HELLENIC BANKS

SECTOR UPDATE AND INITIATION OF COVERAGE

26 November 2024

FOCUS ON RISKS - THE STREET UNDERSHOOTS NII AND DIVS - INITIATING ON BOC

In this sector update note we initiate coverage on Bank of Cyprus (BOC) with a Buy rating, adding it to the "Hellenic Club," which already includes the Big Four Greek banks. Our analysis of net interest margin outlook suggests significantly greater resilience than historical sensitivities would imply, prompting upgrades to our revenue estimates above consensus. We have also conducted a review of our Cost of Equity estimates with more detailed risk calibration—covering interest rate sensitivity, deferred tax credit (DTC) and share liquidity, to support a more granular approach to valuations for Hellenic banks. We see 2026 payouts moving to 60% for Alpha, NBG and Eurobank, while BOC reaches the goal post already in 2025. Our risk-adjusted TPs offer highly attractive upsides for all names in the segment with 2024-26 distributions exceeding 30% of market capitalization. With the technical headwind from the NBG placement out of the way, the markets should focus on the Hellenic banks' strong fundamentals and ongoing derisking.

Catalysts: acceleration of loan growth, upgrades of dividend policies. **Risks**: Steeper declines of interest rates, accelerated wage inflation, residual DTC risk.

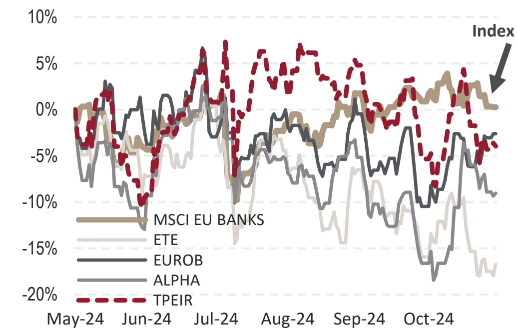
Growth ingredients in place. We now conservatively assume a more aggressive ECB rate cut schedule, with 3M EURIBOR falling to the "stimulative" levels of 2% already in 4Q25. Rising affordability of credits, the EU-wide phenomenon, and strong underlying country-specific economic growth, at 2-3% for Greece and Cyprus, create a positive mix for 4-6% volume growth in 2025-26, in our view.

NIMs could be much more resilient to rates against ex-post sensitivity. With an eye on the realized sensitivities of the margins to underlying rates, we highlight various mitigating factors, such as hedges and the evolution of the structure of assets and funding. In our new forecast, we take into account the sensitivities guided by the banks, suggesting limited downside to NIMs. We see Alpha as the most resilient to falling rates within the group, while BOC is most vulnerable. For Alpha and Piraeus, asset growth helps uplift NII above the 2025 levels by 1% and 1.5%, respectively.

Risk recalibration in order. (1) We believe that the ECB rate cuts may overshoot and assign different risk premiums based on the banks' individual sensitivities of revenues to EURIBOR. (2) We also distinguish between the weights of DTC in CET1 when assigning additional risk premiums to reflect the associated risks. (3) Given the differences in the floats, we also add a liquidity risk premium. (4) Lastly, we consider the positioning and execution risks for Eurobank's Hellenic merger in Cyprus.

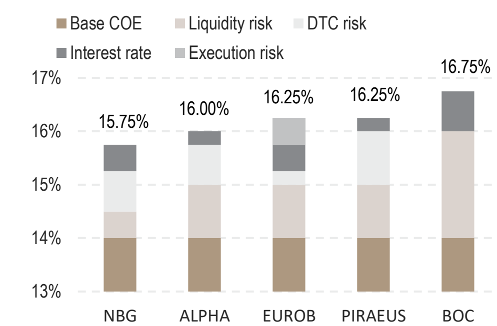
Highly attractive valuations and payouts. Our revised end-25 target prices for the group imply total returns of 27-57%. We duly upgraded Alpha to Buy from Hold and NBG to Buy from Sell. We increased our 2026 dividend payout forecasts to 60% (from 50%) for Alpha, NBG, and Eurobank, while expecting BOC to achieve this level on 2025 earnings already. With cumulative 2024-26 distributions of 31-39%, a diversified portfolio of Hellenic banks should prove to be a rewarding proposition.

RELATIVE PERFORMANCE



Source: Roemer Capital

COE ESTIMATES



Source: Roemer Capital

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GREEK BANKS: RATING AND VALUATION SUMMARY, EUR

	Price*	End-25 TP	Return	Rating	2025 PE	2025 PTB	24-26 D/P	Comment
ALPHA	1.53	1.84	27%	Buy	4.5	0.50	32%	Well protected from falling interest rates
EUROBANK	2.04	2.94	52%	Buy	4.7	0.75	32%	Potential for earning surprise from HB
NBG	6.92	8.60	32%	Buy	4.9	0.74	31%	Liquid stock, cheap funding, overhang fading
PIRAEUS	3.59	5.32	57%	Buy	3.9	0.57	34%	Secure funding, low valuations, residual DTC risk
BOC	4.36	5.43	38%	Buy	4.4	0.70	39%	Less liquid, vulnerability to rate cuts, dividend champ

*Source: Bloomberg, Roemer Capital. *COB 22 NOV 2024*

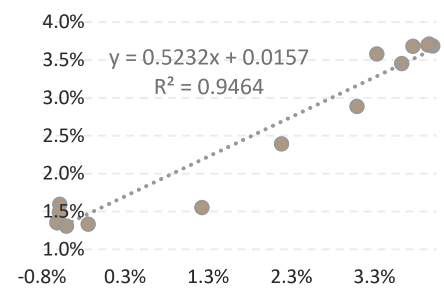
Exposure to policy rate cuts

Risk to the base case scenario for interest rates: Previously, we assumed a gradual decline in the ECB policy rate, settling at a "neutral" level by the end of 2026. According to the ECB, the "neutral" level corresponds to a real rate of 0.2–0.8%, which, coupled with a moderate assumed inflation rate of ~2%, would result in a nominal rate of 2.2–2.8%, or an average of 2.5%.

The ECB will likely go beyond neutral. We believe that anemic growth across major Eurozone economies could easily prompt a more aggressive pace of rate cuts toward lower, stimulative levels, particularly following Donald Trump's election in the US, potentially leading to punitive tariffs on European imports and other shocks to transatlantic ties, as well as a less conservative Fed policy. We now assume that the 3M EURIBOR will be near 3% by the end of 2024, with subsequent cuts to (and possibly beyond) the 2% level by 4Q25.

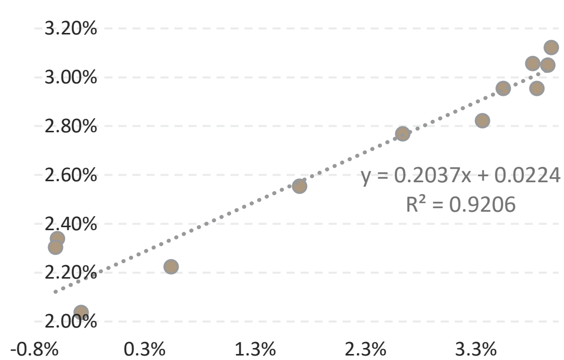
Checking the exposure via historical data: Firstly, we measure the historical sensitivity of net interest margins for the Big Four in the following charts. The slope of the trend line for each scatter chart represents the realized beta, with the highest beta observed for BOC and NBG, and the lowest for Alpha.

BOC: 2022-24 NIM VS 3M EURIBOR



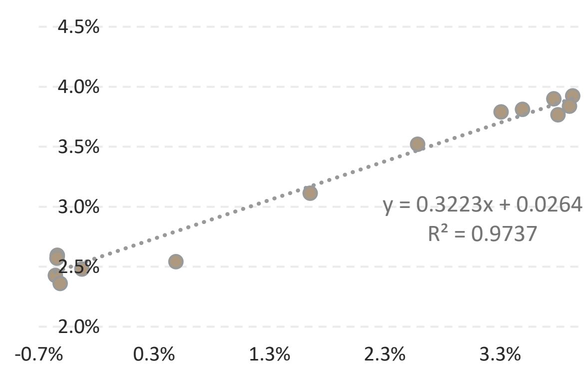
Source: Bloomberg

ALPHA: 2022-24 NIM VS 3M EURIBOR



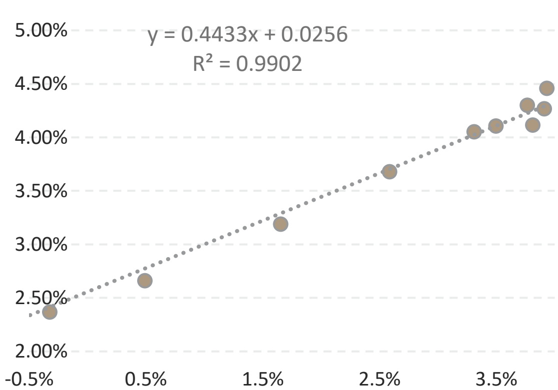
Source: Company, Roemer Capital

EUROBANK: 2022-24 NIM VS 3M EURIBOR



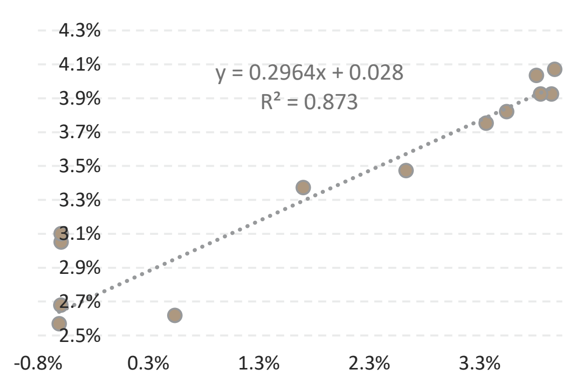
Source: Company, Roemer Capital

NBG: 2022-24 NIM VS 3M EURIBOR



Source: Company, Roemer Capital

PIRAEUS: 2022-24 NIM VS 3M EURIBOR



Source: Company, Roemer Capital

Reduced sensitivity to rates going forward is likely. With an eye on the ex-post sensitivities, we highlight that the banks have anticipated the rate downturn and took significant protective measures pre-emptively via hedging and fine-tuned pricing policies.

Considering the NIM beta assessment by the banks, we believe that downside to the margins and NII will prove to be substantially less significant. We calibrated the estimates of sensitivity to rates to 100bp average EURIBOR decline by 4Q25 in our forecasts. The results of the exercise are shown in the table below.

In practical terms: Based on the stacking order, we have assigned different policy rate risk premiums to the banks' COE: 75bp for BOC, 50bp for NBG and Eurobank, and 25bp for Alpha and Piraeus.

GUIDED NII SENSITIVITY TO 100BP SHIFT IN EURIBOR 3M

Bank	Annualised 3Q24 NII, EURmn	Guided NII sensitivity*	% of NII	Assigned RP, bp	RC 2025 Loan growth	Implied 2025 NII delta
ALPHA	1,640	-48	-2.9%	**25bp**	4.30%	1.2%
PIRAEUS	2,120	-80	-3.8%	**25bp**	5.50%	1.5%
EUROBANK	2,792	-180	-6.4%	**50bp**	5.10%	-1.7%
NBG	2,356	-140	-5.9%	**50bp**	5.70%	-0.6%
BOC	816	-89	-10.9%	**75bp**	3.40%	-7.9%

*Source: Roemer Capital, companies. *NII EURmn to 100bp cut of EURIBOR*

Attribution of Deferred Tax Credit Risk

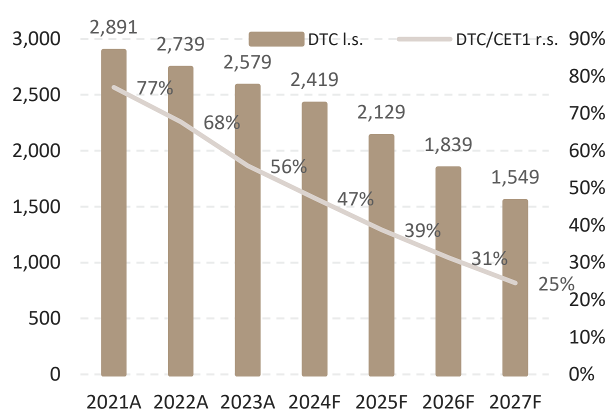
DTCs, the remnants of the troubled past, are to go faster and sooner. The 3Q24 earnings season saw all four Greek banks announce plans to accelerate the amortization of Deferred Tax Credits (DTCs) so that the balances decline to zero by 2032-33, approximately 8-9 years ahead of the previous schedule. This acceleration involves increasing the annual amortization linked to dividend payout via a prudential multiplier. We also acknowledge a symmetrical impact on CET1 capital, though earnings and tangible capital remain unaffected.

Valuation impact: From an investor perspective, the significant weight of DTCs in the capital structure of Greek banks represents a risk, which may be linked to the large residual discount observed in valuation multiples compared to European peers.

The reasons for the discount include the punitive 100% risk weight assigned to DTCs under Basel III in RWA calculation, reflecting their limited recovery potential in distressed scenarios, reduced time value of realizable benefits (dependent on future tax liabilities), and implicit vulnerability to changes in tax policy. We highlight the differences among the estimated levels of DTC in 2027 CET1 capital: 15% for Eurobank, 25% for NBG and Alpha, and 40% for Piraeus.

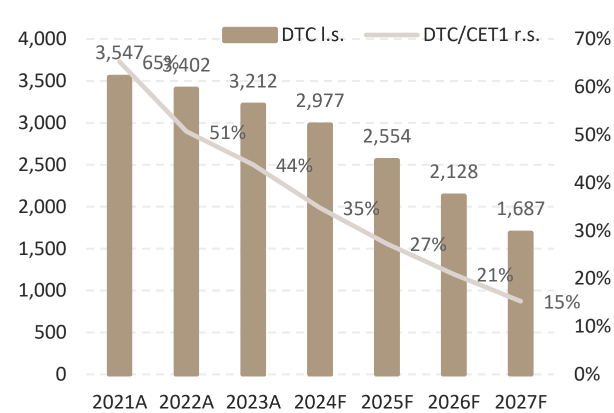
In practical terms: These estimates were used to assign additional risk premiums in our COE calculation, with 25bp for Eurobank, 75bp for NBG and Alpha, and 100bp for Piraeus. In the absence of DTC, we assign no associated risk premium to BOC.

ALPHA: NEW DTC SCHEDULE, EURMN



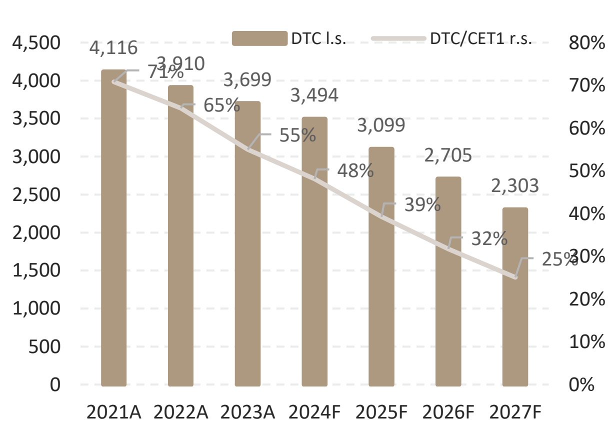
Source: Company, Roemer Capital

EUROBANK: NEW DTC SCHEDULE, EURMN



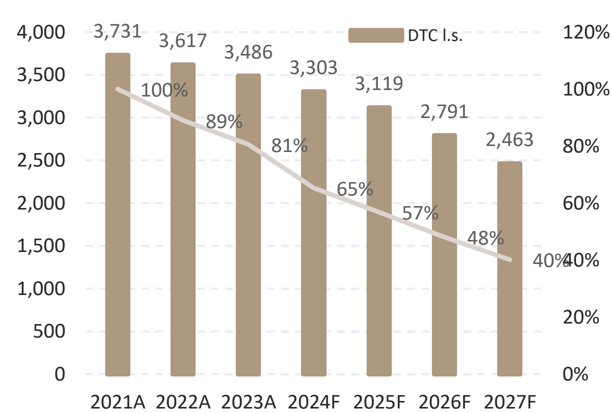
Source: Company, Roemer Capital

NBG: NEW DTC SCHEDULE, EURMN



Source: Company, Roemer Capital

PIRAEUS: NEW DTC SCHEDULE, EURMN



Source: Company, Roemer Capital

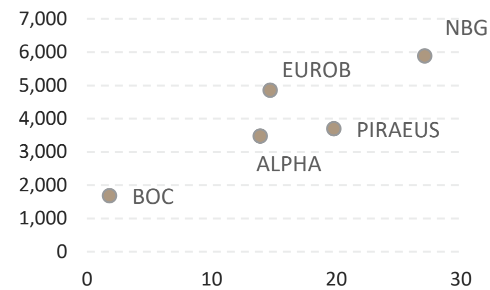
Measuring liquidity risk premium

The Big Four are not so big within the broader universe. While they are among the top liquidity plays within the investible universe for Greece, the average market cap of EUR5.5bn (EUR4.8bn including BOC) places them at the bottom of the list compared to peers in our broader comparison universe. Specifically, the average market caps for the relevant sub-segments are approximately EUR8bn for Eastern Europe, EUR13bn for South Africa, EUR29bn for MENA, and EUR40bn for Developed Europe.

Size matters after all... It goes without saying that liquidity differences warrant valuation discounts, as some investors may be constrained by their fund mandates to large caps only, while larger banks benefit from better protection through business diversification across the economic cycle.

In **practical terms:** Taking into account the value of free-float-adjusted market cap and ADTV, we assign different liquidity risk premiums, ranging from 50bp for most liquid NBG to 100bp for Eurobank, Piraeus, and Alpha, with the highest 200bp for BOC.

FREE-FLOAT ADJ. MCAP VS 20D ADTV, EURMN



Source: Bloomberg

LIQUIDITY RISK PREMIUM MODEL

	ALPHA	EUROBANK	NBG	PIRAEUS	BOC
ADTV 20D, EURmn	13.9	14.7	27.1	19.8	1.8
Free float, EURmn	3,470	4,856	5,878	3,694	1,679
Liquidity risk premium, bp	100	100	50	100	200

Source: Bloomberg, Roemer Capital

Strategic positioning/Execution risk premium for Eurobank

For Eurobank, The complexities of implementing the merger between the corporate and retail entities in Cyprus are significant. Extracting synergies through overhead reductions and other rationalizations is never a trivial task. Challenges may arise from corporate culture clashes, the country's entrenched bureaucracy, or resistance from labor unions. As a result, we assign an additional 50bp risk premium to Eurobank's COE.

Summing up risk individual risk premiums

The outcomes of our risk calibration exercise are summarized in the table below. We add the company specific risk premiums on top of our base cost of equity of 14%. We assign the lowest COE of 15.75% to NBG, followed by 16% for Alpha, 16.25% for Eurobank and Piraeus, and 16.75% for BOC.

COE MODEL

	Market	ALPHA	EUROBANK	NBG	PIRAEUS	BOC
MXEU0BK Index PE	7.2					
Implied earnings yield	14%					
Base cost of equity, %		**14%**	**14%**	**14%**	**14%**	**14%**
Company-specific risk premium, bp						
Liquidity risk premium		100	100	50	100	200
DTC/CET1 risk premium		75	25	75	100	0
Sensitivity to interest rate cuts		0	50	50	25	75
Execution risk		25	50	0	0	0
COE, %		**16.00%**	**16.25%**	**15.75%**	**16.25%**	**16.75%**

Source: Bloomberg, Roemer Capital

ALPHA: RESILIENT MARGIN, LOW MULTS, U/G TO BUY

We have upgraded the stock to Buy from Hold following the release of strong 3Q24 results and with an eye on a bullish guidance of "at least flat" NII in 2025. On the fundamental front we highlight Alpha's renewed focus on the home market, low sensitivity to policy rate cuts and strong focus on cost discipline. These positives come at a discounted price with 2025 PTB of 0.5x and PE of 4.4x. Alpha's cumulative 2024-25E payout translates to 32% of market cap making the stock an attractive value play. With an eye on buying interest from UniCredit and Reggeborgh private equity fund, apparently strategic in nature, we expect the performance gap with European peers to diminish in 2025.

Catalysts: Acceleration of loan growth, sustainability of NIM, and an expected upgrade of payout policy. **Risks:** Access to liquidity and wage inflation.

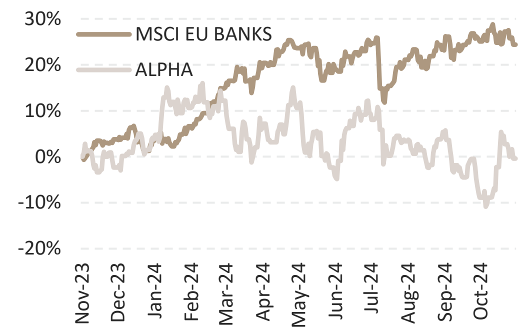
Alpha's 3Q24 results surprised positively: Results exceeded consensus across all key lines, with NII and fees beating expectations by 2%, and provisions coming in 20% lower, driving a recovery in the shares. Management also provided bullish guidance for 2025.

NIM is well protected: Historically, Alpha has shown the lowest sensitivity among peers to NIM changes from interest rate cuts, with synthetic hedges further minimizing this risk. Management's guidance suggests a €12mn NII decline per 25bp rate cut, implying a 2025 impact of €48mn, which should be more than offset by the expected RC ~4% growth in interest-earning assets.

Earnings and dividend estimates upgraded: We have increased our revenue estimates for 2025 and 2026 by 2%, resulting in EPS upgrades of 6% and 4%. Following the adoption of an accelerated DTC amortization schedule, RC payouts have been increased to 40% for 2024, 50% for 2025, and 60% for 2026, translating into dividend uplifts of 5%, 33%, and 25%, respectively.

Target price raised: Our TP has been revised upwards to €1.84 (from €1.72), reflecting earnings upgrades, recalibrated COE estimates, and an extended valuation horizon to end-2025. The new TP offers a 27% total return, including a 2024 DY of 7%, justifying an upgrade in our rating to Buy from *Hold*.

ALPHA VS MXEU0BK INDEX: RELATIVE



Source: Bloomberg

ALPHA: RATING AND VALUATION

Bloomberg ticker	ALPHA GA
Price COB 22-NOV-24, EUR	1.53
MCAP, EURmn	3,533
Shares out, mn	2,310
Free float	95%
ADTV 20D, EURmn	13.9
TP, EUR (Prev)	**1.84 (1.72)**
Valuation horizon	End-25
Upside	20%
DY 2024F	7.0%
Expected return	27%
COE	16.0%
Rating	**Buy (Hold)**
2024-26 cumulative div to price	32%

Source: Roemer Capital, Bloomberg

KEY ESTIMATES, EURMN

	2022A	2023A	2024F	2025F	2026F
Revenue	1,764	2,109	2,190	2,206	2,236
Opex	-857	-817	-851	-868	-891
Provisions	-292	-308	-230	-229	-238
Net attrib. income	368	618	706	799	797
Loans	38,748	36,161	37,631	39,117	40,701
Deposits	50,759	48,321	50,491	53,589	55,765
Common equity	6,263	7,323	8,110	8,440	8,689
NII/assets	1.6%	2.2%	2.3%	2.4%	2.4%
Fees/assets	0.69%	0.67%	0.59%	0.62%	0.62%
CIR	48.6%	38.7%	38.9%	39.3%	39.8%
COR	0.77%	0.82%	0.62%	0.60%	0.60%
CET1 ratio	13.8%	14.6%	17.5%	18.5%	18.6%
PE	9.8	5.8	5.1	4.4	4.4
PB	0.63	0.59	0.53	0.50	0.48
DY	0.0%	1.7%	7.0%	11.3%	13.5%
EPS, EUR	0.16	0.26	0.30	0.35	0.35
TBVPS, EUR	2.42	2.60	2.87	3.08	3.20
DPS, EUR	0.00	0.03	0.11	0.17	0.21

Source: Roemer Research, Company

ALPHA: ESTIMATES CHANGE SUMMARY

EUR mn	2024F prev	2024F	Delta	2025F prev	2025F	Delta	2026F prev	2026F	Delta
Loans	36,573	37,631	2.9%	37,703	39,117	3.8%	39,207	40,701	3.8%
Deposits	49,646	50,491	1.7%	52,692	53,589	1.7%	54,831	55,765	1.7%
CET1	4,933	5,112	3.6%	5,288	5,495	3.9%	5,548	5,788	4.3%
NII	1,648	1,651	0.2%	1,637	1,667	1.8%	1,637	1,679	2.6%
Fees	402	410	2.0%	429	431	0.5%	458	447	-2.3%
Revenue	2,174	2,190	0.7%	2,166	2,206	1.9%	2,195	2,236	1.9%
Opex	-857	-851	-0.7%	-880	-868	-1.4%	-903	-891	-1.3%
Pre-provision income	1,317	1,339	1.7%	1,286	1,338	4.1%	1,292	1,345	4.1%
Loan loss provisions	-248	-230	-7.4%	-240	-229	-4.6%	-230	-238	3.8%
Net attrib. income	716	706	-1.4%	753	799	6.1%	765	797	4.1%
In EUR									
TBVPS	2.86	2.87	0.2%	3.09	3.08	-0.4%	3.26	3.20	-1.7%
EPS	0.31	0.30	-1.3%	0.33	0.35	6.1%	0.33	0.35	4.1%
DPS	0.10	0.11	5.3%	0.13	0.17	32.6%	0.17	0.21	25.0%

Source: Roemer Capital

Our new 2025 sales estimates are now 2% higher than Bloomberg BEst consensus, with earnings and DPS higher by 6% and 18% respectively.

ALPHA: RC ESTIMATES VS. BLOOMBERG BEST

	2024F	2025F	2026F
BEst			
Sales, EURmn	2,157	2,172	2,249
EPS, EUR	0.32	0.33	0.33
DPS, EUR	0.10	0.15	0.19
RCE vs. BEst			
Sales, EURmn	2%	2%	-1%
EPS, EUR	-5%	6%	6%
DPS, EUR	10%	18%	8%

Source: Bloomberg, Roemer Capital

COE MODEL

MXEU0BK Index PE	7.2	Reference index PE
Reference index earnings yield	13.9%	
Base cost of equity	14.0%	
Share volatility/liquidity risk premium, bp	100	Less liquid high beta mid cap
Residual DTC/CET1 risk premium, bp	75	Mid-level risk
Sensitivity to interest rates, bp	0	Los level sensitivity
Strategic positioning risk premium, bp	25	Fewer branches, investment needs
Assumed COE	**16.00%**	

Source: Roemer Capital

COE upped. As discussed previously we have recalibrated our COE estimates to account for various company specific risk for our coverage universe. As a result, we have increased our COE assumption for Alpha to 16% from 15%.

Our Gordon-Growth valuation upgraded with new end-25 TP of EUR1.84. Counting 2024 DY of 7% the total estimated return of 27% warrants upgrade of our rating to Buy from Hold.

ALPHA END-2025 VALUATION, EUR

	EUR
TBVPS 2025F, EUR	3.08
COE	16.0%
ROTE 2026F	10.8%
Growth	3%
Fair value to TBV: (ROTE-g)/(COE-g)	0.60
Target price end-2025	**1.84**
Last closing price, EUR	1.53
Upside	20%
2024F DY	7%
Total upside	27%

Source: Roemer Capital

ALPHA TP SENSITIVITY, EUR

		COE		
		15.0%	16.0%	17.0%
	11.2%	2.10	1.94	1.80
ROTE 2026F	10.8%	1.99	**1.84**	1.71
	9.2%	1.59	1.47	1.36

TP sensitivity, %			**COE**	
		15.0%	16.0%	17.0%
	11.2%	14%	6%	-2%
ROTE 2026F	10.8%	8%	0%	-7%
	9.2%	-14%	-20%	-26%

Source: Roemer Capital

ALPHA: OPERATING FORECAST

EURmn	2021A	2022A	2023A	2024F	2025F	2026F
NII	1,376	1,174	1,653	1,651	1,667	1,679
Fee income	396	367	372	410	431	447
Core revenue	1,771	1,541	2,026	2,061	2,098	2,127
Total revenue	1,940	1,764	2,109	2,190	2,206	2,236
Operating expenses	-1,203	-857	-817	-851	-868	-891
Pre-provision income	736	907	1,292	1,339	1,338	1,345
Provisions and impairments	-395	-292	-308	-230	-229	-238
Pre-tax income	347	632	914	1,102	1,109	1,106
Net attributable income	-2,906	368	618	706	799	797
Per share data, EUR						
Average shares out, mn	1,738	2,142	2,352	2,353	2,353	2,353
EPS	-1.49	0.16	0.26	0.30	0.35	0.35
DPS	0.00	0.00	0.03	0.11	0.17	0.21
BVPS	3.12	2.67	3.12	3.48	3.65	3.76
TBVPS	3.45	2.42	2.60	2.87	3.08	3.20
Ratios						
NII/assets	1.9%	1.6%	2.2%	2.3%	2.4%	2.4%
Fees/assets	0.75%	0.69%	0.67%	0.59%	0.62%	0.62%
CIR	62%	49%	38.7%	38.9%	39.3%	39.8%
COR	1.03%	0.77%	0.82%	0.62%	0.60%	0.60%
ROTE	-43.4%	6.5%	10.1%	10.6%	11.2%	10.8%
ROA	-4.1%	0.5%	0.8%	1.0%	1.2%	1.1%
Dividend payout	0%	0%	20%	35%	50%	60%

Source: Roemer Capital

ALPHA: BALANCE SHEET

EUR mn	2021A	2022A	2023A	2024F	2025F	2026F
Cash and equivalents	11,803	12,895	4,219	3,402	1,912	2,141
Net loans	36,860	38,748	36,161	37,631	39,117	40,701
Securities	10,645	13,475	16,051	17,581	18,340	19,085
Assets	73,356	78,013	73,663	69,108	69,727	72,152
Due to banks	13,983	14,345	7,093	6,056	2,404	2,404
Customer deposits	46,970	50,759	48,321	50,491	53,589	55,765
Debt securities	1,594	2,005	2,920	2,496	3,340	3,340
Total liabilities	67,276	71,750	66,339	60,998	61,287	63,463
Equity	6,080	6,263	7,323	8,110	8,440	8,689
Cash to assets	16%	17%	6%	5%	3%	3%
Loans to assets	50%	50%	49%	54%	56%	56%
Securities to assets	15%	17%	22%	25%	26%	26%
Loans to deposits	78%	76%	75%	75%	73%	73%
Share of time deposits	21%	20%	27%	29%	31%	32%
Equity to assets	8.3%	8.0%	9.9%	11.7%	12.1%	12.0%
Asset quality						
NPE ratio	12.4%	7.5%	5.8%	4.4%	3.6%	3.0%
LLR	6.1%	2.8%	2.5%	1.7%	1.7%	1.7%
NPE coverage	49%	37%	44%	38%	46%	55%
Capital adequacy						
DTC/CET1	77%	68%	56%	47%	39%	32%
CET 1 ratio	13.7%	13.8%	14.6%	17.5%	18.5%	18.6%
Total capital ratio	14.0%	15.1%	19.0%	23.3%	24.2%	24.1%

Source: Roemer Capital

BANK OF CYPRUS: A DIVIDEND CHAMP, INITIATING WITH BUY

As a new addition to our "Hellenic" banking universe, we initiate coverage on Bank of Cyprus with a Target Price of EUR 5.43 and a Buy rating. With an eye on the main company-specific risks, including sub-par share liquidity and heightened interest rate sensitivity, we highlight the advantageous positioning in the home market, a dynamic underlying macro environment, and a best-in-class dividend policy in the absence of the residual DTA/DTC risks weighing on the peers in Greece. Investors with an appetite for smaller midcaps should appreciate the rich cash returns, with cumulative RC 2024-26 yield equal to 39% of the current market price.

Catalysts: expected upgrades to dividend policy, acceleration of loan growth. **Risks:** sensitivity to interest rate cuts, wage inflation acceleration, resurgence of asset quality issues.

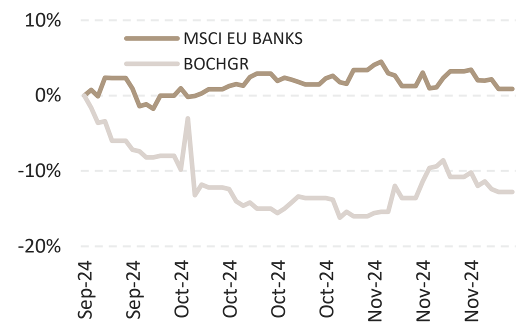
3Q24 IFRS results look robust, but NIM continued to drop. 9M24 NII printed EUR 624mn, up 9% yoy, benefiting from higher rates and ample liquidity; CIR of a mere 32% and COR of 29bp look very low. However, NIM of 3.52% in 3Q24 showed a steady decline from 3.7% in 2Q24 and 3.9% in 1Q24 after peaking at ~4% in 2H23.

NIM sensitivity is a concern. Historically, BOC NIM has shown the highest sensitivity to interest rates among peers, with an RC beta of 0.52. Taking into account management guidance of NII sensitivity (EUR 89mn to a 100bp shift in 3M EURIBOR), and assuming moderate 4% (slightly below the nominal GDP) expansion of the loan book, we forecast a 7.5% decline in NII in 2025, versus flattish dynamics for the peers.

Eyes on dividends. We highlight the absence of the residual DTC risks weighing on the peers' payouts, helping our confidence that BoC returns in 2024 will be at 50%, and payouts in 2025 will reach the Eurozone "norm" of 60%. On our estimates, the cumulative 2024-26 payout adds up to 39% of the current market cap, the highest within the Hellenic club.

Valuations. Counting the 2024 DY of 13%, our Gordon Growth end-25 TP of EUR 5.43 translates into an expected return of 37%, and we duly assign a Buy rating for the shares.

BOCHGR VS MXEU0BK INDEX: RELATIVE



Source: Bloomberg

BOC RATING AND TP

Bloomberg TK	BOCHGR GA
Price, EUR, COB 22-NOV-24	4.36
MCAP, EURmn	1,944
Shares out, mn	446
Free float	81%
ADTV 20D, EURmn	1.8
TP, EUR	**5.43**
Valuation horizon	End-25
Upside	25%
DY 2024	12.6%
Expected return	37%
COE	16.8%
Rating	**Buy**
2024-26 cumulative div/MCAP	39%

Source: Bloomberg, Roemer Capital

BOC OPERATING FORECAST AND VALUATIONS

EURmn	2022A	2023A	2024F	2025F	2026F
Revenue	662	1,092	1,092	1,028	1,052
Opex	-363	-383	-398	-415	-431
Provisions	-47	-63	-32	-42	-55
Net attrib. income	57	487	515	439	433
Loans	9,953	9,822	10,179	10,564	10,981
Deposits	18,998	19,337	20,207	21,159	21,894
Common equity	2,049	2,488	2,801	2,966	3,129
NII/assets	1.5%	3.1%	3.1%	2.9%	2.8%
Fees/assets	0.8%	0.7%	0.7%	0.7%	0.7%
CCIR	54.8%	35.1%	36.5%	40.4%	41.0%
COR	0.44%	0.62%	0.31%	0.40%	0.50%
CET1 ratio	15.2%	17.4%	18.4%	18.7%	19.2%
PE	34.4	4.0	3.8	4.4	4.5
PTBV	1.12	0.88	0.70	0.66	0.63
DY	1.1%	5.8%	12.6%	13.5%	13.4%
EPS, EUR	0.13	1.09	1.15	0.98	0.97
TBVPS, EUR	3.89	4.93	6.23	6.60	6.96
DPS, EUR	0.05	0.25	0.55	0.59	0.58

Source: Roemer Capital, Company

BANK OF CYPRUS 3Q24 IFRS RESULTS

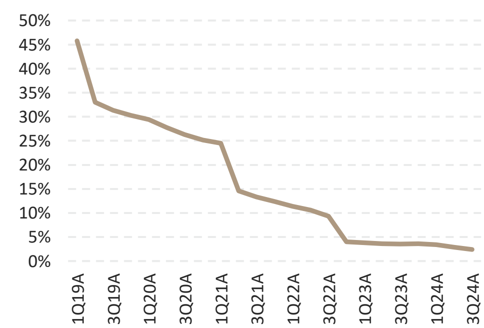
EURmn	3Q23A	4Q23A	1Q24A	2Q24A	3Q24A	y-o-y	q-o-q
Net interest income	214	220	213	207	204	-5%	-1.3%
Fees	45	47	42	44	44	-2%	-0.4%
Trading and other	26	30	21	22	31	n.a.	42.2%
Total revenue	285	297	276	273	279	-2%	2.3%
Opex	-97	-107	-92	-93	-106	9%	13.4%
Pre-provision income	187	190	184	179	173	-8%	-3.4%
Provisions	-34	-42	-25	-18	-16	-53%	-10.6%
Pretax income	153	148	158	161	157	3%	-2.6%
Tax	-23	-10	-25	-23	-25	8%	7.4%
Net income	130	138	133	138	132	2%	-4.3%
Loans	9,910	9,822	10,028	10,085	10,031	1%	0.6%
Deposits	19,267	19,337	19,260	19,723	19,989	4%	2.4%
Tangible equity	2,072	2,198	2,334	2,342	2,728	32%	0.3%
Ratios						In bp	In bp
NII/IEA	3.71%	3.70%	3.68%	3.58%	3.43%	-28	-14
Fees/assets	0.70%	0.65%	0.70%	0.71%	0.71%	0	0
CIR	35.9%	33.5%	34.3%	38.0%	40.3%	440	231
COR	0.77%	0.74%	0.27%	0.34%	0.23%	-54	-10
ROTE	25.7%	25.8%	23.4%	23.5%	20.7%	-507	-286

Source: Company, Roemer Capital

Bank of Cyprus: Brief History and Profile

A well established bank with long history. Bank of Cyprus was established in 1899 in Nicosia as the Nicosia Savings Bank by local businessmen. The owners renamed Bank of Cyprus in 1912, expanding its operations across the island. By the mid-20th century, BoC became a key player in Cyprus' financial sector, offering services beyond traditional banking, including insurance and investments. The bank expanded internationally, opening branches in Greece (1991), the UK, and other countries to serve the Cypriot diaspora and business interests. However, its exposure to Greek government bonds led to significant losses during the 2012-2013 Eurozone crisis. The Cypriot banking system collapsed in 2013, with BoC undergoing **a forced bail-in**, where depositors' funds were converted into equity to recapitalize the bank. This marked **a turning point**, with the bank exiting non-core markets and focusing on restructuring and recovery. Since the crisis, BoC has shifted its strategy, focusing on reducing non-performing loans (NPLs) and strengthening its balance sheet. The bank adopted modern banking technologies and streamlined its operations, consolidating its leading position in Cyprus.

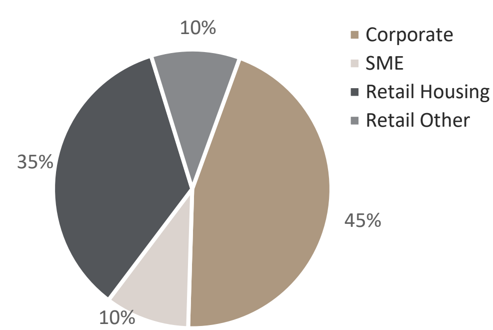
NPE RATIO, %



Source: Company

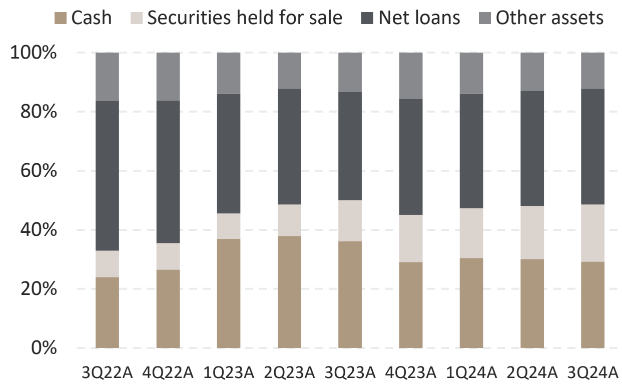
Financial position: heavy proportion of cash in assets. BOC assets split shows a very **high proportion of cash** at 29% of the total assets. Notably this proportion has risen from 24% two years ago. Net loans and securities accounted for 39% and 19% of total assets as of 3Q24. The proportion of loans dropped to 39% in 3Q24 from 50% in 3Q22. Evidently, managing excessive liquidity effectively could be a challenge, particularly as yields in the interbank market subside. Corporate and SME loans account for 45% and 10% of the total book; these have shown subdued and uneven dynamics in recent quarters. In contrast with Greek peers, BOC achieved steady positive dynamics in Mortgages and Other Retail lines. **Liabilities are heavily weighted in core deposits** (55% in 3Q24) for which BOC pays virtually nothing. The interest rate sensitive time deposits accounted for 23% (comparatively low vs. peers), and, encouragingly, their proportion has been steady for many quarters, however this should be a comparative disadvantage during the period of easing policy rates as those with higher proportion of time deposits benefit more.

3Q24 LOAN BOOK, %



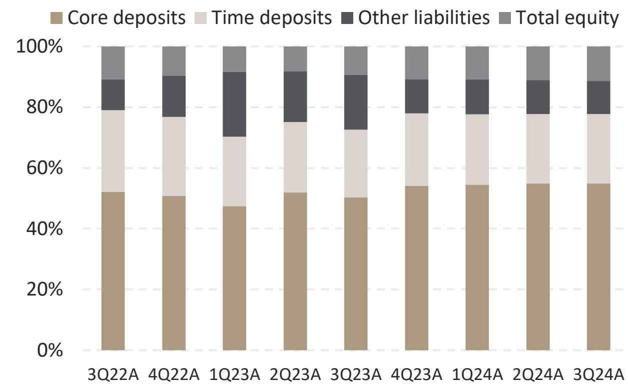
Source: Company

BOC ASSET SPLIT



Source: Company, Roemer Capital

BOC LIABILITIES SPLIT



Source: Company, Roemer Capital

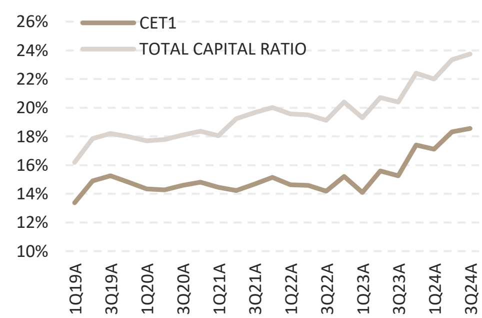
Bank of Cyprus: Tracking Main Operating Drivers

The history of the operating performance recovery after the crisis is not dissimilar to that of the Greek peers. Net interest margin recovery followed the normalization of the policy rate, sending the margin to the 3%+ zone from near 1.5% during 2019-22. Sustainability of NIM is now a major challenge for the bank.

Recalibrating costs, wage inflation a risk. Rising revenue and a steady reduction of the footprint in Cyprus helped the cost-to-income ratio improve from the very high 60%+ to below 40%. That said, staff costs were up 5% in 9M24 due to salary increases, cost-of-living adjustments, and employee contributions. BOC staff is unionized, which means potential challenges in opex control during periods of high inflation.

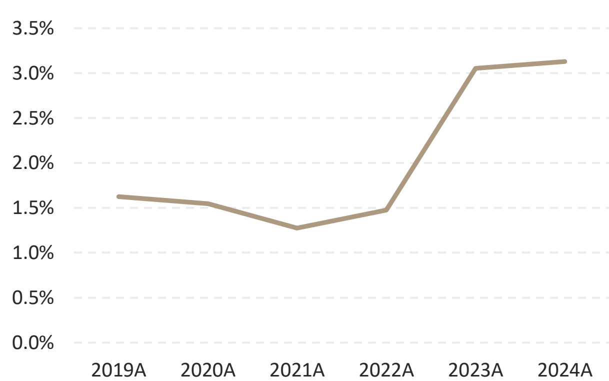
Cost of risk very low. COR of just 29bp in 3Q24 is a reflection of the steady improvement in asset quality in recent years, as the huge pile of NPEs, a legacy of the crisis, fell precipitously. To be on the conservative side, we would expect some pickup in the cost of risk to the 50bp in the coming years as loan growth accelerates.

BOC CAPITAL RATIOS



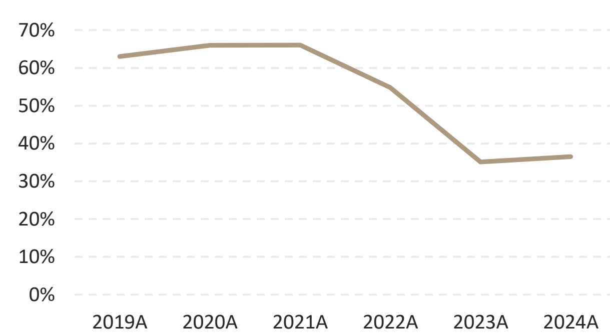
Source: Company, Roemer Capital

BOC NIM DYNAMIC, %



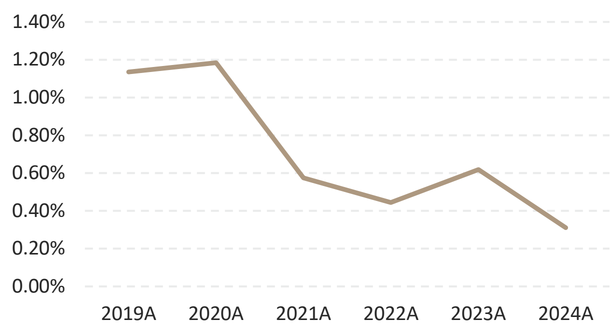
Source: Company, Roemer Capital

BOC COST TO INCOME RATIO DYNAMIC, %



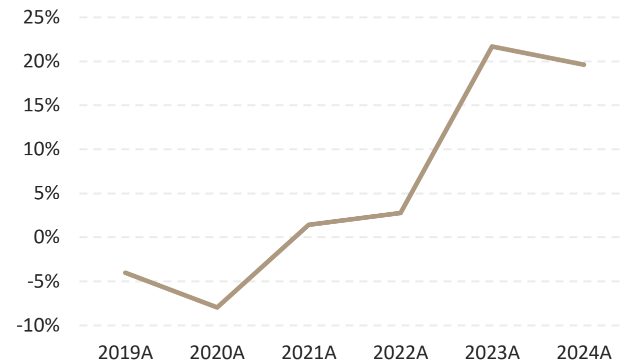
Source: Company, Roemer Capital

BOC COST OF RISK DYNAMIC



Source: Company, Roemer Capital

BOC ROE DYNAMIC



Source: Company, Roemer Capital

BOC Gordon Growth valuation. Our COE estimate for BOC is 16.75%, the highest among the peers on the account of low share liquidity and heightened sensitivity to interest rates. However, the absence of the DTC risks weighing on the peers' payout policies is a tailwind.

Attractive TP upside. Set against our estimate of 14.3% for 2026 ROTE, our COE translates into a fair PTB multiple of 0.8. The resulting end-25 Target Price of EUR5.43 offers total return of 38%, including very high 2024 dividend yield of 14%.

BOC END-25 VALUATION, EUR

	EUR
TBVPS 2025F	6.60
COE	16.75%
ROTE 2026F	14.3%
Growth	3%
Fair PBV: (ROTE-g)/(COE-g)	0.82
Target price, end-2025	**5.43**
Last closing price	4.36
Upside	25%
2024F DY	13.5%
Total return	38%

Source: Roemer Capital

BOC TP SENSITIVITY

		COE		
		15.8%	16.8%	17.8%
	15.3%	6.38	5.91	5.51
ROTE 2026F	14.3%	5.86	**5.43**	5.06
	13.3%	5.34	4.95	4.62

TP sensitivity, %			**COE**	
		15.8%	16.8%	17.8%
	15.3%	17%	9%	1%
ROTE 2026F	14.3%	8%	0%	-7%
	13.3%	-2%	-9%	-15%

Source: Roemer Capital

BOC COE MODEL

MXEU0BK Index PE	7.2	Reference index PE
Reference index earnings yield	14%	
Assumed base cost of equity	14.0%	
Share volatility/liquidity risk premium, bp	200	Mid-cap but low liquidity
Residual DTC/CET1 risk premium, bp	0	Not applicable
Policy rate sensitivity risk premiumn, bp	75	High sensitivity
Strategic positioning risk premium, bp	0	Well position in home market
Assumed COE	**16.75%**	

Source: Roemer Capital

Upside to consensus is significant, especially in dividends. With natural and synthetic hedges in place we assume only a moderate decline of revenue in 2025 against a significantly more conservative consensus. Our estimates show that we are 5% above the consensus on sales, 12% on earnings and 39% on dividends as we see 60% as achievable already for 2025.

ROEMER CAPITAL ESTIMATES VS. BEST

	2024F	2025F	2026F
BEst			
Sales, EURmn	1,063	976	967
Net income EURmn	484	393	381
DPS, EUR	0.53	0.43	0.41
RC est vs. BEst			
Sales, EURmn	3%	5%	9%
Net income, EUR mn	6%	12%	14%
DPS, EUR	4%	39%	41%

Source: BEst, Roemer capital

BOC OPERATING FORECAST

EURmn	2021A	2022A	2023A	2024F	2025F	2026F
NII	296	370	792	822	761	776
Fee income	172	192	181	176	188	196
Core revenue	468	563	973	998	948	972
Total revenue	581	662	1,092	1,092	1,028	1,052
Operating expenses	-383	-363	-383	-398	-415	-431
Pre-provision income	197	299	709	693	613	621
Loan loss provisions	-66	-47	-63	-32	-42	-55
Pre-tax income	98	209	564	614	531	526
Net attributable income	30	57	487	515	439	433
Per share data, EUR						
Average shares out (mn)	446	446	446	446	446	446
EPS	0.07	0.13	1.09	1.15	0.98	0.97
DPS	0.00	0.05	0.25	0.55	0.59	0.58
BVPS	4.62	4.54	5.53	6.23	6.60	6.96
TBVPS	4.25	3.89	4.93	6.23	6.60	6.96
Ratios						
NII/IEA	1.3%	1.5%	3.1%	3.1%	2.9%	2.8%
Fees/Assets	0.7%	0.8%	0.7%	0.7%	0.7%	0.7%
CIR	66.0%	54.8%	35.1%	36.5%	40.4%	41.0%
COR	0.57%	0.44%	0.62%	0.31%	0.40%	0.50%
ROE	1.4%	2.8%	21.7%	19.6%	15.3%	14.3%
ROTE	1.6%	3.1%	24.8%	20.7%	15.3%	14.3%
ROA	0.1%	0.2%	1.9%	2.0%	1.7%	1.6%
Div payout	0%	15%	24%	50%	60%	60%

Source: Company data, Roemer Capital

BOC BALANCE SHEET FORECAST

EURmn	2021A	2022A	2023A	2024F	2025F	2026F
Cash and equivalents	9,231	9,567	9,615	7,538	8,279	8,457
Net loans	10,087	9,953	9,822	10,179	10,564	10,981
Securities	2,139	2,704	3,695	4,159	4,591	5,068
Assets	24,963	25,289	26,629	25,913	27,248	28,146
Due to banks incl. CB	3,427	2,484	2,515	381	381	381
Customer deposits	17,531	18,998	19,337	20,207	21,159	21,894
Debt securities	0	298	672	976	976	976
Total liabilities	22,881	23,240	24,140	23,112	24,282	25,017
Common equity	2,081	2,049	2,488	2,801	2,966	3,129
Cash to assets	37%	38%	36%	29%	30%	30%
Loans to assets	40%	39%	37%	39%	39%	39%
Securities to assets	9%	11%	14%	16%	17%	18%
Loans to deposits	58%	52%	51%	50%	50%	50%
Term share of total deposits	34%	29%	32%	34%	35%	36%
Equity to assets	8.3%	8.1%	9.3%	10.8%	10.9%	11.1%
Asset quality						
NPE ratio	12.4%	4.0%	3.6%	2.6%	2.4%	2.4%
LLR	7.3%	2.8%	2.7%	2.2%	2.0%	2.0%
NPE coverage	58.9%	68.6%	73.1%	85.0%	85.0%	85.0%
Capital adequacy						
RWA density	43%	40%	39%	42%	42%	43%
CET 1 ratio	15.1%	15.2%	17.4%	18.4%	18.7%	19.2%
Total capital ratio	20.0%	20.4%	22.4%	23.4%	23.4%	23.7%

Source: Company Data, Roemer Capital

EUROBANK: ENTRENCHING IN CYPRUS

Eurobank has moved decisively to assert its control over the prized asset in Cyprus, raising its ownership to near 95%, effectively reducing risks and expediting potential synergies in our view. With an eye on pressure from interest rates, we upgrade our 2025-26 earnings moderately; however, the uplift to the dividend is more significant. Our new end-25 TP of EUR 2.94 offers a total return of 52%. The stock remains our top pick in the Hellenic segment.

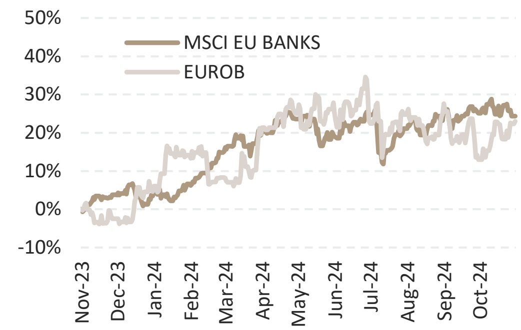
Catalysts: Finalization of the acquisition, synergies from the Hellenic merger, acceleration of loan growth, confirmation of margin resilience. Risks: Execution risk related to merging subsidiaries in Cyprus, interest rate pressure, wage inflation.

Mild pressure on NII ahead. The ex-post NIM sensitivity to EURIBOR looks comparatively low; however, consolidation of Hellenic may affect the beta negatively going forward. Taking into account management guidance, we expect NIM to drop around 20bp yoy; however, this pressure should be mitigated by asset growth to a significant degree.

Moderate earnings upgrade. Taking into account 3Q24 fully consolidating Hellenic results and discounting moderate pressure on NII, we have raised our 2025 revenue by 3% and earnings by 6%, helped by the elimination of the minorities line, assuming full consolidation of Hellenic. Set against the 2025 Bloomberg Best consensus, we are 3% higher for sales, 22% higher on EPS, with upside on DPS of 32%. Escalating returns to shareholders. Having the lowest proportion of DTC in CET1 among the Greek banks, and a significant headroom in 2025 CET1 of 18.8%, Eurobank looks highly likely to upgrade its payout policy to 60% on 2025 earnings already, we consider. We raise our 2025 DPS by 6% (50% payout) and 32% for 2026 (60% payout).

Attractive valuations and expected returns. In combination with a 2025 DY of 8%, our new end-2025 TP of EUR 2.94 offers a highly attractive 52% return. The multiples, including a 2025 PE of 4.7 and PTB of 0.8, look undemanding, and the 2024-26 cumulative distributions adds up to 32% of market cap, which should look highly attractive to value investors.

EUROBANK VS MXEU0BK INDEX RELATIVE



Source: Bloomberg

EUROBANK: RATING AND VALUATION

Bloomberg ticker	EUROB GA
Price, EUR	2.04
Date	22-NOV-24
MCAP, EURmn	7,567
Shares out, mn	3,716
Free float	67%
ADTV 20D, EURmn	14.7
TP, EUR (Prev)	**2.94 (2.88)**
Valuation horizon	Jun-25
Upside	44%
DY 2024	8.0%
Expected return	52%
COE	16.250%
Rating	**Buy**
2024-26 cumulative div/MCAP	32%

Source: Roemer Capital, Bloomberg

EUROBANK: KEY ESTIMATES

EURmn	2022A	2023A	2024F	2025F	2026F
Revenue	2,002	2,718	3,138	3,452	3,589
Opex	-857	-902	-1,072	-1,223	-1,246
Provisions	-380	-445	-518	-395	-358
Net attrib. income	1,347	1,140	1,511	1,614	1,731
Loans	41,677	41,545	49,606	52,134	55,427
Deposits	57,239	57,442	75,371	78,432	81,616
Common equity	6,732	7,899	9,687	10,494	11,186
NII/assets	1.9%	2.7%	2.8%	2.7%	2.7%
Fees/assets	0.66%	0.67%	0.69%	0.69%	0.71%
CIR	31.6%	32.2%	31.8%	33.0%	32.4%
COR	0.66%	0.80%	0.69%	0.60%	0.50%
CET1 ratio	16.0%	16.9%	18.1%	18.8%	19.1%
PE	5.6	6.6	5.0	4.7	4.4
PTB	1.2	1.0	0.8	0.8	0.7
DY	0.0%	2.1%	8.0%	10.7%	13.7%
EPS, EUR	0.36	0.31	0.41	0.43	0.47
TBVPS, EUR	1.73	2.04	2.50	2.71	2.90
DPS, EUR	0.00	0.04	0.16	0.22	0.28

Source: Roemer Capital

Big uplift from Hellenic

Effects of the merger. Eurobank's 3Q24 earnings release showed, for the first time, the full effect of Hellenic consolidation, with a substantial uplift in all operating lines, naturally making comparisons to previous periods difficult. Thus, loans and deposits jumped 21% and 32%, respectively, with a 27% uplift to revenue, 29% to pre-provision income, and 44% in pretax income from continued operations. Notably, the merger saw a substantial EUR35mn impact on PAT in the Minorities line, on account of non-controlling interest in Hellenic. Following the latest acquisition of a ~25% stake in Hellenic from Demetra and Logicom, this line should fall substantially in 4Q24 and disappear completely upon the purchase of the remaining shares in 2025.

3Q24 IFRS REVIEW, EURMN

	2Q23A	3Q23A	1Q24A	2Q24A	3Q24A	y-o-y	q-o-q
Net interest income	540	558	571	561	698	25%	24.4%
Fees	141	133	136	147	168	26%	14.1%
Trading and other	31	12	48	97	26	122%	-73.3%
Total revenue	712	703	755	805	891	27%	10.7%
Opex	-222	-229	-229	-228	-297	29%	30.3%
Pre-provision income	459	462	478	577	594	29%	3.0%
Provisions	-89	-90	-71	-73	-72	-20%	-1.4%
Other	-32	-11	-143	13	53	n.a.	298%
Pretax income - cont.	383	400	360	517	575	44%	11.2%
Tax	-40	-82	-73	-76	-127	54%	66.7%
Minorities					-35		
Net income - cont.	343	318	287	434	413	30%	-4.8%
Discontinued	104	-22	0	-7	-1	-98%	
Gain on Hellenic acquisition	0	0	0	99	0	n.a.	
Net attributable income	448	296	287	434	414	40%	
Loans	40,526	40,650	41,561	42,244	49,112	21%	16.3%
Deposits	55,892	56,453	57,274	58,624	74,625	32%	27.3%

Source: Company, Roemer Capital

EUROBANK: ESTIMATE CHANGE SUMMARY

EUR mn	2024F prev	2024F	Delta	2025F prev	2025F	Delta	2026F prev	2026F	Delta
Loans	48,405	49,606	2.5%	50,607	52,134	3.0%	53,949	55,427	2.7%
Deposits	72,269	75,371	4.3%	73,725	78,432	6.4%	75,210	81,616	8.5%
NII	2,556	2,517	-1.5%	2,737	2,743	0.2%	2,891	2,837	-1.9%
Fees	595	621	4.4%	684	708	3.6%	760	753	-0.9%
Revenue	3,349	3,373	0.7%	3,620	3,712	2.5%	3,851	3,849	0.0%
Opex	-1,038	-1,072	3.3%	-1,210	-1,223	1.1%	-1,247	-1,246	-0.1%
Pre-provision income	2,311	2,301	-0.4%	2,410	2,488	3.3%	2,604	2,603	0.0%
Provisions	-512	-518	1.3%	-389	-395	1.5%	-410	-358	-12.7%
Net attrib. income	1,521	1,511	-0.6%	1,520	1,614	6.2%	1,646	1,731	5.2%
In EUR									
TBVPS	2.54	2.50	-1.7%	2.74	2.71	-0.9%	2.96	2.90	-2.0%
Attr. EPS, EUR	0.41	0.41	-0.6%	0.41	0.43	6.2%	0.42	0.47	10.1%
DPS, EUR	0.12	0.16	32.6%	0.20	0.22	6.2%	0.21	0.28	32.1%

Source: Roemer Capital

We see substantial upside to Bloomberg BEst consensus. Our 2025-26 revenue estimates are 3% and 7% higher with respective upsides of 22% and 29% for EPS and 32% and 51% for DPS on the account of higher expected payout.

EUROBANK: ROEMER CAPITAL ESTIMATES VS BEST

	2024F	2025F	2026F
BEst			
Sales, EURmn	3,207	3,337	3,348
EPS, EUR	0.39	0.36	0.36
DPS, EUR	0.15	0.16	0.19
RCE vs. BEst %			
Sales	-2%	3%	7%
EPS	4%	22%	29%
DPS	12%	32%	51%

Source: Bloomberg, Roemer Capital

Valuation

COE upped. In line with our new risk-calibrating approach we have raised our COE estimate for Eurobank to 16.25% from 14.5% previously, with 100bp liquidity risk premium and additional 25 bp for the residual DTC risk as well as 50 bp for interest rate sensitivity risk. We continue to assign 50bp risk premium on the account of Hellenic execution risks.

TP raised. Our valuation horizon moved from Jun-25 to end-25. We have raised on TP to EUR2.94 from EUR2.88 with total expected return of 52% including 2024 DY of 8%.

EUROBANK: END-25 VALUATION, EUR

	EUR
TBVPS 2025F	2.71
COE	16.25%
ROTE 2026F	17.4%
Growth	3%
Fair value to TBV: (ROTE-g)/(COE-g)	1.1
Fair value end-25	**2.94**
Last closing price	2.04
Upside	44%
2024F DY	8.0%
Total return	**52%**

Source: Roemer Capital

TP SENSITIVITY, EUR

		COE		
		15.3%	16.3%	17.3%
	18.4%	3.40	3.15	2.92
ROTE 2026F	17.4%	3.18	**2.94**	2.73
	16.4%	2.96	2.74	2.54

TP sensitivity, %			**COE**	
		15.3%	16.3%	17.3%
	18.4%	16%	7%	-1%
ROTE 2026F	17.4%	8%	0%	-7%
	16.4%	1%	-7%	-13%

Source: Roemer Capital

EUROBANK: COST OF EQUITY MODEL

MXEU0BK Index PE	7.2	Reference index PE
Reference index earnings yield	14%	
Assumed base cost of equity	**14.0%**	
Share liquidity/volatility risk premium, bp	100	Fairly liquid mid cap
Residual DTC/CET1 risk premium, bp	25	Low in comparison to peers
Sensitivity to interest rate cuts, bp	50	Mid-level sensitivity
Execution risk premium, bp	50	Related to Hellenic acquisition
COE	**16.25%**	

Source: Roemer Capital

EUROBANK: OPERATING FORECAST

EUR mn	2021A	2022A	2023A	2024F	2025F	2026F
NII	1,321	1,480	2,174	2,517	2,743	2,837
Fee income	456	522	544	621	708	753
Core revenue	1,776	2,002	2,718	3,138	3,452	3,589
Total revenue	1,904	2,716	2,803	3,373	3,712	3,849
Operating expenses	-876	-857	-902	-1,072	-1,223	-1,246
Pre-provision income	1,028	1,859	1,902	2,301	2,488	2,603
Provisions and impairments	-470	-380	-445	-518	-395	-358
Pre-tax income	585	1,515	1,544	1,941	2,094	2,246
Net attributable income	328	1,347	1,140	1,511	1,614	1,731
Per share data, EUR						
Average shares out (mn)	3,709	3,709	3,699	3,716	3,716	3,716
EPS	0.089	0.363	0.308	0.407	0.434	0.466
DPS	0.00	0.00	0.04	0.16	0.22	0.28
BVPS	1.52	1.81	2.13	2.61	2.82	3.01
TBVPS	1.45	1.73	2.04	2.50	2.71	2.90
Ratios						
NII/assets	1.8%	1.9%	2.7%	2.8%	2.7%	2.7%
Fees/assets	0.63%	0.66%	0.67%	0.69%	0.69%	0.71%
CIR	46%	32%	32%	32%	33%	32%
COR	1.02%	0.66%	0.80%	0.69%	0.60%	0.50%
ROTE	6.2%	23.6%	17.3%	19.4%	17.8%	17.4%
ROA	0.5%	1.7%	1.4%	1.7%	1.6%	1.6%
Dividend payout	0%	0%	14%	40%	50%	60%

Source: Roemer Capital

EUROBANK: BALANCE SHEET FORECAST

EUR mn	2021A	2022A	2023A	2024F	2025F	2026F
Cash and equivalents	13,515	14,994	10,943	18,021	18,293	17,861
Net loans	38,967	41,677	41,545	49,606	52,134	55,427
Securities	11,316	13,261	14,710	21,080	21,720	22,640
Assets	77,852	81,474	79,781	100,332	103,554	107,130
Due to banks	11,749	10,588	3,771	2,794	1,833	1,203
Customer deposits	53,168	57,239	57,442	75,371	78,432	81,616
Debt securities	2,552	3,552	4,756	6,550	6,816	7,093
Total liabilities	72,217	74,742	71,882	90,645	93,061	95,944
Common equity	5,635	6,732	7,899	9,687	10,494	11,186
Cash to assets	17%	18%	14%	18%	18%	17%
Loans to assets	50%	51%	52%	49%	50%	52%
Securites to assets	15%	16%	18%	21%	21%	21%
Loans to deposits	73%	73%	72%	66%	66%	68%
Time to total deposits	24%	25%	35%	35%	37%	39%
Equity to assets	7.2%	8.3%	9.9%	9.7%	10.1%	10.4%
Asset quality						
NPE ratio	13.7%	5.4%	3.3%	3.0%	3.0%	3.0%
LLR	8.7%	4.1%	2.9%	2.6%	2.5%	2.5%
NPE coverage (LLR/NPR)	63.3%	75.5%	86.4%	86.7%	83.3%	83.3%
Capital adequacy						
DTC/CET1	65%	51%	44%	32%	25%	19%
CET1 ratio	13.7%	16.0%	16.9%	18.1%	18.8%	19.1%
Total capital ratio	16.0%	19.2%	19.4%	20.6%	21.3%	21.4%

Source: Roemer Capital

NBG: OVERHANG FADING, FOCUS ON NIM AND DIVS

NBG shares have been under pressure from the HFSF placement, and the question is whether this negative trend will extend. We believe that the sheer volume of the offering, coupled with aggressive pricing, was a recipe for indigestion. Yet, over the several months horizon, the effect should fade, and NBG's solid fundamentals should come to the fore, in our view. We are turning more positive on operating performance as NBG should be able to withstand pressure on NIM owing to access to liquidity, smart pricing, and hedges in place. We increase our 2025-26 earnings by 13% and 8%, respectively, with 13% and 29% uplift to DPS, much above consensus levels. Following the shares' weakness, our new end-25 TP of EUR8.60 offers a total return of 32%, and we duly upgrade our rating by two notches to Buy.

Catalysts: Upgrade of distribution policy, acceleration of loan growth. **Risks:** Residual technical pressure, NIM erosion, DTC in CET1.

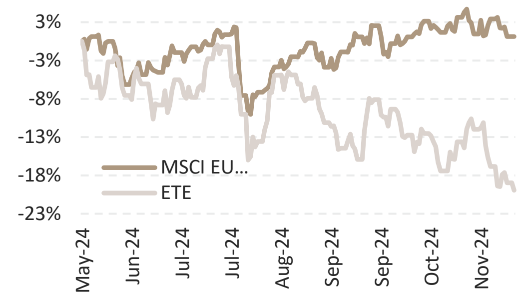
How exposed is NIM? Historically, NIM sensitivity to 3M EURIBOR was comparatively high, which we link to the lowest among the peers' proportion of rate-sensitive time deposits (17% as of 3Q24). However, ample liquidity owing to a strong domestic footprint also brings pricing advantages, while hedges should further reduce beta going forward. Management guidance of EUR35mn downside from a 25bp cut in EURIBOR means that with RC 5.7% 2025 loan growth, the NII downside is a mere 1%.

Earnings upgraded. With 3Q24 NIM surprising on the upside, we upgrade our 2025-26 revenue by 6% and 4%, respectively, with 13% and 7.5% uplift to EPS.

DTC and dividends. We estimate the proportion of DTC in CET1 dropping to 25% by 2027 from 55% in 2023. The effective "capital cleansing" and capital headroom (RC 2025 CET1 of 19.6%) suggest ample room for the distribution policy upgrade. We now expect total payouts of 50% and 60% on 2025 and 2026 earnings, respectively, as the regulatory pressure is now out of the way. This implies large 20% and 27% upside to Bloomberg Best consensus estimates.

Giving credits when due: Valuation and rating upgraded. We adopt a more conservative approach to risks and increase our company-specific COE estimate to 15.75% (from 14.5%) to account for share liquidity, DTC, and rate sensitivity risks. Yet, following the shares' weakness, our new end-25 TP of EUR 8.60 implies a total return of 32% (incl. 2024 DY of 8%), warranting our rating upgrade to Buy from Sell.

NBG VS MXEU0BK INDEX RELATIVE



Source: Bloomberg

NBG RATING AND TP

Bloomberg ticker	ETE GA
Price COB 22 NOV 24	6.92
MCAP, EURmn	6,332
Shares out, mn	915
Free float	82%
ADTV 3M, EURmn	27.1
TP, EUR	**8.60 (from 8.02)**
Valuation horizon	End-25
Upside	24%
DY 2024	8.2%
Expected return	32%
COE	15.8%
Rating (from)	**Buy** (from Sell)
2024-26 cumulative div/MCAP	31%

Source: Bloomberg, Roemer Capital

NBG: KEY ESTIMATEAS

EURmm	2022A	2023A	2024F	2025F	2026F
Revenue	2,060	2,760	2,883	2,844	2,888
Opex	-805	-928	-885	-932	-966
Pre-provision income	1,255	1,747	1,998	1,912	1,922
Provisions	-217	-268	-194	-182	-192
Net attrib. income	1,125	1,105	1,292	1,297	1,297
Loans	35,561	34,223	34,490	36,460	38,875
Deposits	55,192	57,126	57,686	60,625	63,714
Common equity	6,475	7,652	8,494	9,143	9,662
NII/assets	1.5%	1.7%	3.0%	3.2%	3.0%
FCM	0.4%	0.5%	0.5%	0.6%	0.6%
CIR	41.2%	39.1%	33.6%	30.7%	32.8%
COR	0.89%	0.63%	0.57%	0.55%	0.50%
CET1	16.6%	17.8%	18.9%	19.6%	19.9%
PE	5.6	5.7	4.9	4.9	4.9
PTB	1.1	0.9	0.8	0.7	0.70
DY	0.0%	5.2%	8.2%	10.2%	12.3%
EPS, EUR	1.23	1.21	1.41	1.42	1.42
TBVPS, EUR	6.58	7.77	8.63	9.33	9.90
DPS, EUR	0.00	0.36	0.57	0.71	0.85

Source: Roemer Capital

3Q24 IFRS: interesting aspects. On the negative side, we were surprised to see a decline in the loan book against the robust performance of peers. With a large branch network in Greece and 12% of assets held as cash, it is clear to us that liquidity is not an issue for NBG. On the positive side, NIM was flat sequentially, and fees rose 2% qoq—a robust result, in our view. With opex down 6% yoy, the cost-to-income ratio remained grounded near 30%, while COR dropped to 55bp from 60bp in 2Q24. While we have little doubt that volumes will pick up given the robust demand for credit stemming from the continuation of positive macroeconomic trends in Greece, strong margins look encouraging to us

NBG: 3Q24 REVIEW, EURMN

	3Q23A	2Q24A	3Q24A	y-o-y	q-o-q
Net interest income	588	587	589	0%	0.3%
Fees	95	106	108	13%	1.9%
Trading and other	7	4	18	157%	350.0%
Total revenue	690	697	715	4%	2.6%
Opex	-232	-210	-217	-6%	3.1%
Pre-provision income	459	487	498	9%	2.3%
Provisions	-51	-47	-52	3%	10.6%
Pretax income	343	416	446	30%	7.2%
Net income	171	295	316	85%	7.1%
Loans	35,319	34,419	34,138	-3%	-0.8%
Deposits	56,292	57,073	56,974	1%	-0.2%
				In bp	In bp
NIM	4.3%	4.11%	4.11%	-19	-1
FCM	0.7%	0.81%	0.82%	11	1
CIR	33.6%	30.2%	30.3%	-321	16
COR	0.55%	0.60%	0.55%	0	-5

Source: Company, Roemer Capital

NBG: ESTIMATE CHANGE SUMMARY

EUR mn	2024F prev	2024F	Delta	2025F prev	2025F	Delta	2026F prev	2026F	Delta
NII	2,326	2,369	1.8%	2,168	2,346	8.2%	2,219	2,342	5.5%
Fees	422	422	0.0%	467	458	-2.1%	524	506	-3.4%
Revenue	2,832	2,883	1.8%	2,675	2,844	6.3%	2,783	2,888	3.8%
Opex	-927	-885	-4.5%	-946	-932	-1.5%	-971	-966	-0.5%
Pre-provision income	1,926	1,998	3.8%	1,728	1,912	10.6%	1,812	1,922	6.1%
Loan loss provisions	-191	-194	1.2%	-192	-182	-5.4%	-203	-192	-5.0%
Net attrib. income	1,270	1,292	1.8%	1,152	1,297	12.6%	1,207	1,297	7.5%
In EUR									
TBVPS	8.75	8.63	-1.4%	9.48	9.33	-1.5%	10.21	9.90	-3.0%
EPS	1.39	1.41	1.8%	1.26	1.42	12.6%	1.32	1.42	7.5%
DPS	0.56	0.57	1.8%	0.63	0.71	12.6%	0.66	0.85	29.0%

Source: Roemer Capital

RC estimates imply significant upside to the Street. We are 6% above the Bloomberg BEst consensus on sales for 2025-26 with 12% and 10% respectively. With our new assumption of more generous payouts, our DPS is 20% and 27% above the Street.

ROEMER CAPITAL ESTIMATES VS. BEST

	2024F	2025F	2026F
BEst			
Sales, EURmn	2,817	2,688	2,715
Net income EURmn	1,292	1,154	1,184
DPS, EUR	0.51	0.59	0.67
RC est vs. BEst			
Sales	2%	6%	6%
Net income	0%	12%	10%
DPS	11%	20%	27%

Source: Bloomberg, Roemer Capital

Valuation

COE upped. In line with our more conservative and granular approach we have raised our COE estimate for NBG to 15.75% from 14.5% previously. On top of our 14% base cost of equity, we have added the minimal share liquidity risk premium of 50bp as NBG liquidity is at the top of the range for mind-caps, while having 75bp on the account of the residual DTC risks (in line with the ones for Piraeus and Alpha), as well as 50bp due to some sensitivity to interest rates.

TP upgraded. Despite the higher COE, our new end-2025 Gordon Growth based valuation has been raised to EUR8.60, from EUR8.02, reflecting RC earnings estimates upgrade. Given the attractive implied total return of 32% significantly above our COE estimate, we upgrade our rating to Buy from Sell.

NBG END-2025 VALUATION, EUR

	EUR
TBVPS 2025F	9.33
COE	15.75%
ROTE 2026F	14.7%
Growth	3%
Fair P/BV: (ROTE-g)/(COE-g)	0.92
Target price end-2025	**8.60**
Last closing price	6.92
Upside	24%
2024F DY	8.2%
Total return	32%

Source: Roemer Capital

NBG TP SENSITIVITY, EUR

		COE		
		14.8%	15.8%	16.8%
	15.7%	10.13	9.33	8.65
ROTE 2026F	14.7%	9.33	**8.60**	7.97
	13.7%	8.54	7.87	7.30
TP sensitivity, %			COE	
		14.8%	15.8%	16.8%
	15.7%	18%	9%	1%
ROTE 2026F	14.7%	9%	0%	-7%
	13.7%	-1%	-9%	-15%

Source: Roemer Capital

NBG COST OF EQUITY MODEL

MXEU0BK Index PE	7.2	Reference index PE
Reference index earnings yield	13.9%	
Assumed base cost of equity	14.0%	
Share liquidity/volatility risk premium, bp	50	Liquid midcap
Residual DTC/CET1 risk premium, bp	75	Moderate risk
Policy rate sensitivity risk premium, bp	50	Some sensitivity
Strategic positioning risk premium, bp	0	Well positioned in home market
COE	**15.75%**	

Source: Roemer Capital

NBG: OPERATING FORECAST, EURMN

	2021A	2022A	2023A	2024F	2025F	2026F
NII	1,212	1,369	2,263	2,369	2,346	2,342
Fee income	287	347	382	422	458	506
Core revenue	1,498	1,717	2,645	2,791	2,804	2,848
Total revenue	1,902	2,060	2,760	2,883	2,844	2,888
Operating expenses	-783	-805	-928	-885	-932	-966
Pre-provision income	1,119	1,255	1,747	1,998	1,912	1,922
Provisions	-273	-217	-268	-194	-182	-192
Pre-tax income	840	1,039	1,479	1,750	1,730	1,730
Net attributable income	859	1,125	1,105	1,292	1,297	1,297
Per share data, EUR						
Average shares out (mn)	915	915	915	915	915	915
EPS	0.939	1.230	1.209	1.413	1.419	1.418
DPS	0.00	0.00	0.36	0.57	0.71	0.85
BVPS	6.29	7.08	8.37	9.29	10.00	10.56
TBVPS	5.88	6.58	7.77	8.63	9.33	9.90
Ratios						
NII/assets	1.5%	1.7%	3.0%	3.2%	3.0%	2.9%
Fees/assets	0.39%	0.47%	0.52%	0.58%	0.62%	0.68%
CIR	41%	39%	34%	31%	33%	33%
COR	0.89%	0.63%	0.57%	0.55%	0.50%	0.50%
ROTE	17.0%	19.7%	16.8%	17.2%	15.8%	14.7%
ROA	1.1%	1.4%	1.4%	1.7%	1.7%	1.6%
Div payout	0%	0%	30%	40%	50%	60%

Source: Company Data, Roemer Capital

PIRAEUS: STRONG VOLUMES AND MARGINS VS DTC LEGACY

Following a robust 3Q24 earnings release, we have raised our 2025 revenue and earnings estimates by 4% and 7% respectively, even though we now assume a faster decline in the ECB policy rate. A moderate NIM erosion in our model is more than compensated by robust loan book expansion. The newly adopted accelerated DTC amortisation schedule is positive for reducing associated risks. Piraeus continues to trade at very low multiples accompanied by highly attractive yields, even with RC payouts remaining below the norm for Eurozone banks. Our new end-2025 TP of EUR5.32 offers the best-in-class risk-adjusted return of 57%, and we reiterate our Buy rating on the shares.

Catalysts: upgrade of the payout policy, acceleration of loan growth. **Risks**: Residual DTC risk, NIM erosion, wage inflation, asset quality deterioration.

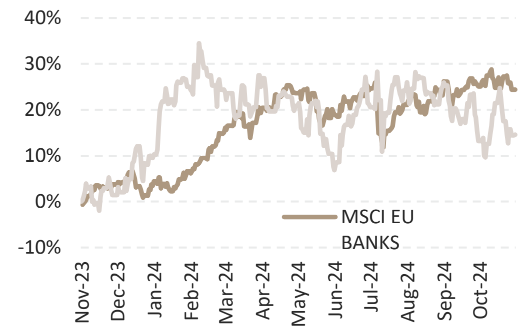
Minimal NIM erosion guided. Management expects a subdued EUR20-25mn hit on NII from a 25bp cut to the policy rate, which looks moderate in comparison to peers. We believe that in 2025, NIM erosion will be overcompensated by asset growth, and we forecast a 1.5% increase in NII, accompanied by a 7% increase in fee income.

Earnings upgraded. Loans grew by 1.5% qoq in 3Q24, and this momentum should extend into 2025, supported by the rising affordability of credit. With a more resilient NIM assumption and higher volume growth, we upgraded our revenue estimates by 4% for 2025 and 2% for 2026, with RC earnings up 7% and 2%, respectively.

DTC risk remains elevated but will fade faster. On RC estimates, even though Piraeus has adopted an accelerated DTC amortisation schedule, by 2027 the DTC/CET1 ratio will decline to a still-high level of 40%, the highest within the peer group. Combined with the lower CET1 ratio (2024F 14.7%), we see less scope for bringing payouts to the level of European banks. We will wait for management guidance in early 2025 before making any changes to our payout assumptions.

TP adjusted on more conservative COE; upside, multiples and yields are highly attractive. Counting 2024 DY of 8.6%, our new end-25 TP of EUR5.32 (from EUR5.50) translates into very high total return of 57%. The stock is trading on ultra-low 2025 PE of 3.9x and PTB of 0.6x. We see a removal of technical pressure from NBG privatisation placement as laterally positive for Piraeus.

PIRAEUS VS MXEU0BK INDEX RELATIVE



Source: Bloomberg

PIRAEUS RATING AND TP

Bloomberg TK	TPEIR GA
Price, EUR, 22 NOV 24	3.59
MCAP, EURmn	4,488
Shares out, mn	1,250
Free float	81%
ADTV 20D, EURmn	19.8
TP, EUR	**5.32 (5.50)**
Valuation horizon	End-25
Upside	48%
DY 2024	8.6%
Expected return	57%
COE	16.3%
Rating	**Buy**
2024-26 cumulative div/MCAP	34%

Source: Bloomberg, Roemer Capital

PIRAEUS: OPERATING FORECAST AND VALUATIONS

EURmn	2022A	2023A	2024F	2025F	2026F
Revenue	2,582	2,614	2,751	2,910	2,949
Opex	-889	-863	-859	-862	-901
Provisions	-685	-657	-316	-383	-378
Net attrib. income	846	736	1,105	1,147	1,150
Loans	37,367	37,527	40,856	43,095	45,708
Deposits	58,372	59,567	61,563	65,341	67,994
Common equity	6,581	7,353	8,321	8,895	9,470
NII/assets	1.8%	2.6%	2.6%	2.5%	2.4%
Fees/assets	0.6%	0.7%	0.8%	0.8%	0.8%
CCIR	48.4%	33.9%	31.4%	30.7%	31.6%
COR	1.6%	1.4%	0.5%	0.6%	0.6%
CET1 ratio	13.0%	13.3%	14.7%	14.7%	15.0%
PE	5.3	6.1	4.1	3.9	3.9
PTBV	0.80	0.71	0.62	0.57	0.53
DY	0.0%	1.6%	8.6%	12.8%	12.8%
EPS, EUR	0.68	0.59	0.88	0.92	0.92
TBVPS, EUR	4.51	5.08	5.81	6.27	6.73
DPS, EUR	0.00	0.06	0.31	0.46	0.46

Source: Roemer Capital

Strong operating performance to continue

3Q24 IFRS results show the loan book continued to expand with 6% yoy increase, accompanied by moderate NIM erosion and robust fees margin. Cost of risk continued running very low below 30%. Provisions picked up sequentially, however COR of 54bp looks rather subdued to us. ROTE printed at 18%, slightly down from 2Q24.

Allowing for seasonal pickup in compensation costs in the final quarter of the year, we expect continuation of the positive performance into 2025.

3Q24 RESULTS, EUR MN

	3Q23A	4Q23A	1Q24A	2Q24A	3Q24A	yoy	qoq
Net interest income	531	537	518	528	530	-0.3%	0.4%
Fees	140	143	145	159	156	11.7%	-1.9%
Trading and other	-18	42	-71	39	23	n.a.	-41.0%
Total revenue	653	722	592	726	709	8.5%	-2.3%
Opex	-196	-260	-202	-203	-208	6.1%	2.5%
Pre-provision income	457	462	389	523	501	9.6%	-4.2%
Provisions	-76	-105	-58	-43	-52	-31%	20.9%
Pretax income	379	311	325	452	433	14%	-4.2%
Tax	-102	-99	-92	-121	-114	12%	-5.8%
Net income	264	198	220	317	305	16%	-3.8%
Loans	36,074	37,527	36,364	37,655	38,212	5.9%	1.5%
Deposits	58,663	59,567	58,591	59,757	60,540	3.2%	1.3%
Tangible equity	6,171	6,351	6,590	6,782	7,092	14.9%	4.6%

Source: Company, Roemer Capital

Estimates are up. Management expects a subdued EUR20-25mn hit on NII from a 25bp cut to the policy rate, which appears moderate in comparison to peers. We expect a near 100 bp reduction from the current to the “accommodative” 2% levels level by 4Q25 and have adjusted our forecasts accordingly while factoring in overcompensating asset growth. Averall, we expect a small 1.5% increase of NII in 2025, accompanied by stronger 7% increase in fees income largely tracking asset growth.

Our revenue estimates are up by 6% for 2025 and 4% for 2026. With minor adjustments to operating costs and provisioning expenses, we increased our EPS by 7% and 2% respectively.

PIRAEUS: ESTIMATE CHANGE SUMMARY, EURMN

	2024F prev	2024F	Delta	2025F prev	2025F	Delta	2026F prev	2026F	Delta
Loans	39,958	40,856	2.2%	42,336	43,095	1.8%	44,973	45,708	1.6%
Deposits	61,563	61,563	0.0%	65,341	65,341	0.0%	67,994	67,994	0.0%
CET1	5,083	5,054	-0.6%	5,616	5,489	-2.3%	6,180	5,924	-4.1%
NII	2,085	2,115	1.5%	2,017	2,146	6.4%	2,053	2,142	4.3%
Fees	616	619	0.6%	677	664	-1.9%	747	707	-5.3%
Revenue	2,719	2,751	1.2%	2,793	2,910	4.2%	2,901	2,949	1.7%
Opex	-866	-859	-0.8%	-851	-862	1.3%	-890	-901	1.3%
PPI	1,851	1,890	2.1%	1,943	2,048	5.4%	2,011	2,048	1.8%
Loan loss provisions	-245	-219	-10.8%	-275	-270	-1.8%	-260	-265	2.1%
Net attrib. income	1,042	1,105	6.1%	1,068	1,147	7.4%	1,128	1,150	2.0%

Source: Roemer Capital

RC estimates are above Bloomberg consensus. Our forecasts translate into 12-13% upside to BEst 2025-26 sales and earnings with more significant 15%-33% upside on EPS as evidently we have assumed higher payouts.

ROEMER CAPITAL ESTIMATES VS. BEST

	2024F	2025F	2026F
BEst			
Sales, EURmn	2,678	2,606	2,610
Net income EURmn	1,115	1,017	1,023
DPS, EUR	0.23	0.35	0.40
RC est vs. BEst			
Sales	3%	12%	13%
Net income	-1%	13%	12%
DPS	34%	33%	15%

Source: Bloomberg, Roemer Capital

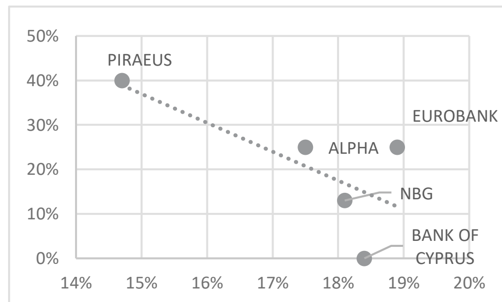
Path to higher payout

DTC to fall faster. Similar to its peers, Piraeus has adopted an accelerated DTC amortization schedule as a clear de-risking measure, even though this approach reduces CET1 compared to the previous timeline.

The move aims to address regulatory concerns regarding distribution increases, potentially paving the way for Piraeus to align its payout policies with Eurozone norms. Additionally, this "capital cleansing" initiative sends a strong signal of confidence to investors about the bank's financial stability and forward-looking strategy. We estimate that Piraeus' DTC/CET1 ratio will decline from a high of 65% in 2024 to an improved, though still elevated, 40% by 2027. This gradual reduction should help alleviate investor concerns over time.

Thinner capital cushion a factor. Despite the modest capital impact of higher payouts (an increase from 50% to 60% in 2026 would reduce CET1 by only ~30bp), Piraeus' CET1 ratio currently trails its peers by a notable 280-420bp. This disparity suggests management may opt for a more conservative pace in raising payouts, even if regulatory barriers are no longer an issue. Given these circumstances, we assume a 2025 payout of 50%, below the 60% level expected for peers.

2027 DTC/CET1 VS 2024 CET1 RATIO



Source: Company data, Roemer Capital

Valuation

COE increased. In line with our new approach, we have raised our COE estimate to 16.25% from 14.5% previously, to account for the share liquidity, the elevated DTC risk as well as interest rate sensitivity.

TP lowered. Our new end-25 TP of EUR5.32 (from EUR5.50 previously) reflects the mixed effect from earnings upgrade and higher COE, with the implied toral return of 57%, the best among the Hellenic banks.

PIRAEUS END-25 VALUATION, EUR

	EUR
TBVPS 2025F	6.27
COE	16.25%
ROTE 2026F	14.26%
Growth	3%
Fair PBV: (ROTE-g)/(COE-g)	0.85
Target price, end-2025	**5.32**
Last closing price	3.59
Upside	48%
2024F DY	8.6%
Total return	57%

Source: Roemer Capital

TP SENSITIVITY, EUR

		COE		
		15.3%	16.3%	17.3%
	15.2%	6.22	5.75	5.35
ROTE 2026F	14.2%	5.71	**5.32**	4.91
	13.2%	5.20	4.81	4.47

TP sensitivity, %			**COE**	
		15.3%	16.3%	17.3%
	15.2%	18%	9%	1%
ROTE 2026F	14.2%	8%	0%	-7%
	13.2%	-2%	-9%	-15%

Source: Roemer Capital

PIRAEUS COST OF EQUITY MODEL

MXEU0BK Index PE	7.2	Reference index PE
Reference index earnings yield	13.9%	
Assumed base cost of equity	14.0%	
Share liquidity/volatility risk premium, bp	100	Liquid mid cap
Residual DTC/CET1 risk premium, bp	100	Highest compared to peers
Policy rate sensitivity risk premium, bp	25	Mid level sensitivity
Execution risk premium, bp	0	Well positioned in home market
COE	**16.25%**	

Source: Roemer Capital

PIRAEUS OPERATING FORECAST

EUR mn	2021A	2022A	2023A	2024F	2025F	2026F
NII	1,410	1,353	2,003	2,115	2,146	2,142
Fee income	392	485	546	619	664	707
Core revenue	1,802	1,838	2,549	2,735	2,810	2,849
Total revenue	2,523	2,582	2,614	2,751	2,910	2,949
Operating expenses	-892	-889	-863	-859	-862	-901
Pre-provision income	1,631	1,693	1,751	1,890	2,048	2,047
Provisions	-4,340	-685	-657	-316	-383	-378
Pre-tax income	-2,691	1,037	1,078	1,594	1,666	1,669
Net attributable income	-3,007	846	736	1,105	1,147	1,150
Per share data, EUR						
Average shares out (mn)	1,250	1,250	1,250	1,250	1,250	1,250
EPS	-2.41	0.68	0.59	0.88	0.92	0.92
DPS	0.00	0.00	0.06	0.31	0.46	0.46
BVPS	4.64	5.26	5.88	6.65	7.11	7.48
TBVPS	3.94	4.51	5.08	5.81	6.27	6.64
Ratios						
NIM	1.8%	1.8%	2.6%	2.6%	2.5%	2.4%
Fees/Assets	0.52%	0.63%	0.72%	0.79%	0.80%	0.81%
CIR	50%	48%	34%	31%	31%	32%
COR	9.73%	1.59%	1.45%	0.55%	0.63%	0.58%
ROTE	-51.5%	16.0%	12.3%	16.2%	15.2%	14.3%
ROA	-4.0%	1.1%	1.0%	1.4%	1.4%	1.3%
Div payout	0%	0%	10%	35%	50%	50%

Source: Company Data, Roemer Capital

PIRAEUS BALANCE SHEET FORECAST

EUR mn	2021A	2022A	2023A	2024F	2025F	2026F
Cash and equivalents	15,519	9,653	10,567	9,360	12,581	13,267
Net loans	36,521	37,367	37,527	40,856	43,095	45,708
Securities	13,269	12,692	14,077	15,410	15,083	14,654
Assets	79,790	74,645	76,450	80,121	85,495	88,643
Due to banks	14,865	6,185	4,618	3,494	3,578	3,669
Customer deposits	55,442	58,372	59,567	61,563	65,341	67,994
Debt securities	1,906	1,786	2,825	4,577	5,563	5,563
Total liabilities	73,987	68,064	69,097	71,799	76,600	79,288
Equity	5,803	6,581	7,353	8,321	8,895	9,355
Cash to assets	19%	13%	14%	12%	15%	15%
Loans to assets	46%	50%	49%	51%	50%	52%
Securities to assets	17%	17%	18%	19%	18%	17%
Loans to deposits	66%	64%	63%	66%	66%	67%
Term share of total deposits	19%	18%	23%	23%	25%	26%
Equity to assets	7.3%	8.8%	9.6%	10.4%	10.4%	10.6%
Asset quality						
NPE ratio	12.7%	6.8%	3.5%	3.0%	2.5%	2.4%
LLR	5.1%	3.7%	2.1%	2.0%	2.3%	2.7%
NPE coverage	40.3%	54.5%	61.6%	66.7%	92.9%	113.3%
Capital adequacy						
DTC/CET1	100%	89%	81%	65%	57%	48%
CET 1 ratio	11.1%	13.0%	13.3%	14.7%	14.7%	14.7%
Total capital ratio	15.8%	17.8%	17.8%	19.3%	19.0%	18.8%

Source: Company Data, Roemer Capital