-21%	84%	-22%	-4%	-6%
Core Pre Provision Income	3%	35%	21%	-5%	-7%
Loan Impairments	-27%	-30%	29%	-1%	-21%
EBT	nm	197%	-35%	-5%	-0%
Net Income	nm	213%	-36%	-5%	-0%
EPS (€)	nm	213%	-36%	-5%	-0%
DPS (€)	-	-	-	-	50%

Key Metrics					
NIM	1,81%	1,95%	2,29%	2,21%	2,07%
F&C/Assets	0,49%	0,56%	0,53%	0,56%	0,57%
Cost/Income	49%	44%	41%	43%	45%
Core PPI/Assets	0,0%	0,0%	0,0%	0,0%	0,0%
PPI/Assets	1,3%	2,3%	1,8%	1,7%	1,6%
Loans/Deposits	73%	73%	73%	75%	77%
Loans/Assets	50%	51%	53%	54%	56%

Asset Quality (€mn)					
NPEs	2.768	2.277	2.686	2.868	2.644
NPEs Ratio (%)	6,8%	5,2%	6,1%	6,1%	5,3%
NPEs Coverage (%)	67%	71%	71%	76%	90%
CoR	1,0%	0,7%	0,9%	0,8%	0,6%

Valuation					
P/E	12,2x	9,4x	5,8x	6,1x	6,1x
P/BV	0,65x	0,55x	0,49x	0,45x	0,42x
P/TBV	0,88x	0,74x	0,65x	0,60x	0,56x
Div. Yield (%)	0,0%	0,0%	0,0%	3,5%	5,2%
RoE	7,9%	21,9%	12,1%	10,4%	9,6%
RoTE	9,0%	21,6%	12,6%	10,9%	10,0%
RoA	0,5%	1,6%	1,1%	1,0%	1,0%

What's Changed

Rating	Buy	From	Buy
Risk	High Risk	From	High Risk
Target Price	€ 1,53	From	€ 1,44
Forward EPS	0,23	From	0,16

Company Info

Share Price	€ 1,26
Market Cap (mn)	€ 4.668
Ticker (Bloomberg)	EUROB GA
Ticker (Reuters)	EURBr.AT
Free Float	65%
Sector	Banks
Auditor	KPMG

Company Description

Eurobank Ergasias Services and Holdings SA (Eurobank Holdings) is a holding company, owning 100% of the Eurobank SA shares. Eurobank Holdings and its subsidiaries form a Group (Group), consisting mainly of Eurobank Group, that being Eurobank SA and its subsidiaries.

National Bank

Strong fundamentals

Q4/FY 2022 earnings

National Bank reported a € 695mn core operating income, corresponding to 10% RoTE for the FY 2022, partly driven by higher market rates. The group's NPE ratio dropped to 5.1%, lower by ca 180bps y/y, with 88% coverage, the L/D ratio stood at 59% at YE 2022, while the FL CET shaped at 15.7% (+ >80bps y/y).

Management guidance

Management guidance for 2023-25 period calls for a 11-12% RoTE on a conservative set of assumptions. During this period, NBG should generate more than 350bps of regulatory capital (no payouts included) which, according to management, should allow for shareholders remuneration (normal payout at 20-30%) while expanding business (loan growth including portfolios abroad, JVs with tech companies). Management reiterated its intention for a dividend payout this year (from 2022 earnings), subject to regulatory approval with the decision expected during the summer. Buybacks from the HFSF is also an option to be examined.

Best in class liquidity and capital

National Bank offers the best combination of asset quality, liquidity and capital metrics among domestic peers. We believe the aforementioned metrics render NBG one of the most defensive cases in the Greek banking system. A key strategic challenge for management is to take advantage of excess liquidity and capital in order to maximize returns for shareholders. Management referred to potential acquisitions of loan portfolios abroad and JVs with tech companies domestically, in the last earnings call. HFSF stake in the group stands at 40% of share count (the biggest among domestic peers), which has to be sold up within 3yrs.

Our estimates

Our new estimates include higher NII generation by 6% vs our previous estimates and thus higher profitability by 14% for the 2023-25 period; no significant changes in the other P&L lines. We are broadly aligned with management guidance for 2023, expecting a 10.7% RoTE but are taking a more conservative stance for the years ahead with regards to loan growth while expecting some pressure on NIM vs management guidance for a flat figure up to 2025.

Valuation/View

Our GGM derived valuation generates a 12m PT of €5.60 vs € 5.00 previously as a result of higher earnings estimates, reflecting a 0.69x P/TBV on 2024 estimates. We are of the view that the group offers a defensive case with lower downside risks assuming a more challenging environment, but also potential positive surprises upon deployment of excess liquidity and capital. All in, we think the risk/reward balance remains attractive, especially after the recent retreat. A potential dividend payment resumption could act as a positive catalyst.

National Bank

Buy | High Risk

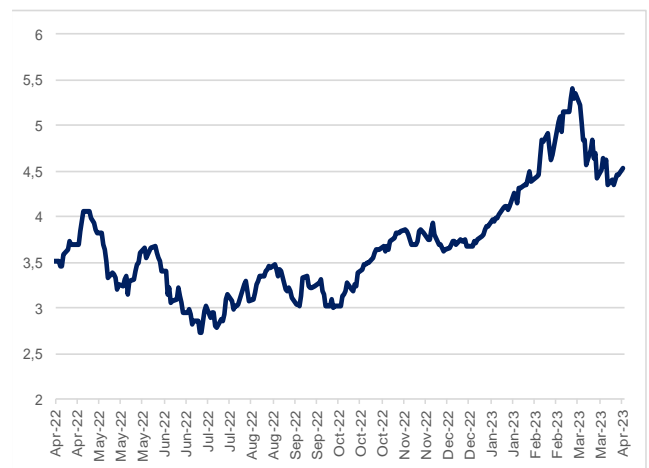
Market cap. (€mn)	4.187	Share Price	€ 4,58
Shares outst. (mn)	915	Target Price	€ 5,60
Bloomberg	ETE GA	Previous	€ 5,00
Reuters	NBGr.AT	Total Return	22%

Material Change | -

Valuation	2021a	2022a	2023e	2024e	2025e
P/E	5,0x	4,4x	6,1x	5,8x	6,1x
P/TBV	0,78x	0,70x	0,63x	0,57x	0,52x
Div. Yield (%)	0,0%	0,0%	0,0%	2,7%	3,9%
RoTE	16,5%	16,7%	10,7%	10,2%	8,8%
RoA	1,0%	1,4%	0,9%	1,0%	0,9%

P&L data (€mn)	2021a	2022a	2023e	2024e	2025e
NII	1.212	1.369	1.649	1.616	1.547
PPI	1.119	1.255	1.183	1.176	1.126
LLPs	265	217	297	219	216
Net income	833	1.120	682	718	683

Graph



Source: AF Research, Bloomberg LP, Refinitiv

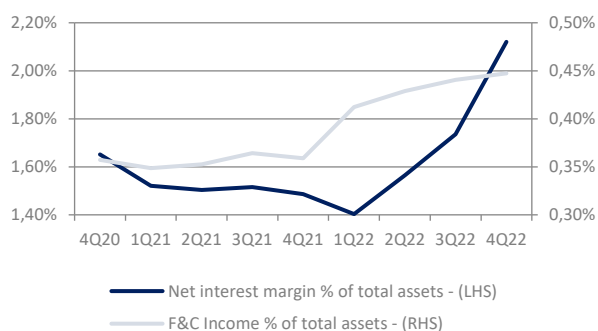
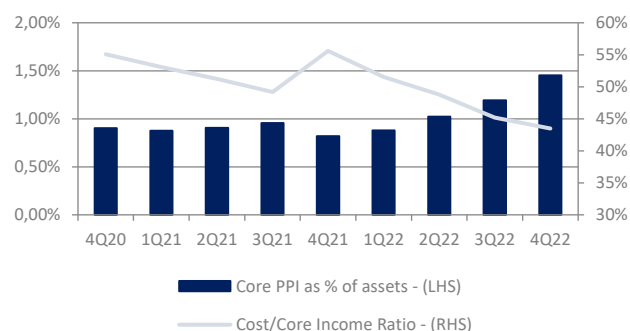
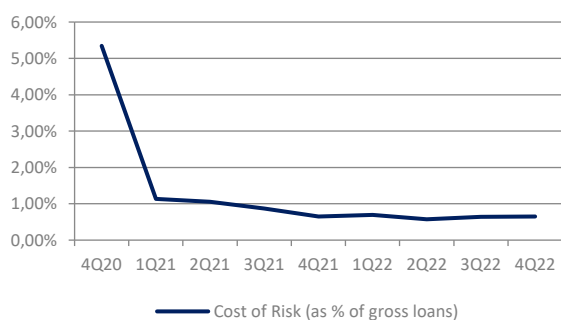
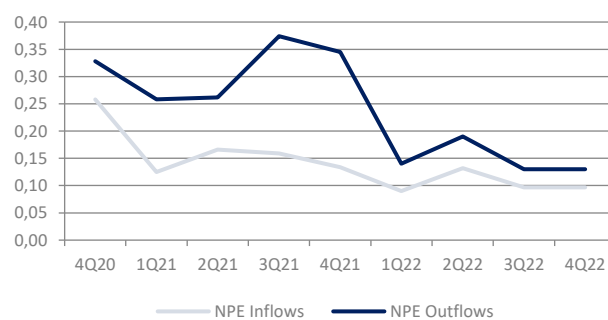
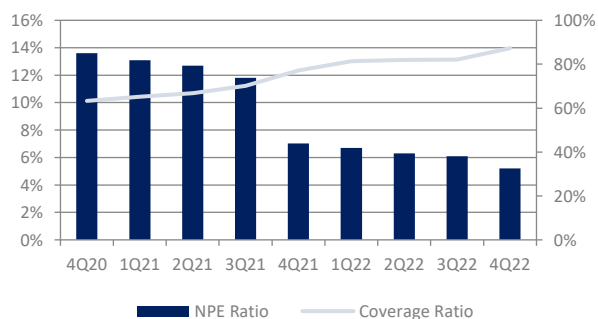
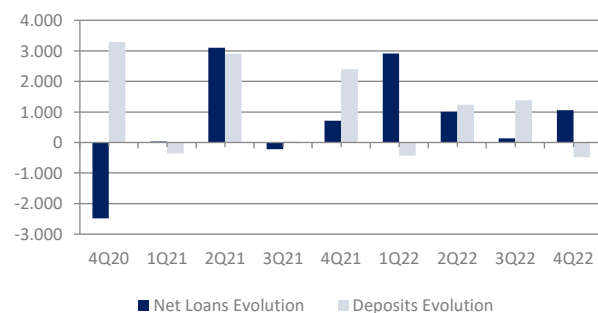
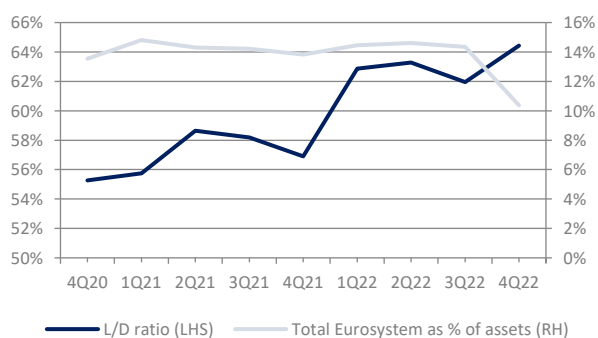
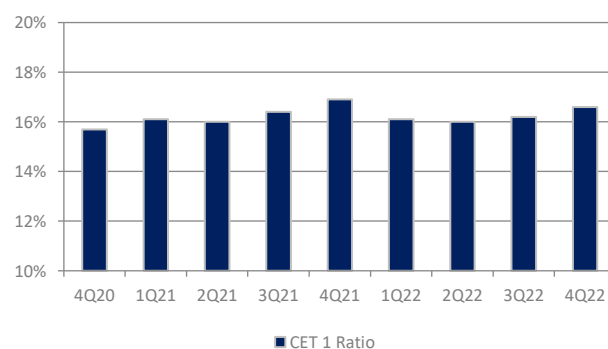
Note: Total Return includes price appreciation and expected dividend yield

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Quarterly earnings summary in graphs

Exhibit F.9. NIM & F&C as % of assets

Exhibit F.10. C/I and cPPI as % of assets

Exhibit F.11. Cost of Credit Risk

Exhibit F.12. NPE inflows and outflows

Exhibit F.13. NPE ratio and coverage

Exhibit F.14. Net Loans & Deposit flows

Exhibit F.15. L/D ratio and Eurosystem funding

Exhibit F.16. CET 1 Ratio (phased in)


Source for all charts: Bank, AF Research

National Bank

Year End	2021	2022	2023	2024	2025
	act	act	est	est	est
Income Statement (€mn)					
Net Interest Income	1.212	1.369	1.649	1.616	1.547
Fees & Commissions	287	347	360	384	416
Operating Income	1.902	2.060	2.002	2.011	1.976
Operating Expenses	783	805	819	835	851
Pre Provision Income	1.119	1.255	1.183	1.176	1.126
Core Pre Provision Income	715	912	1.189	1.166	1.111
Loan Impairments	265	217	297	219	216
EBT	848	1.275	886	957	910
Net Income	833	1.120	682	718	683
EPS (€)	0,91	1,22	0,75	0,78	0,75
DPS (€)	0,00	0,00	0,00	0,13	0,18

Balance Sheet (€mn)

Gross Loans	32.093	37.054	35.624	37.181	39.282
Net Loans	30.438	35.561	33.872	35.309	37.271
Securities	15.251	13.585	14.892	15.907	16.926
Interest Earning Assets	69.487	69.272	63.106	63.519	64.937
Total Assets	83.958	78.113	71.560	71.572	72.621
Deposits	53.493	55.192	55.282	55.587	56.162
Interbank/Borrowing	14.731	9.811	4.231	2.731	1.731
Interest Bearing Liabilities	72.229	68.797	61.807	61.112	61.487
Shareholders Equity	5.750	6.452	7.134	7.852	8.535
Total Equity	5.772	6.475	7.157	7.875	8.558
Tangible Equity	5.397	6.021	6.690	7.395	8.064
BVPS (€)	6,29	7,05	7,80	8,58	9,33
TBVPs (€)	5,90	6,58	7,31	8,08	8,82

Capital Adequacy

CET 1 Capital	5.865	6.048	6.575	7.279	7.948
Total Capital (CAR)	6.065	6.448	6.975	7.679	8.348
CET 1 Capital Ratio (%)	16,9%	16,6%	17,6%	19,0%	20,2%
Total Capital Ratio (%)	17,5%	17,7%	18,7%	20,1%	21,2%
FL Basel III CET 1 Ratio (%)	15,1%	15,7%	17,6%	19,0%	20,2%
RWAs Intensity	41,3%	46,6%	52,2%	53,4%	54,1%
RWAs	34.700	36.368	37.341	38.253	39.303

Graph



Year End	2021	2022	2023	2024	2025
	act	act	est	est	est
Income Statement yoy (%)					
Net Interest Income	4%	13%	20%	-2%	-4%
Fees Income	10%	21%	3%	7%	8%
Operating Income	-25%	8%	-3%	0%	-2%
Operating Expenses	-6%	3%	2%	2%	2%
Pre Provision Income	-34%	12%	-6%	-1%	-4%
Core Pre Provision Income	20%	27%	30%	-2%	-5%
Loan Impairments	-75%	-18%	37%	-26%	-1%
EBT	113%	50%	-31%	8%	-5%
Net Income	nm	34%	-39%	5%	-5%
EPS (€)	nm	34%	-39%	5%	-5%
DPS (€)	-	-	-	-	43%

Key Metrics

NIM	1,50%	1,69%	2,20%	2,26%	2,15%
F&C/Assets	0,36%	0,43%	0,48%	0,54%	0,58%
Cost/Income	41%	39%	41%	42%	43%
Core PPI/Assets	0,9%	1,2%	1,7%	1,6%	1,5%
PPI/Assets	1,3%	1,6%	1,7%	1,6%	1,6%
Loans/Deposits	57%	64%	61%	64%	66%
Loans/Assets	36%	46%	47%	49%	51%

Asset Quality (€mn)

NPEs	2.257	1.775	2.050	2.132	2.022
NPEs Ratio (%)	7,0%	5,2%	5,8%	5,7%	5,1%
NPEs Coverage (%)	73%	87%	85%	88%	99%
CoR	0,8%	0,6%	0,8%	0,6%	0,5%

Valuation

P/E	5,0x	4,4x	6,1x	5,8x	6,1x
P/BV	0,7x	0,6x	0,6x	0,5x	0,5x
P/TBV	0,8x	0,7x	0,6x	0,6x	0,5x
Div. Yield (%)	0,0%	0,0%	0,0%	2,7%	3,9%
RoE	15,5%	15,6%	10,0%	9,6%	8,3%
RoTE	16,5%	16,7%	10,7%	10,2%	8,8%
RoA	1,0%	1,4%	0,9%	1,0%	0,9%

What's Changed

Rating	Buy	From	Buy
Risk	High Risk	From	High Risk
Target Price	€ 5,60	From	€ 5,00
Forward EPS	0,75	From	0,60

Company Info

Share Price	€ 4,58
Market Cap (mn)	€ 4.187
Ticker (Bloomberg)	ETE GA
Ticker (Reuters)	NBGr.AT
Free Float	60%
Sector	Banks
Auditor	PwC

Company Description

The NBG Group provides a wide range of financial products and services that meet the changing needs of businesses and individuals, including deposit and investment products, various financing facilities, and brokerage, insurance, leasing and factoring services. The Group operates through a wide distribution network of products and services domestically (356 branches and 1,476 ATMs) and it maintains presence in Cyprus, North Macedonia and Egypt.

Piraeus Financial Holdings (EH)

At a positive trajectory

Q4/FY 2022 earnings

Piraeus Bank reported a 10% RoTE for the FY 2022 on a normalized basis corresponding to € 525mn, partly on back of a more supportive interest rate environment. The group's NPE ratio dropped to 7%, lower by ca 6pps y/y, with 54% coverage, the L/D ratio stood at 65% at YE 2022, while the FL CET shaped at 11.5% (up by ca 2pps y/y) and comfortably above regulatory requirements.

Management guidance

Management targets for 2023 include i) a RoTE at ~10% with a C/I <42%, ii) a NPE ratio <6% and iii) a 100bps capital generation during the year, on a conservative set of assumptions. The assumptions for NIM and NFI are standing at >2% and ~ 0.6% (as a % of total assets), while net credit expansion is seen at ~€ 1.7bn for the year. Their EPS target (>€ 0.45) implies profitability in excess of € 560mn for 2023.

Recovering at fast pace

After two intense years during which the group implemented an ambitious clean-up plan (which included a sharp reduction of NPEs, a capital raising as well as several other capital enhancing actions) it is now in a position to achieve a high and sustainable profitability. PB's CET 1 remain the lowest between domestic peers but comfortably above requirements, suggesting that is no longer a concern for the market. HFSF holds 27% of share count which has to be sold within the next three years; reportedly the Fund has hired Mediobanca as its advisor for future disposals.

Our estimates

We update our model mainly to reflect better prospects for NII generation. Our new NII estimates are higher by 4.5% for the 2023-25 period leading also to higher profitability by 15% over the same period. Overall, our estimates are broadly in line with management guidance although we are taking a more cautious stance on credit growth and asset quality trends. On our numbers Piraeus Group is expected to achieve a 10.1% RoTE for 2023.

View/Valuation

Our GGM derived valuation generates a 12m PT of € 2.82 Vs € 2.25 previously owing to higher earnings estimates, reflecting a 0.5x P/TBV on 2024 estimates. As our target price implies, we believe there is significant upside from current levels as the market has not fully reflected PB progress. The group keeps trading at a significant discount to the sector average which is likely to be reduced upon profitability convergence and organic capital generation. We find the risk/reward balance attractive given PB's valuation and projected profitability.

Piraeus Financial Holdings

Buy | High Risk

Market cap. (€mn)	2.678	Share Price	€ 2,14
Shares outst. (mn)	1.249	Target Price	€ 2,82
Bloomberg	TPEIR GA	Previous	€ 2,25
Reuters	BOPr.AT	Total Return	32%

Material Change | -

Valuation	2021a	2022a	2023e	2024e	2025e
P/E	-0,9x	4,3x	4,5x	4,3x	4,5x
P/TBV	0,54x	0,47x	0,43x	0,40x	0,37x
Div. Yield (%)	0,0%	0,0%	0,0%	5,0%	4,9%
RoTE	-61,0%	17,9%	10,1%	9,7%	8,6%
RoA	-4,0%	1,2%	0,9%	0,9%	0,8%

P&L data (€mn)	2021a	2022a	2023e	2024e	2025e
NII	1.410	1.353	1.597	1.579	1.567
PPI	1.657	1.754	1.279	1.265	1.246
LLPs	4.245	615	423	377	392
Net income	-3.007	899	599	623	598

Graph



Source: AF Research, Bloomberg LP, Refinitiv

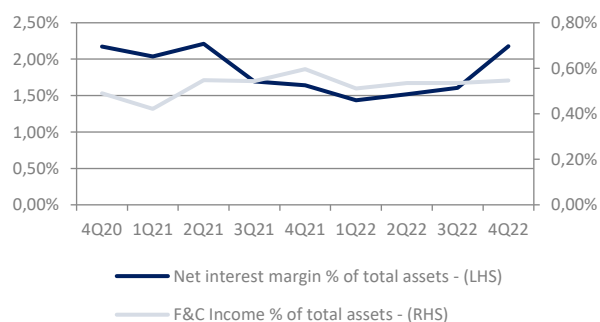
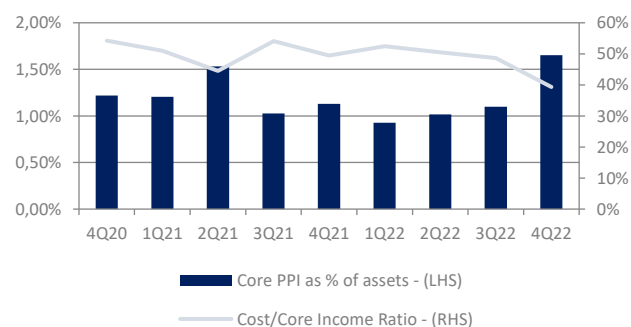
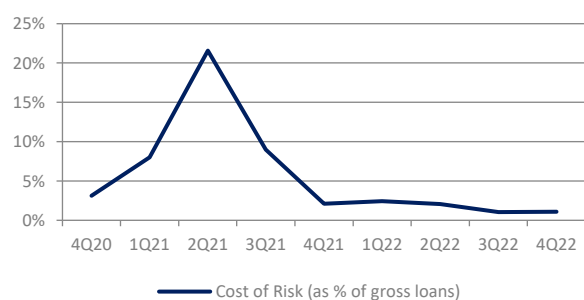
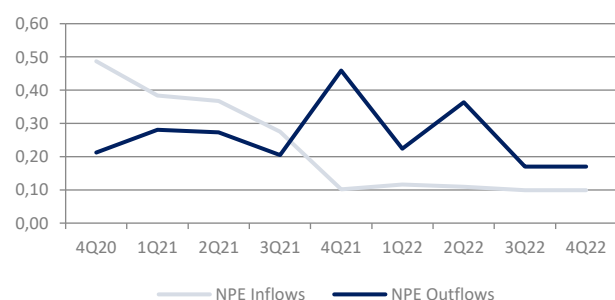
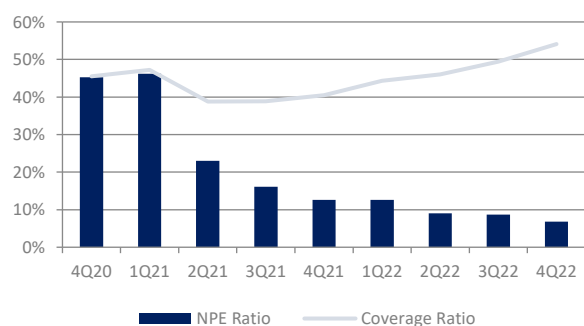
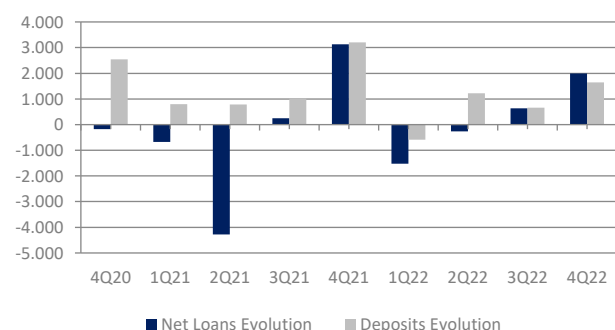
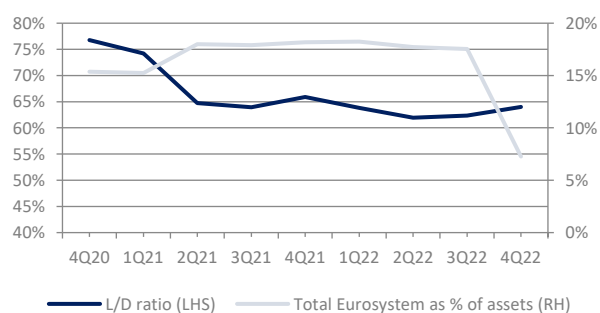
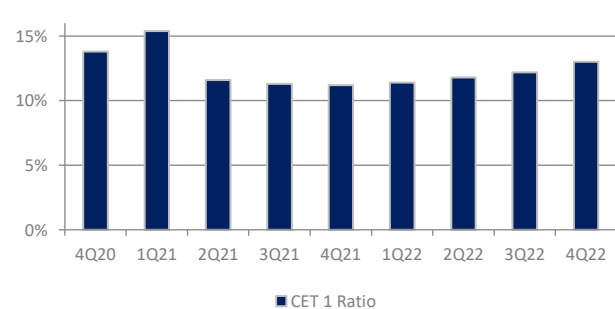
Note: Total Return includes price appreciation and expected dividend yield

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Quarterly earnings summary in graphs

Exhibit F.17. NIM & F&C as % of assets

Exhibit F.18. C/I and cPPI as % of assets

Exhibit F.19. Cost of Credit Risk

Exhibit F.20. NPE inflows and outflows

Exhibit F.21. NPE ratio and coverage

Exhibit F.22. Net Loans & Deposit flows

Exhibit F.23. L/D ratio and Eurosystem funding

Exhibit F.24. CET 1 Ratio (phased in)


Source for all charts: Bank, AF Research

Piraeus Financial Holding

Year End	2021	2022	2023	2024	2025
	act	act	est	est	est
Income Statement (€mn)					
Net Interest Income	1.410	1.353	1.597	1.579	1.567
Fees & Commissions	392	421	429	443	462
Operating Income	2.524	2.582	2.143	2.139	2.147
Operating Expenses	867	828	864	875	901
Pre Provision Income	1.657	1.754	1.279	1.265	1.246
Core Pre Provision Income	935	946	1.162	1.147	1.128
Loan Impairments	4.245	615	423	377	392
EBT	-2.691	1.037	866	898	864
Net Income	-3.007	899	599	623	598
EPS (€)	-2,41	0,50	0,48	0,50	0,48
DPS (€)	0,00	0,00	0,00	0,11	0,10

Balance Sheet (€mn)

Gross Loans	38.492	38.787	40.249	41.855	43.536
Net Loans	36.521	37.367	38.529	39.902	41.342
Securities	12.678	12.523	13.030	13.538	14.545
Interest Earning Assets	66.653	62.123	60.739	63.482	66.240
Total Assets	79.790	75.661	73.984	76.429	78.901
Deposits	55.442	58.372	59.539	60.730	61.945
Interbank/Borrowing	14.865	6.922	3.422	3.422	3.222
Interest Bearing Liabilities	72.606	67.736	65.471	67.438	69.453
Shareholders Equity	5.188	5.953	6.552	7.040	7.508
Total Equity	5.803	6.581	7.181	7.669	8.137
Tangible Equity	4.921	5.641	6.225	6.696	7.147
BVPS (€)	4,15	4,77	5,25	5,64	6,01
TBVPS (€)	3,94	4,52	4,98	5,36	5,72

Capital Adequacy

CET 1 Capital	3.582	4.064	4.153	4.625	5.076
Total Capital (CAR)	5.075	5.557	5.646	6.118	6.569
CET 1 Capital Ratio (%)	11,2%	13,0%	12,9%	13,9%	14,8%
Total Capital Ratio (%)	15,9%	17,8%	17,5%	18,4%	19,1%
FL Basel III CET 1 Ratio (%)	8,3%	11,5%	12,9%	13,9%	14,8%
RWAs Intensity	40,1%	41,2%	43,6%	43,6%	43,6%
RWAs	32.001	31.178	32.230	33.329	34.407

Graph



Year End	2021	2022	2023	2024	2025
	act	act	est	est	est
Income Statement yoy (%)					
Net Interest Income	-5%	-4%	18%	-1%	-1%
Fees Income	24%	7%	2%	3%	4%
Operating Income	33%	2%	-17%	-0%	0%
Operating Expenses	-8%	-4%	4%	1%	3%
Pre Provision Income	74%	6%	-27%	-1%	-1%
Core Pre Provision Income	8%	1%	23%	-1%	-2%
Loan Impairments	285%	-86%	-31%	-11%	4%
EBT	nm	nm	-16%	4%	-4%
Net Income	nm	nm	-33%	4%	-4%
EPS (€)	nm	nm	-3%	4%	-4%
DPS (€)	-	-	-	-	-4%

Key Metrics

NIM	1,86%	1,74%	2,13%	2,10%	2,02%
F&C/Assets	0,52%	0,54%	0,57%	0,59%	0,59%
Cost/Income	34%	32%	40%	41%	42%
Core PPI/Assets	1,2%	1,2%	1,6%	1,5%	1,4%
PPI/Assets	2,1%	2,3%	1,7%	1,7%	1,6%
Loans/Deposits	66%	64%	65%	66%	67%
Loans/Assets	46%	49%	52%	52%	52%

Asset Quality (€mn)

NPEs	4.860	2.624	3.056	3.208	2.982
NPEs Ratio (%)	13,1%	7,0%	7,9%	7,9%	7,1%
NPEs Coverage (%)	41%	54%	56%	61%	74%
CoR	11,0%	1,6%	1,1%	0,9%	0,9%

Valuation

P/E	-0,9x	4,3x	4,5x	4,3x	4,5x
P/BV	0,52x	0,45x	0,41x	0,38x	0,36x
P/TBV	0,54x	0,47x	0,43x	0,40x	0,37x
Div. Yield (%)	0,0%	0,0%	0,0%	5,0%	4,9%
RoE	-57,8%	16,9%	9,6%	9,2%	8,2%
RoTE	-61,0%	17,9%	10,1%	9,7%	8,6%
RoA	-4,0%	1,2%	0,9%	0,9%	0,8%

What's Changed

Rating	Buy	From	Buy
Risk	High Risk	From	High Risk
Target Price	€ 2,82	From	€ 2,25
Forward EPS	0,48	From	0,24

Company Info

Share Price	€ 2,14
Market Cap (mn)	€ 2.678
Ticker (Bloomberg)	TPEIR GA
Ticker (Reuters)	BOPr.AT
Free Float	73%
Sector	Banks
Auditor	Deloitte

Company Description

Piraeus Financial Holdings S.A. is a financial holdings company, listed on the Athens Stock Exchange, and the parent company of the banking institution "Piraeus Bank S.A.". The key subsidiary of Piraeus Financial Holdings S.A. is Piraeus Bank S.A., it is headquartered in Athens, generates 95% of the Group's revenues, and has approximately 10K employees. Piraeus Bank offers a full range of financial products and services to 5.5mn customers in Greece.

Appendix 1. Glossary

NII	Net Interest Income Interest income from loans and other assets minus interest expenses from deposits and other sources of funding
NIM	Net Interest Margin Annualized NII over Average Interest Bearing Assets or over Average Total Assets
Opex	Operating Expenses
PPI	Pre Provisioning Income Total operating income minus operating expenses
Core PPI	Core Pre Provisioning Income PPI less income from financial operations and other income
NPLs	Non-Performing Loans Loans in arrears over 90 days past due
NPEs	Non Performing Exposures Credit exposures that are 90 days past due, impaired or those which the debtor is deemed as unlikely to repay its obligations in full without liquidating collateral, forbore and still within the probation periods, contagion.
NPLs Ratio	Non-Performing Loans Ratio Non-performing loans over gross loans
NPEs Ratio	Non-Performing Exposures Ratio Non-performing exposures over gross loans
NPLs Coverage	Non-Performing Loans Coverage Stock of provisions over non-performing loans
NPEs Coverage	Non-Performing Exposures Coverage Stock of provisions over non-performing exposures
SSM	Single Supervisory Mechanism A mechanism composed of the ECB and national competent authorities in participating Member States for the exercise of the supervisory tasks conferred upon the ECB. The ECB is responsible for the effective and consistent functioning of this mechanism, which forms part of the banking union.
DTAs	Deferred Tax Assets
DTCs	Deferred Tax Credits
CET 1 Capital	Common Equity Tier 1 Capital
CET 1 Capital Ratio (%)	CET 1 Capital over RWAs
RWAs	Risk Weighted Assets Assets weighted according to risk factors
TE	Tangible Equity Common equity less goodwill, intangibles, minorities, hybrid instruments and preference shares
Total SREP Capital Requirement	Supervisory Review & Evaluation Process Capital Requirement Ratio of capital requirement communicated to banks by ECB (SSM) on an annual basis after a review and includes the minimum capital requirement of 8% over RWAs and additional capital requirement
CoR	Cost of Risk Impairment losses for the period divided by the average gross loans of the relevant period



Alpha Finance Investment Services Single Member S.A.

Member of the Athens Exchange
Member of the Cyprus Stock Exchange
General Commercial Registry (G.E.M.I.) Nr. 1176701000
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Disclosure Appendix

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Alpha Services & Holdings, Athens Water, Autohellas, Cenergy Holdings, Viohalco, PPC, National Bank, ElvalHalcor, Ellaktor, Mytilineos, Opap, Hellenic Telecom, Thrace Plastics, Eurobank Services & Holdings, Piraeus Financial Holdings, Entersoft, Dimand, Alpha ETF FTSE Athex Large Cap Equity UCITS ([Source: Athens Exchange, as of Thursday March 23, 2023](#))

Alpha Finance Investment Services Single Member S.A. acts as a market maker on the stock futures of the following companies/indices (Total: 30)

FTSE Athex Large Cap Index stock futures & options, Alpha Services & Holdings, Cenergy Holdings, Coca Cola HBC, Jumbo, Lamda Development, MIG, Viohalco, Autohellas, Admie Holding, Aegean Airlines, Fourlis, ElvalHalcor, Quest Holdings, HELLENiQ ENERGY, Gek Terna, PPC, National Bank, Ellaktor, Hellenic Exchanges, Athens Water, Intracom Holdings, Motor Oil, Mytilineos, Opap, Hellenic Telecom, Piraeus Financial Holdings, Terna Energy, Eurobank Services & Holdings, Titan Cement Intl, FTSE/ATHEX Large Cap.

([Source: Athens Exchange, as of Thursday March 02, 2023](#))

Alpha Finance Investment Services Single Member S.A. acts as a market maker on the bonds of the following companies (Total: 3)

Prodea REIC, Elval Halcor, Noval Property REIC

([Source: Athens Exchange, as of Thursday March 02, 2023](#))

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AF Equity Research Ratings Distribution					as of : 16 Feb 22
New Rating	AF Universe	IB Clients	AF Universe %	IB Clients %	
Buy	18	3	72	43%	
Sell	0	0	0	0%	
Hold	0	1	0	14%	
Under Review	5	2	20	29%	
Not Rated	1	1	4	14%	
Restricted	1	0	4	0%	
Total	25	7	100%	100%	

Investment Banking (IB) services provided over the past 12 month period

Source: Alpha Finance, Alpha Bank

AF Equity Research Ratings Distribution					as of : 16 Feb 22
Old Rating	AF Universe	IB Clients	AF Universe %	IB Clients %	
Outperform	18	3	72	43%	
Underperform	0	0	0	0%	
Neutral	0	1	0	14%	
Under Review	5	2	20	29%	
Not Rated	1	1	4	14%	
Restricted	1	0	4	0%	
Total	25	7	100%	100%	

Important Note: As of Feb. 01 2020, AF incorporates a new Proprietary rating system. A comparison ratings distribution is seen above

Rating History: NBG						as of 05/04/2023
Date	Rating	Price	Target Price	IB Client	Specific Disclosures	
28-Nov-22	Buy	High Risk	3,82 €	5,00 €	-	3
02-Feb-23	Buy	High Risk	4,43 €	5,00 €	-	3
05-Apr-23	Buy	High Risk	4,58 €	5,60 €	-	3

Rating History: Piraeus Financial Holdings						as of 05/04/2023
Date	Rating	Price	Target Price	IB Client	Specific Disclosures	
27-Nov-22	Buy	High Risk	1,47 €	2,25 €	-	3
02-Feb-23	Buy	High Risk	1,87 €	2,25 €	-	3
05-Apr-23	Buy	High Risk	2,14 €	2,82 €	-	3

Rating History: Eurobank Holdings						as of 05/04/2023
Date	Rating	Price	Target Price	IB Client	Specific Disclosures	
27-Nov-22	Buy	High Risk	1,10 €	1,44 €	-	3
05-Apr-23	Buy	High Risk	1,10 €	1,53 €	-	3

Company specific regulatory disclosures

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- Alpha Finance and/or members of the Alpha Bank Group have received compensation for investment banking services from the subject company within the past 12 months
- Alpha Finance acts as a market maker in the securities of the subject company
- Alpha Finance and members of the Alpha Bank Group own five percent or more of the total issued share capital of the subject company
- The subject company and its affiliate(s) own five percent or more of the total issued share capital of Alpha Finance and members of the Alpha Bank Group
- Alpha Finance has sent the research report to the subject company prior to publication for factual verification
- Following 6, Alpha Finance has changed the contents of the initially sent research report, with respect to: no change
- Alpha Finance has received compensation from the subject company for the preparation of this research report

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Investment Rating

The investment rating is based on the total expected return over a 12-month period, as described below.

Seven distinct categories are used: Buy / Sell / Neutral / Under Review / Not Rated / Restricted / Sponsored Research.

In several occasions, subject to qualitative factors, ESG criteria (Bloomberg & Reuters), analyst judgment based on macro/micro prospects, the investment rating applied may fall out of the brackets described in the definitions, outlined below:

Definitions of Proprietary Risk Rating system terms

Total Return (TR)	Price appreciation + Dividend yield
Buy	The total return (TR) is expected to be > 15% over the next 12-month period
Sell	The total return (TR) is expected to be < -15% over the next 12-month period
Hold	The total return is expected to be [-15%, +15%] over the next 12-month period
Under Review	The stock is under review
Not Rated	The stock is not rated
Restricted	The stock is restricted from rating
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The proprietary risk rating system incorporates liquidity-volatility-qualitative criteria, which categorizes a risk rating into three categories:

High Risk, Medium Risk, Low Risk

Liquidity criteria are based on tradability-Free Float data

Volatility criteria are based on 1yr volatility metrics updated twice a year

Qualitative criteria are based on analyst judgement which takes into account macro/micro prospects

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