ANNUAL FINANCIAL REPORT

For the period from 1st January to 31st December 2010

According to the Law 3556/ 2007

March 2011

The information contained in this Annual Financial Report has been translated from the original Annual Financial Report that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language Annual Financial Report, the Greek language Annual Financial Report will prevail over this document.

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BOARD OF DIRECTORS' MANAGEMENT REPORT

Following the global economic downturn in 2009 (global real GDP declined by 0.6% year on year), the subsequent year earmarked the stabilisation of developed economies and the gradual economic recovery in the US, the EU and Central and Eastern Europe. Asia and Latin America displayed remarkable economic growth, as well. According to the International Monetary Fund's (IMF) update released in January 2011, global real GDP growth averaged 5% in 2010, while global trade recovered by 12%.

However, 2010 reflected a year of substantial negative developments for the Greek economy. The extremely burdened fiscal situation of the country – since 2009 – led to the downgrade of the country's credit rating, the inability to access the international money markets and the renewed global attention on ways to manage high sovereign debt.

In order to deal with the economic imbalances, a decision to proceed with extraordinary measures of fiscal consolidation was reached at the beginning of 2010. In May 2010, a program of economic support from the European Union, the IMF and the ECB was agreed upon, based on the implementation of a series of fiscal and structural reforms. The scope of the program is the limitation of fiscal deficits, the restoration of the competitiveness of the Greek economy and the recovery of market confidence. The undeviating implementation of the program which is comprised of loans totaling €110 bn, is expected to ensure the restoration of fiscal balance, gradual reduction of the general government's deficit at a level below 3% in 2014, recovery to positive growth as of 2012 and the return to capital markets in 2012. At the same time, the EU Summit (March 11, 2011) conclusions were positive, with regards to the reduction of the interest rate for Greece on the money that it borrowed under the support package by 100 basis points, the extension of the repayment period to an average of 7.5 years in agreement with the IMF, but also the capacity that the permanent European Stability Mechanism (ESM) may intervene in the debt primary market from 2013 onwards.

During 2010 and for a second year, the Greek economy was on a course of contraction with GDP down by 4.5% (2009: -2.0%). The Greek economy was mainly characterised by the decrease in domestic consumption (-4.9%), both private (-4.5%) and public (-6.5%), the increase of inflation (4.7% versus 1.2% in 2009) mainly due to the increase of indirect taxes and the significant rise of unemployment rate to 12.5% compared to 9.5% in 2009, demonstrating an accelerating trend. In this difficult juncture the economic adjustment program resulted in an impressive reduction of the fiscal deficit of the general government during 2010, by almost 6 percentage points to 9.5% of GDP.

Within this economic environment, the Greek banking system was confronted with several challenges. Contrary to the banking system in other countries, the Greek banks did not generate the economic crisis, but rather bear the consequences of the fiscal problems in the country that they have managed to confront thanks to their adequate capital base, low leverage levels and conservative approach in managing issues of liquidity and asset quality.

The continuous downgrades of the Greek banks' credit ratings pursuant to the respective downgrades of the country, their exclusion from the international capital markets, and the limitation of their liquidity due to the deposits' outflow which was recorded during 2010 was offset mainly by the combined liquidity measures implemented by the Greek State and ECB. Furthermore, 2010 was a year of decline of the Greek banks' efficiency, by a considerable increase in loan provisions due to the deterioration of the asset quality ratios. To offset these trends, the Greek banks focused on repricing their asset side, further containing their operating cost, reorganising operations and further strengthening their capital adequacy towards the end of the year.

Piraeus Bank Group also reacted towards this direction. The Group has adjusted its policy, with a priority of ensuring the required liquidity and safeguarding the capital adequacy, reducing its operating costs and managing effectively the bank's loan portfolio, with due consideration to the market conditions.

At the same time, a top priority for the Group remains the continuous support of its customers, businesses and households, by improving the quality of the services provided and managing effectively customer relationships. Towards this direction and despite the decline in market banking activity, the expanded network's presence along with the continuous effort of the Group's employees have contributed to the increase of customers in Greece by 130 thousands reaching 2.35 mn total customers at the end of 2010. At the same time, Piraeus Group's' customers from its international operations reached 1 mn, bringing the overall number of customers to 3.4 mn. It should be noted that at the end of 2010, international assets constituted 21% of the Group's total assets, with a broad dissemination in 9 countries. Furthermore international operations represented 37% of Group's net interest income, 48% of Group's pre provision profit, 59% of the Group's branch network and 52% of the total personnel employed by the Group.

Among the major developments worth noting on a corporate level for Piraeus Group in 2010 were the following:

- on 19 May 2010, the Annual General Meeting of the Shareholders decided not to distribute a dividend for 2009, according to the established provisions of Law 3844/2010 as in force, for the credit institutions participating in the economy reinforcement programme.
- pursuant to a resolution of Piraeus Bank's Second Repeat Extraordinary General Meeting of the Shareholders (EGM) dated 20 December 2010, the Board of Directors of the Bank decided unanimously on 03.01.11 to proceed with a rights issue raising €807,054,045 in cash by way of pre-emption rights in favour of existing ordinary shareholders. Specifically, it decided to issue 807,054,045 new ordinary registered shares at a subscription price of €1.00 per share and a subscription ratio of 12 new ordinary registered shares for every 5 existing ordinary registered shares. The rights issue was successfully completed on 31.01.11 as it was oversubscribed by 129%. The purpose of the rights issue is the enhancement of the Bank's capital adequacy ratios (estimated improvement by approximately 200 bps, based on 31.12.10 data).
- It should be noted that the aforementioned EGM also approved the issue of a convertible bond up to the amount of €250 mn with waiver of pre-emption rights for existing shareholders and it authorised the Board of Directors to determine the specific timeframe and terms of the bond issue prior to the issue.

Regarding the financial performance of Piraeus Group during 2010, it should be noted that total assets at the end of December 2010 were €57.7 bn increased by 6% on a year-on-year basis. Net loans at the end of December 2010 were €37.6 bn, remaining unchanged at the 2009 level. In Greece, loans amounted to €29.7 bn (+1% year-on-year), while loans stemming from international operations amounted to €7.9 bn (-5% year-on-year). Total deposits and retail bonds were €30.0 bn, reduced by 2%. The Group's deposits in Greece decreased by 6% on an annual basis, a decrease mainly related to the contraction of deposits in the Greek market which reached 10% in 2010 on a year-on-year basis. On the contrary, deposits stemming from the Group's international operations increased by 16% on a year-on-year basis in 2010, thus improving the loans to deposits ratio abroad by more than 30 percentage points, from 171% at the end of 2009 to 140% at the end of 2010.

Furthermore, Piraeus Bank's liquidity, as that of all major Greek banks, was assisted in 2010 by the state supporting liquidity measures of the Law 3723/2008. Within this framework, Piraeus Bank received in 2010 an additional €424 mn from Pillar III reaching the aggregate total to €1.3 bn (of which €865 mn were received at the end of 2008) from a total of €8 bn for the Greek banking system, while it also used Pillar II (government guaranteed bonds) of €8.2 bn from a total of €55 bn for the total market. According to the Law 3723/2008, Mr. Athanassios Tsoumas is assigned as the representative of the Greek State and participates at the Piraeus Bank Board of Directors meetings.

Regarding the asset quality of the Group, the loans in arrears over 90 days according to IFRS 7, reached 7.6% of total loans. The deterioration of the ratio from 5.1% in 2009 was attributed to both Greek and international operations. For Greece, in particular, the respective ratio for the total banking market exceeded 10% from 7.7% in 2009. The increase of loans in arrears affected the provisions coverage ratio on loans in arrears over 90 days standing at 48.4% versus 50.6% at the end of 2009.

In this framework, impairment losses on loans and receivables rose further in 2010 to €601 mn versus €491 mn in 2009 (+22%) as a consequence of the deteriorating economic environment where the Group operates. Hence, the provision expense expressed as a percentage of average loans reached 155 bps from 126 bps in 2009.

The Group's full year 2010 profitability was in line with the prevailing adverse economic conditions. Pre provision profit excluding trading gains, thus organic recurring profit for 2010 amounted to €611 mn versus €600 mn in 2009 increased by 2% year-on-year.

There was a significant increase in revenues from recurring sources, with the main increase stemming from the Group's net interest income which posted an annual increase of 9% and amounted to €1,207 mn, with constant acceleration quarter-on-quarter. This was a result of systematic re-pricing of credit relationships both in Greece and abroad which largely offset the significant increase in the cost of deposits. Net commission income also displayed resilience amounting to €199 mn versus €206 mn in 2009, while commercial banking commissions posted an increase amounting to €172 mn versus €166 mn in 2009.

The Group's operating costs in 2010 were reduced by 1% compared to 2009, thus reaffirming the declining trend since the beginning of the crisis (2008: €897 mn, 2009: €893 mn, 2010: €884 mn) in line with the Group's strategy to further strengthen its efficiency. In this context, a series of actions are implemented such as the program of financing a long-term «Sabbatical» absence, offered to the Group's personnel, (employees are offered the option to absent from their work for 1-3 years while receiving 40-50% of their salary). Additionally, a reduction of the remuneration of members of the Board of Directors, the Executive Committee and members of the top Management has been implemented. It should be noted that operating expenses in Greece were decreased by 4% for a second consecutive year in 2010 following 2009.

Consequently, pre-tax profit in 2010 was €11 mn. It should be taken into account that the 2010 results were additionally burdened by the one-off tax, which was imposed on the major Greek companies for profits posted in 2009, and amounted to €25 mn. Considering this one-off tax, the net result attributable to shareholders for 2010 was -€20 mn. Excluding the burden from the one-off tax, 2010 net profit was €4 mn.

The total capital adequacy ratio (Basel II) at the end of December 2010 stood at 9.3%, while the Tier I ratio stood at 8.4%. As a result of the rights issue which was completed in January 2011, the respective capital adequacy ratios pro-forma on 31.12.10 are 11.2% and 10.4%. Common shareholders' equity at the end of December 2010 amounted to €2.8 bn, while including the preference shares of €0.37 bn and minority interests of €0.14 bn, total equity amounted to €3.3 bn. It should be noted that with the completion of the rights issue, the total equity of Piraeus Bank Group pro-forma amounts to €4 bn.

The Group's branch network at the end of December 2010 comprised 882 units, with 360 branches in Greece and 522 in 9 countries abroad. On 31.12.10, the Group employed 13,320 people, 6,370 in Greece and 6,950 abroad.

In regards to the transactions of Piraeus Bank with associated parties, such as members of the Board of Directors and members of Piraeus Bank's Management and its affiliates, it is noted that these were not significant during 2010. These transactions are included in the Group's annual financial statements.

On 31.12.10 the share capital of Piraeus Bank was divided into 336,272,519 ordinary registered voting shares with a nominal value €0.30 each and 77,568,134 non-voting preferred registered shares of nominal value €4.77 each, (preference shares are issued under the provisions of Law 3723/2008). The Second Repeat Extraordinary General Meeting on 20.12.10 decided to reduce the par value of common shares to €0.30 from €4.77 per share previously, in accordance with Article 4 of Law 2190/1920, with formation of a specific reserve, equivalent to the reduction in the share capital of €1,503,138,159.93. This reduction was purely technical and had no impact on the total equity of the Bank, while free shares were not issued. Thus, on 31.12.10 Bank's share capital amounted to €470,881,754.88 (common and preference shares in total). With the completion of the capital increase in January 2011 by €807,054,045, the share capital of Piraeus Bank stood at €712,997,968.38 divided into 1,143,326,564 ordinary shares of nominal value €0.30 each and 77,568,134 preference shares with a nominal value €4.77 each. It is noted that at the end of 2010 Piraeus Bank did not hold treasury shares.

The performance of Piraeus Bank's share price in the stock exchange during 2010 was affected mainly by the general unfavourable economic environment in Greece, exhibiting a decrease and significant volatility. Thus, its share price posted a 55% decrease at the end of 2010 (31.12.10, €1.93), performing in line with the Athens Stock Exchange bank index (-53%).

Following the recent share capital increase, Piraeus Bank Group continues its course by ensuring adequate liquidity, satisfactory capital and safeguarding its balance sheet. At the same time, despite the tough market conditions, Piraeus Bank implements innovative programs which earn the recognition of the market, such as the "green" entrepreneurship reinforcement programme (Green Banking) which is a strategic choice of growth for the Group. In this context, Piraeus Bank announced in February 2010 a developmental program aiming at promoting investments for the environmental upgrading of the existing industrial areas in Greece and the creation of a new model of "green business parks" in cooperation with the Ministries of Regional Development and Competition and Environment, Energy and Climate Change. This particular green development plan is expected to be implemented until 2014 with the cooperation of ETVA Industrial Parks and private enterprises, which will also be supported by the National Strategic Reference Framework (NSRF). Furthermore, in 2010 the Bank incorporated Green Banking specialists in all of its branches in Greece with their main mission being the promotion of both green products and initiatives regarding green entrepreneurship, while 45 selected branches were transformed to central points for promoting green entrepreneurship, environmental footprint reduction and supporting responsible and sustainable development of businesses, professionals and households

An equally important leading sector for Piraeus Group is the electronic banking. In 2010, winbank, the first integrated web banking platform in Greece, celebrated 10 years since its inception. Indeed, electronic banking services constitute a strategic pillar of Piraeus Bank Group's development for the coming years. In May 2010, Piraeus Bank introduced winbank Direct, a new form of banking in Greece. Winbank Direct was developed aiming to attract new customers through the internet, especially focusing on those who already choose to use internet banking for their banking transactions.

In regards to current economic trends and the relative risks and uncertainties (the detailed description of the risks the Group is confronted and the ways that they are mitigated, is included in the relevant section of the financial statements), it is noted that, while the international economic environment is showing signs of gradual economic recovery (2011 estimates for growth in the Eurozone exceed 1.5% and in countries of Southeastern Europe where the Group operates by 1.5%-5.0%), Greece will be in a recession phase for a third consecutive year in 2011, with an anticipated recovery beginning by year end. The Greek government's aim for 2011 is to contain further the fiscal deficit of the general government to approximately 7.5% of GDP, while planning to revitalise the economy by implementing a series of structural changes, supporting investment initiatives and providing incentives for investments. In addition, it aims to restore the country's competitiveness and to aid its transition, in the medium term, to a new model of sustainable economic growth by undertaking a series of new structural changes (real estate development, simplification of the tax system, financial consolidation of the health sector and public utility companies, etc.).

The basic policy principles of the Group for 2011, liquidity, capital adequacy, asset quality and operating cost containment, remain its priorities. The successful completion of the share capital increase in early 2011 allows the Bank to address the current challenges of the economic environment from stronger position, to reinforce its presence in the banking market, to enhance its fundraising ability as soon as a normalisation of the interbank market becomes evident and to grasp the growth opportunities of the wider geographic region, when the conditions permit it.

Michalis G. Sallas

Chairman of the Board of Directors

EXPLANATORY REPORT

This explanatory report of the Board of Directors of Piraeus Bank addressed to the Ordinary General Meeting of its shareholders contains detailed information as of 31/12/2010, regarding the matters arising under paragraph 7 of article 4 of Law 3556/2007.

1) Information regarding the share capital structure of Piraeus Bank.
On the 31/12/2010 the share capital of Piraeus Bank amounted to 470.881.754,88 Euro, divided into 336,272,519 ordinary registered voting shares having a nominal value of 0.30 Euro each and 77,568,134 non-voting preferential shares, having a nominal value of 4.77 Euro each. The ordinary shares of Piraeus Bank are dematerialised and traded on the Athens Exchange.

Each ordinary share of Piraeus Bank affords the shareholder with those rights stipulated by law and the Articles of Associations, and in particular:

- The right to participate and vote in the General Meeting of shareholders.
- The right to dividends from the profits of the Bank. Following the deduction of only the regular reserves, a percentage of 35% of the net profits is distributed from the profits of each fiscal year to the shareholders as an initial dividend while the distribution of an additional dividend is resolved upon by the General Meeting. By way of exception for as long as the Greek State holds preferential shares of the Bank, in accordance with law 3723/2008, the total dividend distribution cannot exceed the aforementioned initial dividend. The Ordinary General Meeting announces the date upon which shareholders eligible to receive dividends are identified. The dividend is paid to the shareholder within approximately seven business days from the date of identification, as more specifically announced through the Press. The right to receive payment of the dividend is subject to a time limitation and the respective unclaimed amount goes to the State upon the lapse of 5 years from the end of the year during which the General Meeting approved the distribution of the said dividend.
- The right to reclaim one's share capital contribution during the liquidation or, similarly, upon the writing off of the capital corresponding to the share, provided that this is resolved upon by the General Meeting. The General Meeting of shareholders retains all of its rights durng the liquidation procedure.
- The right of pre-emption in every share capital increase of the Bank effected via cash payment and the issuance of new shares, provided that the General Meeting resolving upon such increase does not decide otherwise.
- The right to receive a copy of the financial statements and reports of the auditors and of the Board of Directors of the Bank.

The prefential shares of law 3723/2008
The aforementioned preferential shares of the Bank are all held by the Greek State and were issued pursuant to the resolution of the Extraordinary Shareholders' Meeting dated 23.01.2009 on the increase of the share capital of the Bank by the amount of € 369,999,999.18, which was covered in full by the Greek State with the contribution of its bonds having equal value. The preferential shares, pursuant to law 3723/2008, confer upon the Greek State the following privileges:

- The right to collect fixed interest calculated at ten percent (10%) on the issue price of each preferential share acquired by the Greek State. The collection of said interest occurs prior to the payment of the dividend distributed in accordance with art.1, para. 3, law 3723/2008, and prior to the distribution of dividends of the ordinary registered shares and independently of the distribution of dividend amounts to other shareholders of the Bank, provided that following the distribution thereof, the capital adequacy ratios of the Bank on an individual and consolidated basis comply with the minimum indices set by the Bank of Greece from time to time Said interest is calculated accrued on an annual basis, proportionally to the period of time that the Greek State is a preferred shareholder, and is payable within one month following approval of the annual financial statements of the respective fiscal year by the Ordinary Shareholders' Meeting. The right to vote in the General Meeting of preferential shareholders in the circumstances provided by Codified Law 2190/20, (i.e. paragraph 5 of article 3, paragraph 5 of article 4, paragraph 12 of article 13, paragraph 5 of article 15a and paragraph 2 of article 72 of Codified Law 2190/1920).

- The right to attend the meetings of the Board of Directors of the Bank through one representative who may be appointed as an additional member of the Board.
- The right of the State representative appointed as member of the Board of Directors to veto on any resolution related to the distribution of dividends, and the remuneration policy toward the Chairman, the Managing Director and the remaining members of the Board of Directors, as well as the general directors and their deputies, pursuant to the relevant resolution of the Minister of Economy and Finance or in the event the representative judges that the resolution in question may jeopardise the interests of the Bank's depositors or materially affect the credit worthiness and the efficient operation of the Bank.
- The right to attend the General Shareholders' Meeting of the ordinary shareholders of the Bank and veto right of the State representative appointed as member of the Board of Directors with regard to the discussion and resolution upon the aforementioned issues.
- The right of the State representative to freely access the Bank's books and records for the purposes of Law 3723/2008.
- The right to preferential reimbursement, prior to all other shareholders, from the proceeds of the liquidation of the Bank's assets, in the event the Bank's assets are liquidated.

The aforementioned privileges affect neither the rights of the bearers of Tier I hybrids, nor those of any other shares, with the exception of common shares, that are calculated to the Bank's regulatory funds.

The liability of the Bank's shareholders is limited to the par value of the shares they hold.

2) The ordinary shares of Piraeus Bank are transferred as stipulated by Law and the Articles of Association provide no restrictions in respect thereof.
In accordance with law 3723/2008 the preferential shares cannot be transferred by the Greek State to third parties and cannot be listed on a stock exchange.

3) Major direct and indirect shareholdings within the meaning of Law 3556/2007
As of 31/12/2010 no individual shareholder (natural or legal person) directly or indirectly held a stake higher than 5% of the total number of ordinary shares of the Bank.

4) As of 31/12/2010 there are no ordinary shares of Piraeus Bank which provide their holders with special control rights.

5) The Articles of Association of the Bank do not provide for any restrictions upon the right to vote arising from its voting shares.

6) The Bank has not been made aware of any agreements among its shareholders, which would result in restrictions on the transfer of its ordinary shares or on the exercise of the voting rights arising from such ordinary shares.

7) Regulations on the appointment and replacement of Board members and amendments to the Articles of Association

Pursuant to the Articles of Association of the Bank in the event a member of the Board of Directors resigns, dies or forfeits his office any reason whatsoever, or is deemed forfeited by resolution of the Board of Directors due to his unjustifiable absence from meetings for three consecutive months, the Board of Directors may continue the management and representation of the Bank without the replacement of the departed members as long as the remaining members are at least nine (9) in number. In the event the members of the Board of Directors number less than nine (9), the Board is under the obligation to elect temporary substitutes for the remainder of the term of the departed members, in order to complete the minimum number of nine (9) members. This resolution of election must be published in accordance with the provisions of article 9 of 7b of C.L. 2190/1920, as in force from time to time, and is announced by the Board of Directors at the very next meeting of the General Meeting of Shareholders, which may replace the directors so elected even if this does not appear as an item for discussion on the Agenda of the General Meeting. In every case, the acts of a member of the Board of Directors elected in such manner are deemed valid, even if such election is not approved by the General Meeting.

The regulations provided for in the Articles of Association of the Bank regarding the appointment and replacement of members of its Board of Directors and the amendment of the respective provisions, are in conformity with the provisions of Cod. Law. 2190/1920.

The representative of the Greek State on the Board of Directors of the Bank is appointed and replaced by respective decision of the Minister of Finance.

8) Pursuant to the resolution of the 2nd Repeated Ordinary General Assembly of the Shareholders of the Bank dated 03/05/2007, as modified and harmonized by the resolution of the 2nd Repeated Extraordinary General Assembly of the Shareholders of the Bank dated 20/12/2010, the Board of Directors was authorized to resolve, by its resolution reached by a majority of at least 2/3rds of its members, upon the increase of its share capital, in whole or in part, and in every event with pre-emption rights in favour of existing shareholders, of up to the amount of 1,288,830,297.87 Euro with the issuance of new shares at the then valid nominal value and an issue value to be decided upon by the respective resolution of the Board of Directors. In accordance with the provisions of art.13, para 1, indent b) of Cod.Law 2190/192, the aforementioned authorization remains valid for a period of 5 years and may be renewed by the General Meeting for a period of time not exceeding five years per each renewal.

9) Pursuant to the provisions of article 28, law 3756/2009 (Gov. Gazette A' 53/31.3.2009) the acquisition of treasury shares is not permitted for so long as the Bank is subject to the provisions of law 3723/2008. Nevertheless it is noted that the Ordinary General Meeting of shareholders of the Bank resolved on 3.4.2008 upon the acquisition by the Bank of up to 33,000,000 treasury shares through the Athens Exchange, in accordance with the provisions of art. 16, Cod Law 2190/1920, with an acquisition value per share ranging from euro 4 (minimum) to euro 40 (maximum). The aforementioned resolution lapsed on 3.4.2010.

10) There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Bank following a public offer.

11) There are no agreements between the Bank and the members of its Board of Directors or employees which provide for the payment of compensation in the event of their departure as a result of the submission of a public offer. The provisions taken for compensations due to departure from service amounted to € 31.6 million on 31.12.2010 and are in respect of members of Management, General Managers, Deputy General Managers and Assistant General Managers, Management Advisors in relation to administrative and other projects, Heads of subsidiary companies (domestic and international) and top executives thereof.

Michalis G. Sallas

Chairman of the Board of Directors

CORPORATE GOVERNANCE STATEMENT

This report on corporate governance by Piraeus Bank to the Annual General Meeting of its shareholders contains information as at 31/12/2010 regarding the matters in paragraph 3 passage d of article 43a of Law 2190/1920.

APPLYING INSTITUTIONAL RULES & CORPORATE GOVERNANCE AND OPERATING PROCEDURES

As a company listed on the Athens Stock Exchange, Piraeus Bank applies the provisions on corporate governance of listed companies contained in Law 3016/2002. In addition, as a financial institution supervised by the Bank of Greece, the Bank applies the more stringent special provisions of Bank of Greece Governor's Directive (BGGD) number 2577/9.3.2006 regarding principles of operation of credit institutions and the criteria for evaluating their Internal Audit Systems.

Furthermore, Piraeus Bank has established and applies Corporate Governance and Operating Procedures (“the Procedures”), which are an internal document of the Bank complementary to the provisions of its Articles of Association, which are its hierarchically superior operating procedures. The Corporate Governance and Operating Procedures incorporate the regulations arising from the mandatory statutory framework (Law 3016/2002, Bank of Greece Governor's Directive (BGGD) number 2577/9.3.2006, Capital Market Commission Resolution No. 5/204/14.11.2000, the provisions of the Athens Stock Exchange Regulations, etc.) and the best international corporate governance practices have been adopted , including the OECD Principles of Corporate Governance. Both the Bank's Articles and its Corporate Governance and Operating Procedures, which have been submitted to the Capital Market Commission in writing, are posted on the Bank's website, www.piraeusbank.gr.

The main objectives of the Procedures:

i) to ensure transparency, integrity, functionality and efficiency of the existing system of the Bank's corporate governance and internal audit;

ii) to enhance confidence in the Bank for domestic and foreign investors, shareholders, employees and customers;

iii) to ensure the Bank's continued compliance with the laws and regulations governing its organization and operation and its activities;

iv) to develop a self-regulating framework within the Bank by establishing rules for its administration, management and staff, which complement the provisions of the existing regulatory framework and are being established with a view to enhancing the Bank's sound and responsible management and operations.

The organizational structure of the Bank complies with the current principles of the institutional framework governing the operation of financial institutions and it is structured in such a way that it meets the needs of the key business sectors in which it operates. Ensuring an effective organizational structure and a clear definition of the competence and area of accountability of each administrative unit of the Bank constitutes the basis for the Bank's functioning and operations. Particular emphasis is given to designing a clear organizational structure with distinct, transparent and consistent lines of responsibility;

to establishing efficient detailed procedures for conducting the Bank's operations and to implement adequate mechanisms for auditing them; and to identifying, managing, monitoring and reporting risks, which the Bank assumes or may undertake within the framework of its activities.

A main concern of the Bank is also developing and continuously improving the internal audit system, both on an individual as well as on a Group level. These are well-documented, detailed audit mechanisms and procedures, incorporating the best principles of corporate governance and on a continuous basis they cover every activity and transaction of the Bank, contributing to its efficient and safe operation.

The Corporate Governance and Operating Procedures refer in detail to the area of competence and responsibility and to the functioning of key bodies of the Bank, in particular to the Board of Directors, the Group Executive Council, the Audit Committee, the Risk Management Committee, the Remuneration and Management Assessment Committee, the Board of Directors Succession and Replacement Committee and also to the Risk Management and the Regulatory Compliance Units.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of the Shareholders of Piraeus Bank is the supreme body of the Bank and inter alia it is responsible for electing the members of the Board of Directors. The procedures and rules for convoking a General Meeting, for attending it and for taking resolution, as well as its powers are regulated in detail by the Bank's articles of association and by Law 2190/1920.

The Bank ensures equal treatment of all its shareholders who have the same status. Each ordinary share of Piraeus Bank provides the holder thereof with all rights prescribed under the law and its Articles, particularly:

- The right to participate and vote in the General Meeting;
- The right to a dividend from the Bank's profits. After deduction only of the statutory reserve, 35% of net profits are distributed from each year's profits to shareholders as the first dividend, and the General Meeting resolves on distribution of an additional dividend. By the way of exception, as long as the Greek State holds preferred shares of the Bank, Law 3723/2008 stipulates that the total distribution cannot exceed the above-mentioned first dividend. The record date for shareholder cum dividend registration is announced at the Annual General Meeting. The dividend is paid to shareholders within approximately seven working days after the record date and is specifically announced in the press. Entitlement to the dividend lapses and the corresponding amount devolves to the State five years after the end of the year in which the General Meeting approved the distribution.
- The right to the proceeds of liquidation or, respectively, of capital decrease pro rata to share, if the General Meeting so resolves. The General Meeting of Shareholders of the Bank shall retain all its rights during the liquidation.
- The pre-emptive right to participate in any increase of share capital made in cash and issue of new shares, unless the General Meeting resolving on the increase resolves otherwise.
- The right to receive a copy of the financial statements and the reports of auditors and the Board of Directors.

Minority rights are governed by the provisions of Article 39 ff of codified law 2190/1920.

MANAGEMENT, ADMINISTRATIVE AND SUPERVISORY BODIES AND COMMITTEES

1. The Board of Directors

The term of office of the members of the Bank's current Board of Directors extends for three years and shall expire on 30.04.2012, to be extended until the next Annual General Meeting to be held following the expiry of their term.

In accordance with article 8 of its current articles, the Bank is managed by a Board of Directors consisting of nine to nineteen members. At the election of Board members the General Meeting also may elect as members persons who are not shareholders of the Bank.

If a Board member resigns, passes away or is removed from his/her office in any way, or is removed from office by resolution of the Board of Directors due to unjustified absence from meetings for three consecutive months, the Board may continue to manage and represent the Bank without replacing the missing members if the remaining members are at least nine (9). If the members of the Board fall below nine (9) the Board shall elect a replacement for the remainder of the term of the member being replaced to make up the minimum number of nine (9). The decision of the election shall be published per article 7b of codified law 2190/1920, as applicable, and the Board of Directors shall announce it at the next General Meeting.

Immediately after its election, the Board shall convene as a body and shall elect a Chairman and one or more Vice-Chairmen and Managing or Executive Directors from amongst its members.

1.1 Composition

In the context of the Bank's entry under the first pillar of capital enhancement of the Liquidity Enhancement Plan per article 1 of Law 3723/2008 on "Enhancing the liquidity of the economy and addressing the impact of the global financial crisis", also by decision of the Minister of Finance (number 26320 / B 1278) Mr. Athanasios Tsoumas was appointed to the Board of Directors of the Bank as the representative of the Greek State and his duties are defined in Law 3723/2008.

The following is the current composition of the Board of Directors of PIRAEUS BANK SA, which was elected by the Annual General Meeting of 30.04.2009, as this has resulted after changes (resignations, replacements, reconvening as a body):

1. Sallas Michael, Chairman of the Board, Executive Member
2. Vardinogiannis Ioannis, Vice-Chairman, Non-Executive Member
3. Georganas Iakovos, Vice-Chairman, Non-Executive Member
4. Lekkakos Stavros, Managing Director and CEO, Executive Member
5. Manos Alexandros, Managing Director, Executive Member
6. Alexandridis Georgios, Independent Non-Executive Member

7. Antoniadis Christodoulos , Deputy Managing Director, Executive Member
8. Apalagaki Hariklia, Non-Executive Member
9. Vassilakis Eftyhios, Non-Executive Member
10. Golemis Stylianos, Non-Executive Member
11. Karamanli Fotini, Independent Non-Executive Member
12. Milis Ilias, Deputy Managing Director, Executive Member
13. Mylonas Theodoros , Independent Non-Executive Member
14. Papaspyrou Spyridon, Deputy Managing Director, Executive Member
15. Fourlis Vassilios, Non-Executive Member

The Board of Directors of the Bank includes 9 non-executive members, of whom Messrs. Georgios Alexandridis, Theodoros Mylonas and Ms. Fotini Karamanli are independent non-executive directors in accordance with the provisions of Law 3016/2002 on corporate governance.

1.2 Operation

Under Article 15 of the Bank's articles, the Board of Directors represents the Bank and is qualified to resolve, without restriction, on any issue relating to the Bank's management, administration of its property and the pursuit of its business in general. The Board of Directors may not resolve on issues which, in accordance with the law and the articles, fall into the exclusive competence of the General Meeting.

Under Article 16 of the Bank's articles, the Bank is represented by its Board of Directors, which may resolve in writing to delegate representation of the Bank and also the exercise of all or some of its powers or responsibilities, except those requiring collective action, to one or more persons whether members of the Board of Directors or not, setting out the extent of the powers conferred upon them. Under the above provisions of the articles, the Board determines the system for representing the Bank and the limits within which the authorised representatives can act.

The Bank's Corporate Governance and Operating Procedures state that the prime obligation and duty of the board members is the continuous pursuit of enhancing the Bank's long-term economic value and the protection of the general corporate interests. It also is stated that the Board of Directors is responsible for drawing up and adopting a detailed Business Strategy extending for at least one year defining clear business objectives, both for the Bank itself and for the Group.

2. Committees

In the on-going effort of improving the Bank's and the Group's organizational structure, specific issues have been assigned to the following major committees and councils of the Bank:

2.1 Board Committees

2.1.1 Audit Committee

The Audit Committee comprises of non-executive Directors of the Bank. It is assisted by an executive secretary and its operation is governed by the Bank of Greece Governor's Directive number 2577/2006.

The Committee comprises three members, it is chaired by an independent non-executive director of the Bank and its members are two non-executive directors, one of whom is independent. It meets at least four times per annum.

The main duties of the Audit Committee are:

- monitoring and annual evaluation of the adequacy and effectiveness of the Internal Audit System on an individual basis and at Group level, based on data and information of the Group Internal Audit Division;
- supervising and evaluation of the processes for drafting the published annual and interim financial statements of the Group, the Bank and its subsidiaries;
- supervising the examination conducted by the regular certified public accountants - auditors of the Group's annual financial statements and working with them on a regular basis;
- proposing to the Board the selection of regular public accountants - auditors. Whenever it deems appropriate, the Committee shall also propose their replacement or rotation;
- ensuring the independence of auditors in accordance with applicable law;
- proposing to address weaknesses identified and monitoring the implementation of measures decided by the Board of Directors;
- proposing measures for specific areas requiring further investigation by internal or external auditors;
- evaluating the work of the Group Internal Audit Division, focusing on issues related to the degree of its independence, the quality and scope of inspections it carries out, the priorities determined by changes in the economic environment, its systems and in the level of risks and the overall efficiency of its operation, and
- determining the range of coverage and periodically, at least every three years, selecting and appointing separate chartered public auditors, apart from the regular ones, to asses the adequacy of the Internal Audit System.

The current composition of the Audit Committee, which was appointed by the Annual General Meeting of Shareholders of 19.05.2010 in accordance with the provisions of article 37 of Law 3693/2008, has as follows:

Chairman	Mylonas Theodoros
Member	Alexandridis Georgios
Member	Apalagaki Hariklia

2.1.2 Risk Management Committee

The Risk Management Committee is appointed by the Board of Directors in accordance with the provisions of the Bank of Greece Governor's Directive (BGGD) number 2577/2006, as applicable, and consists of members of the Board of Directors with sufficient knowledge and experience in risk management. It is a six-member Committee, chaired by a Non-Executive Member of the Board of Directors and its members are the Managing Director & CEO, the Managing Director, two Deputy Managing Directors and a non-executive (independent) member of the Board of Directors. The Chief Risk Officer of the Risk Management Group is the Executive Secretary of the Committee. The Committee has powers provided for by the BGGD number 2577/2006 and as assigned by the Board of Directors, effectively to cover all forms of risk, including operational risk and to ensure unified control and specialized management over risk and provide the required coordination on an individual and consolidated basis.

The Board of Directors designates the number of the committee members which cannot be less than two, of whom at least one member is an executive and one non-executive. The Board of Directors appoints the committee members for a term which may not exceed the term of the Board of Directors. Committee members are rotated if they complete two consecutive three-year mandates (namely equal to two full terms of the Board of Directors) as members of the committee. Subsequent reappointments are not excluded.

The current composition of the Risk Management Committee is as follows:

Chairman	Georganas Iakovos
Members	Lekkakos Stavros
	Manos Alexandros
	Milis Ilias
	Mylonas Theodoros
	Papaspyrou Spyridon

On the recommendation of the Risk Management Committee, the Board of Directors shall appoint its Executive Secretary, who may be either a member of the Board of Directors or a senior officer of the Bank with a high level of knowledge and relevant experience, and notify such appointment or replacement to the Bank of Greece. The Executive Secretary of the Committee is the Chief Risk Officer (CRO) of the Group. In addition to his/her other duties he/she also heads the Risk Management Unit, with duties under the current regulatory framework (currently BGDD number 2577/2006). In the exercise of these duties he/she shall report directly to the committee and is subject to the control of the Internal Audit Unit.

2.1.3 Management Remuneration and Assessment Committee

The Management Remuneration and Assessment Committee was established by resolution of the Board of Directors on 15.12.2004. It consists of four members, is chaired by a Non-Executive Member of the Board of Directors of the Bank and three non-executive members, including one independent. Inter alia the Committee determines the Bank's policy on the matter of remuneration and other benefits of executive members of Management, ensuring that they receive salaries and benefits commensurate with their duties and responsibilities, after assessing their performance in relation to the objectives of the approved budget and to the prevailing conditions of competition.

The Chairman convenes the Committee as often as it is deemed necessary to carry out its duties, but no less than once per calendar year.

The current composition of the Commission is as follows:

Chairman	Fourlis Vassilios
Members	Vassilakis Eftyhios
	Golemis Stylianos
	Mylonas Theodoros

2.1.4 Board of Directors Succession and Replacement Committee

Depending on the specific occurence, the Committee has a dual role, either as a Succession Committee (for Chairman of the Board of Directors or Managing Director) or as a Replacement Committee for replacing directors. It is chaired by the Chairman of the Board of Directors and the members of the Replacement Committee are the Chairman of the Audit Committee and the two most senior non-executive members of the Board of Directors. The members of the Succession Committee are the non-executive Vice Chairmen of the Board of Directors, the Chairman of the Audit Committee and the three most senior non-executive members of the Board of Directors. It meets ad hoc as a Succession Committee when the need arises for it to select and recommend to the Board replacements for the position of Chairman of the Board or of Managing Director. It is convened as a Replacement Committee whenever the need arises for it to select and recommend to the Board replacements for the other members of the Board.

The current composition of the Replacement Committee is as follows:

Chairman	Sallas Michael
Members	Georganas Iakovos
	Mylonas Theodoros
	Fourlis Vassilios

2.2 Executive and Administrative Committees

2.2.1 Group Executive Council (currently Group Executive Committee)

The Group Executive Council consists of the Managing Director and CEO, executive directors of the Board of Directors of Piraeus Bank and the Managing Director - CFO. The General Manager of Corporate Affairs is the Executive Secretary of the Committee. The Council's responsibilities cover both Piraeus Bank and its consolidated subsidiaries. With authorization from the Board of Directors of Piraeus Bank, the Group Executive Council has approval powers, which it may delegate to Administrative Committees, other Council members and/or Bank officers.

The Group Executive Council receives monthly updates on the quality of the assets of the Bank and of the Group subsidiaries, particularly on the quality of claims arising from all types of loans to businesses and individuals. The Executive Council meets regularly once a week and extraordinarily whenever convened by the Chairman or his Deputy.

The Group Executive Council may establish committees from its officers or other employees of the Bank to assist it in the conduct of its duties, for which however remains overall accountable.

The current composition of the Executive Council is as follows:

Chairman	Lekkakos Stavros
Members	Manos Alexandros
	Antoniadis Christodoulos
	Milis Ilias
	Papaspyrou Spyridon
	Poulopoulos Georgios

It should be noted that the members of the above committees receive no remuneration for their participation in them.

3. Internal audit system (IAuS)

The Group monitors the adequacy and effectiveness of the existing Internal Audit System (IAuS) systematically and implements immediately any actions required for a sustained response to and reduction of Operating Risk. At the same time, with appropriate early warning systems, the Group controls the consistent application of the IAuS in the Units, as well as the full compliance of all concerned with the principles and objectives of the IAuS.

A fundamental concern for the Bank is that continuously, both at individual and at Group level, it develop and improve the IAuS, which constitutes a totality of detailed audit mechanisms and processes which track continuously every activity and transaction of the Bank, contributing to its effective and safe operation.

The Bank has established a strong Internal Audit System to safeguard its assets, to ring-fence and maintain in a detailed manner and safeguard its clients' assets and to safeguard the interests of its shareholders. The members of the Board of Directors have the ultimate responsibility for maintaining the System and for monitoring and evaluating its adequacy and effective implementation. The Internal Audit System is designed to address effectively the risks to the Bank a/as not necessarily to eliminate them.

Under the current institutional framework, the Bank's Internal Audit System is supported by an integrated communications and Management Information System (MIS), also by intercomplementary mechanisms, forming an integrated system for controlling and auditing both the Bank's organizational structure and activities and also the Procedures.

The following are responsible for implementing the Internal Audit System:

- the Internal Auditor
- the Audit Committee
- the Internal Audit Service (Internal Audit Division)

The members of the Board of Directors evaluate the System's adequacy and effectiveness annually and they draw the strategy for its improvement based on a report the Bank's management submits to them, containing the Audit Committee's remarks. Periodically and at least every three years, upon recommendation of the Audit Committee, separate chartered public auditors, other than the regular ones, are appointed to assess the adequacy of the Internal Audit System at Bank and Group level. The relevant evaluation report shall be communicated to the Bank of Greece within the first half of the year following the expiration of the three years.

Internal Auditor

In performing his duties, as an instrument of internal audit provided by the provisions of Law 3016/2002 "regarding Corporate Governance", the Internal Auditor is independent, not subordinate to any organizational unit of the Bank and is supervised by one to three the non-executive members appointed by the Board of Directors (currently the members, who participate in the Audit Committee). The Board of Directors appoints the Internal Auditor and he cannot be a member of the Bank's Board of Directors nor a manager nor related by blood or marriage to any member of the Board of Directors to the second degree. The same applies in the event that there are more than one internal auditors. The Internal Auditor oversees the Internal Audit Service (Internal Audit Division).

In performing his duties, the Internal Auditor is entitled to inspect any book, document, record, bank account and portfolio of the Bank and to have access to any Bank operation. To facilitate the work of the Internal Auditor, the members of the Board of Directors must cooperate and provide him with all necessary information, and the management of the Bank shall provide him all necessary means to that end.

The Bank is obliged to inform the Capital Markets Commission of any changes in the leadership of the Internal Audit function also of any changes in the leadership of Sectors and Teams or of any changes in the organization of the Internal Audit Division, within ten working days of the change. The change of Internal Auditor also is reported directly to the Athens Stock Exchange and to the Bank of Greece.

4. Regulatory Compliance

The Group Compliance Division was established in the context of complying with the rules of the Basel II supervisory framework and the provisions of the Bank of Greece Governor's Directive (BGGD) number 2577/9.3.2006 as an independent administrative unit that is responsible for implementing the policy adopted by the Bank's Board of Directors to comply with the relevant current legal and regulatory framework. The Group Compliance Division is part of the Corporate and Legal Affairs Division, it has unrestricted access to all data and information necessary to carry out its duties and is managed by a person selected to be the Chief Compliance Officer possessing sufficient knowledge of banking and investment activities.

The main responsibilities of the Group Regulatory Compliance Division are:

- to establish and implement appropriate procedures and to prepare an annual Regulatory Compliance Programme in order to achieve the timely and continued compliance of the Bank and Group with the current regulatory framework and the provisions of the Group Regulatory Compliance Policy, which the Bank has established and at all times to show a complete picture of the degree of achievement of this goal;

- to ensure that Piraeus Bank and its Group comply with the applicable legal and regulatory framework that governs preventing the use of the financial system for money laundering and terrorist financing. To this end, it confirms that the Bank's organizational units comply with the obligations under said framework, and also with the Group Regulatory Compliance Policy which the Bank has adopted to create an environment appropriate for the early detection, prevention, investigation and reporting of such transactions;

- to inform the Bank's Management and Board of Directors on regulatory compliance issues through its annual reports; in particular to inform it of any significant violation observed of the applicable regulatory framework or any major deficiencies in meeting the obligations it imposes;

- in the case of amendments to the relevant current regulatory framework, to provide, with the assistance of the Bank's legal services and/or with that of the legal advisors of foreign subsidiaries, appropriate instructions for adjusting internal procedures and the internal regulatory framework which are implemented by the Bank's departments, branches and domestic and foreign subsidiaries as appropriate;

- through appropriate procedures, to ensure meeting the deadlines for fulfilling obligations under the existing regulatory framework and for this purpose to provide written assurance to the Board through its annual reports;

- to ensure that the staff is kept continuously informed of developments related to the regulatory framework related to their duties, by establishing appropriate procedures, updates and training programs in collaboration with the competent unit of the Group Human Resources Sector;

- to coordinate the work of the compliance officers of the Group companies so that all the Group companies comply fully with the applicable relevant provisions and with the provisions of Law 2656/1998 on combating corruption of foreign public officials in international business transactions;

- to submit to the Bank of Greece a report on the matters of its competence until the end of the first half of each calendar year .

The Bank shall inform the Bank of Greece and the Capital Market Commission of any change to the head of the Regulatory Compliance Unit within ten working days of such change. Similarly, this change also must be communicated immediately to the Athens Stock Exchange.

5. Risk Management

The Bank places particular emphasis on the effective monitoring and management of risk, at individual and group level, with a view to maintaining stability and continuity of its operations. In this context, the competent organs of the Bank regularly record and reassess its Business Strategy as regards assuming, monitoring and managing risk and distinguishing transactions and customers by level of risk; they determine appropriate maximum acceptable limits of risk-taking overall by each type of risk, refining each of these limits, they also establish limits for discontinuing loss-making activities and take other corrective actions.

The Bank also proceeds with establishing reliable, effective and comprehensive policies and procedures to assess and maintain on an ongoing basis the amounts, composition and distribution of its equity, which the Bank's management each time deems adequate for covering the nature and level of risk the Bank undertakes or may undertake. These policies and procedures are subject to regular internal review and assessment by the Group Risk Management Division in order to ensure that they remain comprehensive, adequate and proportionate to the nature, extent and complexity of the Bank's current activities.

The following organizational units are involved in the process of planning, monitoring and management of risk and of assessment of capital adequacy in relation to the amount and type of risks undertaken:

- The Risk Management Committee, which the Board of Directors has entrusted with the responsibilities related to risk management in accordance with the provisions of the Bank of Greece Governor's Directive (BGGD) number 2577/9.3.2006 so as to cover effectively all forms of risk throughout the entire range of the Bank activities, and to ensure their consolidated audit, their specialized handling and the necessary coordination at Bank and Group level;

- The Group Risk Management Division, which is responsible for the design, specification and implementation of the Bank's policy on risk management and capital adequacy in accordance with the directions of the Board of Directors, which covers the full range of Bank activities for all types of risk.

- The Group Credit Division, which is the second-level assessment threshold to responsible for establishing and updating Credit Policy.

The Assets/Liabilities Management Committee (ALCO), which is responsible for implementing the strategic development of Group assets and liabilities, depending on the specific qualitative and quantitative data and developments in the business environment, to ensure high competitiveness and profitability, while maintaining the business risks undertaken at predetermined levels. The main responsibilities of the Assets/Liabilities Management Committee (ALCO) are detailed in Appendix 03 "Executive & Administrative Committees and Councils" of the Procedures.

The Group Risk Management Division is an independent administrative unit in relation to other units of the Bank, which have executive authority or authority for making or recording transactions and it supervises the duties of the Risk Management Unit under the provisions of Bank of Greece Governor's Directive (BGGD) number 2577/9.3.2006, and of the Credit Risk Control Unit in accordance with the Bank of Greece Governor's Directive (BGGD) number 2589/20.8.2007 and the Bank of Greece Governor's Directive (BGGD) number 2594/20.8.2007 respectively. The Group Chief Risk Officer supervises the Group Risk Management Division; for issues within his area of responsibility he refers to Management and to the Risk Management Committee and / or through it to the Board of Directors.

The Group Risk Management Division is subject to review by the Group Internal Audit Division as to the adequacy and effectiveness of risk management procedures.

In order to conduct its duties effectively, the competent officers of the Group Risk Management Division have access to all the activities and units of the Bank, and to all information and records of the Bank and its Group companies, which are necessary for performing their duties.

The Board of Directors appoints the head of the Group Risk Management Division upon recommendation of the Risk Management Committee, and notifies such appointment or replacement to the Bank of Greece.

Michalis G. Sallas

Chairman of the Board of Directors

STATEMENT (article 4 par. 2 of L. 3556/2007)

To the best of our knowledge, the Full Year 2010 Financial Statements that have been prepared in accordance with the applicable accounting standards give a fair and true view of the assets, liabilities, equity and income statement of Piraeus Bank and the group of companies included in the consolidated accounts. In addition, the Board of Director's annual report for 2010 gives a fair and true view of the evolution, performance and position of Piraeus Bank and the group of companies included in the consolidated accounts, including the description of the main risks and uncertainties that they have to deal with.

Michael G. Sallas	Stavros M. Lekkakos	Alexandros St. Manos
Chairman of BoD	Managing Director & CEO	Managing Director

AVAILABILITY OF ANNUAL FINANCIAL REPORT 2010

The Annual Financial Report for the year 2010 which includes:

- The Board of Directors' Management Report
- The Explanatory Report
- Corporate Governance Statement
- The Statement (article 4 par 2 of L. 3556/2007)
- The Independent Auditor's Report of Piraeus Bank S.A. and Piraeus Bank Group
- The Annual Financial Statements of Piraeus Bank S.A and Piraeus Bank Group
- The Financial statements information for the year ended 31/12/2010
- The Information according to article 10, Law 3401/ 2005

is available in the Bank's internet site http://www.piraeusbank.gr/ecportal.asp?id=235054&lang=2&nt=102%20&sid=

Translation from the original text in Greek

Independent Auditor's Report

To the Shareholders of "Piraeus Bank S.A."

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "Piraeus Bank S.A." and its subsidiaries which comprise the separate and consolidated statement of financial position as of 31 December 2010 and the separate and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of the "Piraeus Bank S.A." and its subsidiaries as at December 31, 2010, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.

b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying separate and consolidated financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, 28 March 2011
The Chartered Accountant

Konstantinos Michalatos
AM SOEL: 17701

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
268 Kifissias Avenue,
152 32 Chalandri
Soel Reg No 113

PIRAEUS BANK GROUP

Consolidated Financial Statements

31 December 2010

In accordance with the International Financial Reporting Standards

The attached financial statements have been approved by Piraeus Bank S.A. Board of Directors on March 23rd 2011 and they are available on the web site of Piraeus Bank at www.piraeusbank.gr

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

Index to the Consolidated Financial Statements

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2010	Year ended 31 December 2009
Interest and similar income	6	2,662,132	2,789,159
Interest expense and similar charges	6	(1,455,233)	(1,684,275)
NET INTEREST INCOME		**1,206,898**	**1,104,884**
Fee and commission income	7	245,236	256,157
Fee and commission expense	7	(46,284)	(50,116)
NET FEE AND COMMISSION INCOME		**198,953**	**206,041**
Dividend income	8	7,534	13,303
Net trading income	9	21,136	174,863
Net income from financial instruments designated at fair value through profit or loss	10	(8,045)	(916)
Gains/ (Losses) from investment securities	11	(12,964)	3,529
Other operating income	12	85,543	160,921
TOTAL NET INCOME		**1,499,056**	**1,662,625**
Staff costs	13	(410,966)	(426,170)
Administrative expenses	14	(376,917)	(377,190)
Depreciation and amortisation	28.29	(94,914)	(92,805)
Gains/ (Losses) from sale of assets		(1,160)	2,686
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(883,957)**	**(893,479)**
PROFIT BEFORE PROVISIONS AND INCOME TAX		**615,099**	**769,146**
Impairment losses on loans and receivables	23	(596,882)	(488,099)
Other provisions	39	(3,819)	(3,053)
Share of profit of associates	27	(3,649)	8,621
PROFIT BEFORE INCOME TAX		**10,749**	**286,615**
Income Tax Expense	15	(7,311)	(46,792)
Tax contribution	15	(24,630)	(34,194)
INCOME TAX		**(31,940)**	**(80,986)**
PROFIT/ (LOSS) AFTER TAX		**(21,191)**	**205,629**
Profit/ (Losses) for the year attributable to equity holders of the parent entity		(20,474)	201,749
Non controlling interest		(717)	3,880
Earnings/ (Losses) per share attributable to equity holders of the parent entity			
-Basic	16	(0.1475)	0.5551
-Diluted	16	(0.1475)	0.5551
PROFIT AFTER TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY WITHOUT TAX CONTRIBUTION		**3,815**	**235,495**

The notes on pages 7 to 65 are integral part of these consolidated financial statements.

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2010	31 December 2009
ASSETS			
Cash and balances with central banks	18	2,993,275	2,977,561
Loans and advances to credit institutions	19	1,476,856	992,325
Derivative financial instruments - assets	20	143,967	171,467
Trading securities	21	673,984	1,393,237
Financial instruments at fair value through profit or loss	21	16,426	162,817
Reverse repos with customers	22	955,401	-
Loans and advances to customers (net of provisions)	23	37,638,075	37,688,258
Investment securities			
-Available for sale securities	24	2,051,103	2,338,460
-Held to maturity	24	5,056,820	3,363,535
Debt securities - receivables	26	2,512,337	1,183,006
Investments in associated undertakings	27	211,796	184,023
Intangible assets	28	384,308	339,160
Property, plant and equipment	29	967,023	987,271
Investment property	30	927,129	819,894
Assets held for sale	31	23,242	101,771
Deferred tax assets	40	416,837	282,652
Inventories property	32	199,504	206,015
Other assets	32	1,032,212	1,088,338
TOTAL ASSETS		**57,680,295**	**54,279,791**
LIABILITIES			
Due to credit institutions	33	19,930,269	14,432,854
Liabilities at fair value through profit or loss	34	308,864	-
Derivative financial instruments - liabilities	20	201,140	162,023
Due to customers	35	29,474,998	30,063,606
Debt securities in issue	36	2,659,618	4,206,276
Hybrid capital and other borrowed funds	37	510,442	511,278
Retirement benefit obligations	41	209,490	202,461
Other provisions	39	19,817	18,089
Current income tax liabilities		95,222	71,030
Deferred tax liabilities	40	160,865	140,058
Other liabilities	38	835,838	857,882
TOTAL LIABILITIES		**54,406,564**	**50,665,556**
EQUITY			
Share capital	43	470,882	1,974,020
Share premium	43	2,430,877	927,739
Less: Treasury shares	43	(8,790)	(123)
Other reserves	44	(432,845)	(218,195)
Retained earnings	44	672,687	782,618
Capital and reserves attributable to equity holders of the parent entity		**3,132,811**	**3,466,060**
Non controlling interest		140,920	148,176
TOTAL EQUITY		**3,273,732**	**3,614,235**
TOTAL LIABILITIES AND EQUITY		**57,680,295**	**54,279,791**

The notes on pages 7 to 65 are integral part of these consolidated financial statements.

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Year ended 31 December 2010	31 December 2009
PROFIT/ (LOSS) AFTER TAX (A)		**(21,191)**	**205,629**
Other comprehensive income, net of tax:			
Net change in available for sale reserve	17	(184,934)	4,870
Change in currency translation reserve	17	(20,721)	(68,558)
Premium on equity instrument		(67,805)	-
Other comprehensive income, net of tax (B)		**(273,460)**	**(63,688)**
Total comprehensive income, net of tax (A+B)		**(294,650)**	**141,941**
- Attributable to equity holders of the parent entity		(294,300)	138,350
- Non controlling interest		(351)	3,591

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the parent entity						
		Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	Minority interests	TOTAL
Opening balance as at 1 January 2009		**1,571,923**	**927,775**	**(167,321)**	**(177,586)**	**721,359**	**149,051**	**3,025,200**
Other comprehensive income for the year, net of tax	17				(63,399)		(289)	(63,688)
Profit after tax for the year 2009	44					201,749	3,880	205,629
Total recognised income for the year 2009		**0**	**0**	**0**	**(63,399)**	**201,749**	**3,591**	**141,941**
Prior year dividends	44					(35,664)	(2,207)	(37,871)
Share capital increase due to reinvestment of dividends	43	32,097	(36)					32,061
Issue of preference shares	43	370,000				(4,110)		365,890
Purchases of treasury shares	43			(4,240)				(4,240)
Sale of treasury shares	43, 44			171,438		(70,722)		100,716
Transfer between other reserves and retained earnings					20,921	(20,921)		0
Acquisitions, disposals, absorptions and movement in participating interests					1,132	(7,935)	(2,756)	(9,559)
Other movements					737	(1,137)	496	96
Balance as at 31 December 2009		**1,974,020**	**927,739**	**(123)**	**(218,195)**	**782,619**	**148,175**	**3,614,234**
Opening balance as at 1 January 2010		**1,974,020**	**927,739**	**(123)**	**(218,195)**	**782,619**	**148,175**	**3,614,234**
Other comprehensive income for the year, net of tax	17, 44				(206,021)	(67,805)	366	(273,460)
Profit/ (Loss) after tax for the year 2010	44					(20,474)	(717)	(21,191)
Total recognised income for the year 2010		**0**	**0**	**0**	**(206,021)**	**(88,278)**	**(351)**	**(294,650)**
Prior year dividends of ordinary shares							(1,320)	(1,320)
Prior year dividends on preference shares	44					(18,006)		(18,006)
Reduction of the nominal value of ordinary shares	43	(1,503,138)	1,503,138					0
Purchases of treasury shares	43			(8,787)				(8,787)
Sale of treasury shares	43, 44			120		29		149
Transfer between other reserves and retained earnings					(8,249)	8,249		0
Acquisitions, disposals, liquidation and movement in participating interest					(313)	(11,822)	(5,544)	(17,679)
Other movements					(67)	(104)	(41)	(211)
Balance as at 31 December 2010		**470,882**	**2,430,877**	**(8,790)**	**(432,845)**	**672,687**	**140,920**	**3,273,732**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT

	Notes	From January 1st to 31 December 2010	31 December 2009
Cash flows from operating activities			
Profit before tax		10,749	286,615
Adjustments to profit before tax:			
Add: impairment for loans and advances and other provisions	23, 39	600,700	491,151
Add: depreciation and amortisation	28, 29	94,914	92,805
Add: retirement benefits	41	31,452	28,601
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		21,162	(34,884)
(Gains)/ losses from investing activities		(5,013)	(90,924)
Cash flows from operating profits before changes in operating assets and liabilities		**753,964**	**773,365**
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		159,547	192,718
Net (increase)/ decrease in treasury bills and other eligible bills		-	150,549
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		(53,433)	(103,622)
Net (increase)/ decrease in debt securities - receivables		(332,455)	(655,307)
Net (increase)/ decrease in loans and advances to credit institutions		(7,599)	321,944
Net (increase)/ decrease in loans and advances to customers		(537,226)	175,320
Net (increase)/ decrease in reverse repos with customers		(955,401)	-
Net (increase)/ decrease in other assets		(46,047)	(107,983)
Net increase/ (decrease) in amounts due to credit institutions		5,497,415	310,981
Net increase/ (decrease) in liabilities at fair value through profit or loss		308,864	-
Net increase/ (decrease) in amounts due to customers		(588,809)	1,682,789
Net increase/ (decrease) in other liabilities		(71,892)	(281,789)
Net cash from operating activities before income tax payment		**4,126,930**	**2,458,966**
Income tax paid		(29,245)	(20,300)
Net cash inflow/ (outflow) from operating activities		**4,097,684**	**2,438,666**
Cash flows from investing activities			
Purchases of property, plant and equipment	29, 30	(194,749)	(261,039)
Sales of property, plant and equipment		65,786	48,318
Purchases of intangible assets	28	(27,460)	(23,555)
Purchases of held for sale assets	31	(11,610)	(76,391)
Sales of held for sale assets		28,621	64
Purchases of investment securities	24	(3,055,290)	(1,687,699)
Disposals/ maturity of investment securities	24	1,344,367	191,184
Acquisition of subsidiaries (net of cash & cash equivalents acquired)	48	(38,705)	(6,491)
Disposals of subsidiaries (net of cash & cash equivalents disposed)		12,304	8
Acquisition of associates and participation in share capital increases	48	(15,146)	(19,492)
Disposal of associates	48	17	73,617
Dividends received		7,532	12,553
Net cash inflow/ (outflow) from investing activities		**(1,884,332)**	**(1,748,922)**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(1,547,495)	(2,738,073)
Net proceeds from share capital increase due to reinvestment of dividends	43	-	32,061
Net proceeds from issue of preference shares - Greek State	43, 44	-	365,890
Payment/ Reinvestment of prior year dividends		(24,166)	(38,214)
Purchases of treasury shares	43	(8,787)	(4,240)
Sales of treasury shares	43, 44	149	100,716
Other cash flows from financing activities		37,267	20,471
Net cash inflow/ (outflow) from financing activities		**(1,543,033)**	**(2,261,390)**
Foreign exchange differences on cash and cash equivalents		(24,414)	(48,595)
Net increase/ (decrease) in cash and cash equivalents of the year		**645,905**	**(1,620,241)**
Cash and cash equivalents at beginning of the year	46	**3,389,025**	**5,009,265**
Cash and cash equivalents at the end of the year	46	**4,034,929**	**3,389,024**

1. General Information about the Group

Piraeus Bank S.A. is a banking institute operating in accordance with the provisions of Law 2190/1920 on societés anonymes, Law 3601/2007 on credit institutions, and other relevant laws. According to article 2 of its Statute, the scope of the company is to execute, on its behalf or on behalf of third parties, any and every operation acknowledged or delegated by law to banks.

Piraeus Bank (parent company) is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis st., Athens. Piraeus Bank and its subsidiaries (hereinafter "the Group") provide services in the Southeastern Europe, Egypt, the U.S.A., as well as Western Europe. The Group employs in total 13,320 people.

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Banks, 20, International), FTSE/ATHEX-CSE Banking Index, FTSE RAFI Index Series, FTSE Med 100, GT-30, MSCI (World Small Cap, Europe Small Cap, EMU Small Cap, EAFE Small Cap, Greece Small Cap), Euro Stoxx, Euro Stoxx Banks, S&P (Global BMI, Developed BMI) and FTSE4Good Index Series.

2. General accounting policies of the Group

The accounting policies applied by Piraeus Bank Group in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all reporting periods presented.

2.1 Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs).

The financial statements of the Piraeus Bank Group are prepared in euro. The amounts of the attached Consolidated Financial Statements are expressed in thousand euros (unless otherwise stated) and roundings are performed in the nearest thousand.

The main principle for the preparation of the consolidated financial statements is the historical cost convention, as modified by the revaluation of the available for sale portfolio, financial assets and liabilities of the trading portfolio, derivative financial instruments, as well as investment property. The preparation of the financial statements in conformity with IFRS requires the use of estimates, accounting policies and assumptions which affect the reported assets and liabilities, the recognition of contingent liabilities, as well as the recognition of income and expenses in the consolidated financial statements.

(A) New IFRSs, interpretations and amendments that have been issued by the International Accounting Standards Board and adopted by E.C., which are effective from 1.1.2010:

- **IAS 27 (Revised), "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009).** According to the revised IAS 27, changes to the parent's ownership in a subsidiary that do not result in loss of control are accounted for as equity transactions. Also, on the loss of control of a subsidiary, any investment retained in the former subsidiary shall be accounted for in accordance with the relevant IFRS. If the control of a subsidiary is lost, the parent shall disclose the gain or loss attributable to the recognition of an investment at its fair value.

- **IAS 28 (Revised), "Investments in Associates" (effective for annual periods beginning on or after 1 July 2009).** Revised IAS 28 provides guidance on loss of significant influence of an associate. In such case, the entity shall measure at fair value any retained investment. The difference between the carrying amount of the investment and its fair value at the date of loss of significant influence shall be recognized in profit or loss. The fair value of the investment when it ceases to be an associate shall be regarded as its fair value on initial recognition as a financial asset with IAS 39.

- **IAS 31 (Revised), "Interests in Joint Ventures" (effective for annual periods beginning on or after 1 July 2009).** Consequential changes due to IFRS 3 amendment "Business Combinations".

- **IAS 39 (Amendment relating to eligible hedged items), "Financial instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 July 2009).** The amendment provides clarifications for the application of hedge accounting. Specifically, in a fair value hedge or in a cash flow hedge the following can be designated as hedged items: a) The change in cash flows related to inflation, b) the increase or decrease of fair value or cash flow in relation to a specific reference value, and c) the partial change in cash flows or fair value.

- **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 July 2009).** The purpose of the amendment was to improve information. This amendment does not apply to the financial statements of the Group.

- **IFRS 1 (Amendment), "Additional Exemptions for First Time Adopters" (effective for annual periods beginning on or after 1 January 2010).** The amendment relates to the first time adoption of IFRS by entities in the oil and gas industries. This amendment does not apply to the financial statements of the Group.

- **IFRS 2 (Amendment – Group Cash-settled Share-based Payment Transactions), "Share-based payment" (effective for annual periods beginning on or after 1 January 2010).** According to IFRS 2, an entity that receives goods or services in a share based payment scheme shall recognize these goods or services regardless how the transaction is settled, that is in cash or in shares. The entity shall measure these goods or services as either an equity settled or a cash settled share based payment transaction assessed from its own point of view, which may not always be the same with the amount recognized by the Group.

- **IFRS 3 (Revised), "Business Combinations" (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).** The main changes include the following: (a) In case of partial acquisitions, non controlling interest are measured either at their proportionate interest in the net identifiable assets or at fair value; (b) acquisition related costs, that is costs incurred by the acquirer to effect a business combination, shall be accounted for as expenses in the periods in which they are incurred; (c) in case of step acquisitions and when control is obtained, goodwill is measured as the difference at acquisition date between the sum of the fair value of any previous investment in the business prior to acquisition and the consideration paid, and the net assets acquired; (d) changes in parent's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions; (e) contingent consideration must be recognized and measured at fair value at the acquisition date. These changes will have an effect on the financial statements of the Group in relation to business combinations that take place on or after 1.1.2010.

- **IFRS 5 (Amendment), "Non current Assets Held for Sale and Discontinued Operations" (effective for annual periods beginning on or after 1 July 2009).** The amendment specifies the disclosures required in respect of non current assets classified as held for sale or discontinued operations.

- **IFRIC Interpretation 17, "Distributions of Non-cash Assets to Owners" (effective for annual periods beginning on or after 1 July 2009).** The interpretation clarifies that a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. An entity shall measure the liability to distribute non cash assets to its owners at the fair value of the assets to be distributed. When the entity settles the dividend payable, it shall recognize the difference between the dividend paid and the carrying amount of the assets distributed in profit or loss. The interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation based on IFRS 5.

- **IFRIC Interpretation 18, "Transfers of Assets from Customers" (effective for transfers of assets from customers received on or after 1 July 2009).** IFRIC 18 clarifies that when an entity receives an item of property, plant and equipment from a customer in exchange for the provision of services, it shall measure this item at its fair value on initial recognition. Revenue shall be recognized in accordance with IAS 18.

<u>Improvements to IFRSs (April 2009)</u>

- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2010).** The amendment refers to the definition of Current Liabilities.

- **IAS 7 (Amendment), "Statement of Cash Flows" (effective for annual periods beginning on or after 1 January 2010).** The amendment refers to the classification of investing activities.

- **IAS 17 (Amendment), "Leases" (effective for annual periods beginning on or after 1 January 2010).** The amendment refers to the classification of leases as operating and finance leases.

- **IAS 36 (Amendment), "Impairment of Assets" (effective for annual periods beginning on or after 1 January 2010).** The amendment provides guidance for impairment testing purposes on the allocation of goodwill, which is acquired in a business combination, to cash generating units.

- **IAS 38 (Amendment), "Intangible Assets" (effective for annual periods beginning on or after 1 July 2009).** The amendment provides guidance on the measurement of the fair value of an intangible asset that is acquired in a business combination.

- **IFRS 2 (Amendment), "Share-based payment" (effective for annual periods beginning on or after 1 July 2009).** The amendment relates to the scope of this IFRS.

- **IFRS 5 (Amendment), "Non current Assets Held for Sale and Discontinued Operations" (effective for annual periods beginning on or after 1 January 2010).** The amendment relates to the scope of this IFRS.

- **IFRS 8 (Amendment), "Operating Segments" (effective for annual periods beginning on or after 1 January 2010).** The amendment refers to disclosure requirements.

- **IFRIC Interpretation 9 (Amendment), "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1 July 2009).** The amendment clarifies that IFRIC Interpretation 9 does not apply to embedded derivatives in contracts that were acquired in a business combination or in the formation of a joint venture.

- **IFRIC Interpretation 16 (Amendment), "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 July 2009).** The amendment clarifies that the hedging instrument may be held by any entity within the Group as long as the designation, documentation and effectiveness requirements of IAS 39 are satisfied.

(B) The following new IFRSs, interpretations and amendments have been issued by the International Accounting Standards Board and endorsed by the E.U. up to 2010. They are not effective in 2010 and have not been early adopted by the Group:

- **IAS 24 (Revised), "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011).** The changes introduced by IAS 24 relate mainly to the related party disclosure requirements in the financial statements of government related entities.

- **IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 February 2010).** The amendment refers to the accounting for rights issues (rights, options, warrants) that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, these rights issues are classified as equity regardless of the currency in which the exercise price is denominated. Prior to the amendment, such rights were accounted for as derivative liabilities.

- **IFRS 1 (Amendment), "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters" (effective for annual periods beginning on or after 1 July 2010).** The purpose of the amendment was to permit first-time adopters to use the same transition provisions permitted for existing preparers of financial statements according to IFRSs.

- **IFRIC Interpretation 14 (Amendment), "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2011).** The amendment to IFRIC 14 refers to the estimation of the economic benefit available as a reduction in future contributions in case where there is a minimum funding requirement and the entity has made a prepayment.

- **IFRIC Interpretation 19, "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).** IFRIC 19 provides guidance on the accounting treatment of "debt for equity swaps" transactions. When equity instruments are issued by the entity to extinguish all or part of a financial liability, then the equity instrument shall be recognized at its fair value. Any difference between the carrying amount of the financial liability and the consideration paid shall be recognized in profit or loss. It is noted that IFRIC 19 can be only applied when the terms of the contract are negotiated and not when the settlement of the financial liability through the issue of shares is provided for in the original contract.

The application of the above mentioned standards and interpretations is not expected to have a material effect on the Group's consolidated financial statements in the period of their initial application.

(C) The following new IFRSs, interpretations and amendments have been issued by the International Accounting Standards Board up to 2010 but they have not been endorsed by the E.U. and they have not been early adopted by the Group:

- **IFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013).** IFRS 9 was published in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. According to IFRS 9, financial assets shall be classified at initial recognition at either amortized cost or at fair value. In addition, at initial recognition an entity may make an irrevocable election to present in equity subsequent changes in the fair value of an equity instrument that is not held for trading. IFRS 9 requires all financial assets to be (a) classified on the basis of the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset, (b) initially measured at the fair value plus transaction costs in case of financial assets other than those at fair value through profit or loss, and (c) subsequently measured at amortized cost or fair value.

- **IFRS 7 (Amendment), "Financial Instruments: Disclosures – Transfers of Financial Assets" (effective for annual periods beginning on or after 1 July 2011).** Amendments to IFRS 7 were published in October 2010. The amendments enhance existing required disclosures for transferred financial assets that are not derecognized and require additional disclosures on the entity's continuing involvement in derecognized assets.

- **IFRS 9 (Amendment), "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IFRS 9 were issued to address financial liabilities. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value shall be presented in profit or loss, unless presentation of the fair value change in relation to the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. In such cases, the entire change in fair value shall be presented in profit or loss.

- **IAS 12 (Amendment), "Income Taxes" (effective for annual periods beginning on or after 1 January 2012).** Amendments to IAS 12 were issued to address the determination of deferred tax on a) investment property measured at fair value and b) property, plant and equipment measured using the revaluation model in IAS 16. In both cases, deferred tax is required to be determined using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale.

- **IFRS 1 (Amendment), "Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters" (effective for annual periods beginning on or after 1 July 2011).** The amendment applies to those entities that have been unable to present IFRS financial statements due to "severe hyperinflation". Such entities can elect fair value as deemed cost for assets and liabilities affected by severe hyperinflation in their first IFRS financial statements. The amendment also provides relief from retrospective application of IAS 39.

<u>**Improvements to IFRS (May 2010)**</u>

- **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2011).** The amendment provides guidance in case of changes to the accounting policies in the first IFRS financial statements.

- **IFRS 3 (Amendment), "Business Combinations" (effective for annual periods beginning on or after 1 July 2010).** The amendment clarifies the measurement of non-controlling interests on the date of acquisition.

- **IFRS 7 (Amendment), "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2011).** The amendment clarifies the required level of disclosure in relation to credit risk and collateral held.

- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2011).** The amendment clarifies that the analysis of other comprehensive income by item may be presented either in the statement of changes in equity or in the notes to the financial statements.

- **IAS 27 (Amendment), "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2010).** The amendment clarifies that the amendments made to IAS 21 "The Effects of Changes in Foreign Rates", IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" as a result of revised IAS 27 (2008) shall be applied prospectively.

- **IAS 34 (Amendment), "Interim Financial Reporting" (effective for annual periods beginning on or after 1 January 2011).** The amendment refers to the disclosure about significant events and transactions.

- **IFRIC Interpretation 13, "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 January 2011).** The amendment relates to the fair value estimation of award credits.

2.2 Consolidation

The consolidated financial statements include the parent company, its subsidiaries and its associates.

A. Investments in Subsidiaries

Subsidiaries are all entities over which the parent company has control directly or indirectly through other Group subsidiaries by holding more than 50% of the voting rights. Control also exists when the parent company owns half or less of the voting power of an entity when there is:

(a) power over more than half of the voting rights by virtue of an agreement with other investors;
(b) power to govern the financial and operating policies of the entity under a statute or an agreement;
(c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
(d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases. The Group reassesses consolidation status at least at every quarterly reporting date.

Special purpose entities controlled by the Group are consolidated. Even if there is no shareholder relationship, special purpose entities (SPEs) are consolidated in accordance with SIC Interpretation 12, if the Group controls them from an economic perspective. When assessing whether the Group controls a SPE in addition to the criteria in IAS 27 it evaluates a range of factors, including whether:

(a) the activities of the SPE are being conducted on the Group's behalf according to its specific business needs so that the Group obtains the benefits from the SPEs operations;
(b) the Group has the decision making power to obtain the majority of the benefits of the activities of the company, or the Group has delegated these decision-making power by setting up an "autopilot" mechanism, or
(c) the Group obtains the majority of the benefits of the SPE's activities and therefore may be exposed to risks arising from SPE's activities.
(d) the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain the benefits from its activities.

The Group reassesses its treatment of SPEs for consolidation when there is an overall change in the SPEs arrangements or when there has been a significant change in the relationship between the Group and the SPE. The trigger events that would indicate the need for such reassessment include the following:

- significant changes in the ownership of the SPE,
- changes in the contractual arrangements of the SPE,
- changes in the financing structure of the SPE.

All acquisitions are accounted for using the acquisition method as per IFRS 3 from the date the Group effectively obtains control. For business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, the Group recognises and measures goodwill as the difference of (a) over (b) below:

(a) the aggregate of:

i. the consideration transferred measured at fair value and the value of any non-controlling interest in the acquiree; and
ii. in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured at their acquisition date fair values.

Non controlling interests are measured on the date of acquisition either at their proportionate interest in their identifiable assets or at fair value.

In case of a bargain purchase, that is when the aggregate of the consideration as defined in (a) above is less than the fair value of the net identifiable assets as defined in (b) above, the Group recognizes the resulting gain in profit or loss on the acquisition date.

The Group accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, Acquisition related costs are the costs the acquirer incurs to effect a business combination. These costs may include advisory, legal, accounting, valuation, other professional or consulting fees, costs of registering and issuing debt and equity securities.

When control is lost, any investment retained by the Group in the former subsidiary shall be accounted for in accordance with other IFRSs from the date. The fair value of the investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a financial asset in accordance with IAS 39. The Group also discloses the gain or loss attributable to the recognition of an investment at its fair value.

Intercompany transactions, intercompany balances as well as unrealized gains/ losses on transactions between Group companies are eliminated in full on consolidation.

Assets held in an agency or fiduciary capacity are not assets of the Group and are not included in the Group's consolidated balance sheet.

The Group's subsidiaries follow the same accounting policies adopted by the Group.

B. Transactions and minority interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which minority interest is adjusted and the fair value of the consideration paid or received, is recognised directly in equity attributable to shareholders.

However, when these transactions result in loss of control of a subsidiary, the Group recognises a gain or loss on disposal in profit or loss.

C. Investments in associates

Associates are all entities over which the Group has significant influence (according to IAS 28) but not a controlling interest. Significant influence is generally presumed when the Group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence

Investments in associates are consolidated using the equity method of accounting. Associates are initially recognised in the Statement of Financial Position at cost and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the investee after the date of acquisition. They represent the fair value of the Group's share in the associates' net assets, which includes goodwill identified on acquisition (net of any accumulated impairment loss).

The Group's share of its associates' post acquisition financial results is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in associates. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits and losses from ''upstream'' and ''downstream'' transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Associates' accounting policies have been changed where necessary to conform to the accounting policies adopted by the Group.

Gains and losses arising on partial disposals of investments in associates are recognised in the income statement. On loss of significant influence of an associate, the Group measures at fair value any retained investment. The difference between the carrying amount of the investment and its fair value at the date of loss of significant influence shall be recognized in profit or loss. The fair value of the investment when it ceases to be an associate shall be regarded as its fair value on initial recognition as a financial asset with IAS 39.

2.3 Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro, which is Piraeus Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non monetary items in foreign currencies, except for those valued at fair values, are measured in terms of historical cost and are translated into the functional currency using the exchange rate at the date of the transaction.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation as follows: profit and loss items are translated into euro according to the average year exchange rates of the measurement currencies against the euro, while assets and liabilities of the foreign subsidiaries are translated according to the exchange rate prevailing on the balance sheet date of the consolidated financial statements. The net assets of the foreign subsidiary are translated according to the historical rate.

Exchange differences resulting from the translation of the foreign subsidiaries financial statements, such as differences arising from translating income and expenses at average rates for the period and assets and liabilities at closing rates as well as differences arising from the translation of opening net assets at a closing rate that differs from the previous closing rate, are transferred directly to equity in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are recorded in shareholders' equity. When a foreign subsidiary is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Derivative financial instruments

The Group holds derivative financial instruments both for profit-making or hedging purposes and for the service of its clients needs. Derivative financial instruments held by the Group include Interest Rate Swaps, Futures, Credit Derivatives, Options, Asset Swaps, Forward Rate Agreements and FX Forwards.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into (trade date) and are subsequently remeasured at fair values on a daily basis. At initiation, the fair value is usually small or nil. Fair values are obtained from quoted market prices in active markets and option pricing models, where market prices are not available. Changes in the fair values of derivative financial instruments are included in net trading income. Derivatives are presented in assets when fair value is positive and in liabilities when fair value is negative.

Derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

Hedge accounting

The Group has adopted a hedge accounting policy according to the requirements of the revised IAS 39. The following, according to the requirements of the revised IAS 39, must be met in order for a hedge relationship to qualify for hedge accounting:

- The hedge should be effective at initiation.

- Ability to calculate the hedge effectiveness. The hedge effectiveness should be between 80% -125% at all times. Hedge effectiveness is always calculated; even when the terms of the hedging instrument and the hedged item are matched.

- Detailed documentation must be in place for all recognised hedging relationships (hedging instrument, hedged item, hedging strategy and scope of hedging relationship).

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (a) hedges of the fair value of recognised assets or liabilities or, (b) hedges of highly probable future cash flows attributable to a recognised asset or liability.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The Group also controls both at hedge inception and on an ongoing basis the hedge effectiveness of the hedging transaction.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security is recorded in profit and loss accounts at its disposal.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods during which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss in equity at that time remains in equity and is recognised when the expected transaction is ultimately recognised in the income statement. When a future transaction is no longer expected to occur, the accumulated gain or loss in equity is immediately transferred to the income statement.

(iii) Net investment hedge

Hedges of net investments in foreign subsidiaries are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign subsidiary is disposed of.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of such derivative instruments are recognised immediately in the income statement.

2.5 Recognition of deferred day one profit and loss

The best evidence of fair value at initial recognition of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions for the same instrument or based on a valuation technique whose variables include only data from observable markets.

The Group has entered into transactions where fair value is determined using valuation models including variables not all of which are prices or interest rates of the market. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as ‘day one profit and loss’, is not recognised immediately in profit and loss.

The timing of recognition of ‘deferred day one profit and loss’ is determined individually. It is either amortised over the life of the transaction, deferred until the instrument’s fair value can be determined using market inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the ‘deferred day one profit and loss’. Subsequent changes in fair value are recognised immediately in the income statement without reversal of ‘deferred day one profits and losses’.

2.6 Interest income and expense

Interest income and expense is recognised on an accrual basis in the income statement for all interest bearing balance sheet items according to the effective interest rate.

The effective interest rate exactly discounts any estimated future payment or proceeds throughout the life of a financial instrument or until the next date of interest reset, in order for the present value of all future cash flows to be equal to the carrying amount of the financial instrument, including any fees or transaction costs incurred.

Impaired loans are recorded at their recoverable amounts and therefore, interest income is recognised according to the effective interest rate used for the discounting of the cash flows for the impairment exercise.

2.7 Fees and commission income and expense

Commission income and expense is recognized on an accrual basis when the relevant services are provided to the Bank's clients or to the Group.

Fees, either income or expense, relating to financial instruments at amortized cost, such as loans, are deferred and recognized in the Income Statement as interest income throughout the life of the instrument using the effective interest rate method.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Group retains no part on the loan package for itself or retains part at the same effective interest rate as well as the other participants. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party -such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses- are recognised on completion of the underlying transaction.

2.8 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.9 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss category comprise of:

(a) Trading securities which include financial instruments that are acquired for the purpose of selling in the near term or they form part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit making pattern and

(b) Financial assets designated at fair value through profit or loss at inception (e.g. asset swaps) when:

- this will reduce measurement inconsistencies that would otherwise arise if the underlying financial instruments were carried at amortised cost and the related derivatives were treated as held for trading or,
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or,
- they contain embedded derivatives that significantly affect the cash flows.

Financial assets at fair value through profit or loss are initially recognised at fair value and they are subsequently measured at fair value according to current market prices. Any transaction costs are expensed in the income statement.

All realised gains/ losses from the sale of trading securities, as well as the non–realised gains and losses from their measurement at fair value, are included in "Net trading income". All realised gains/ losses from the sale of financial assets designated at fair value through profit or loss as well as the non–realised gains and losses from their measurement at fair value, are included in "Net income from financial instruments designated at fair value through profit or loss".

Purchases and sales of financial assets at fair value through profit or loss are recognized on a trade date basis, which is the date on which the Group is committed to the purchase or sale of those securities. The Group derecognises the financial assets when the existence of the control of the contractual rights related to these financial assets ceases. The cessation of the control of the contractual rights occurs when the financial asset is sold, expired or written-off, or when all related cash flows are transferred to a third party. Interest income from the maintenance of trading securities is recorded to "Interest and similar income". Dividends received are included in "Dividend Income".

2.10 Sale and repurchase agreements and securities lending

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks or due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos) are recorded as ''Reverse repos with customers''.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are presented in the financial statements as assets.

Securities borrowed are not recognized in the financial statements, unless these are sold to third parties. In that case, the gain or loss is included in net trading income. The obligation to return these securities is recorded at fair value.

2.11 Investment portfolio

A. Held to maturity portfolio

The held to maturity portfolio is the portfolio that the Group has the positive intent and ability to hold until maturity. Held to maturity investments are initially recognized at fair value (plus any transaction costs) and subsequently are carried at amortised cost using the effective interest rate method, less any provision for impairment. Moreover, held to maturity investments are reviewed for impairment, that is whether their carrying amount is greater than their estimated recoverable amount.

The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's initial effective interest rate. Impairment losses are recognised in the Income Statement. The objective evidence that a held to maturity investment has been impaired or it is non collectable is stated in section 2.13.

If part of the held to maturity portfolio is sold or reclassified before maturity date, then the entire held to maturity portfolio must be reclassified to the available for sale portfolio (unless IAS 39 criteria are met) at its fair value. On such reclassification, the difference between the carrying amount and fair value shall be recorded in the available for sale reserve. In addition, the Group will not be able to classify any financial assets as held to maturity for the next two years.

Under regular circumstances, purchases and sales of held to maturity securities are recognised on the transaction date, which is the date that the Group commits to purchase or sale the asset. Held to maturity investments are derecognized when either the ability to receive cash flows has ceased or the Group has transferred substantially the risks and rewards to third parties.

B. Available for sale portfolio

Available for sale portfolio includes those investments intended to be held for an indefinite period of time and which may be sold in response to needs of liquidity or changes in interest rates, exchange rates or equity prices. The classification of investments as available for sale is not binding and as a result the subsequent reclassification to the held to maturity portfolio is permitted.

Regular way purchases and sales of available for sale securities are recognised transaction date, meaning the date on which the Group commits to purchase or sale the asset.

Securities of the available for sale portfolio are initially recognised at fair value (plus transaction costs directly attributable to the acquisition of the financial asset) and subsequently carried at fair value according to current bid prices or valuation pricing models, in case the market prices are not available (in accordance with IAS 39 provisions). The non realised gains or losses arising from changes in the fair value of securities classified as available for sale, are recognised directly in equity (available for sale reserve). When securities of the available for sale portfolio are disposed of, all cumulative gains or losses previously recognised in equity are recognised in the Income Statement.

Securities of the available for sale portfolio are derecognised when the ability to receive cash flows has ceased or the Group has transferred substantially all risks and rewards to third parties.

The Group reviews at each reporting date whether there is an indication of permanent impairment (significant or prolonged decreases in fair value) for the available for sale securities based on several pricing models. For the shares of the available for sale portfolio, these models include the Price-to-Book Value ratio (P/BV) where a coefficient of 2.5 is used, the Price-to-Earnings per share ratio (P/E) where a coefficient of 15 is used or the deviation of 25% from market value for listed securities. In case that there is indication of impairment, the Group thoroughly examines the ability to recover the acquisition cost of the shares based on the historic volatility of each individual share.

When there is objective evidence that an available for sale asset is impaired, the cumulative loss that has been recognised directly in equity is recycled to profit or loss. This cumulative loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale cannot be reversed through profit or loss. Impairment losses for a debt instrument that is classified as available for sale, can be reversed in profit or loss when the increase in fair value of this debt instrument can be objectively related to an event that occurred after the initial recognition of the impairment loss in profit or loss.

2.12 Reclassification of financial assets

Reclassification of non-derivative financial assets out of the “Held for trading” category to investments “Held to maturity” category or “Available-for-sale” category is permitted only in rare circumstances, provided that the financial assets meet the definition of this category at the date of reclassification and the financial assets are no longer held for sale in the foreseeable future.

Reclassification of financial assets out of the “Held for trading” category or “Available-for-sale” category to “Loans and receivables” category is permitted, provided that the financial assets meet the definition of this category at the date of reclassification and the Group has the intention and ability to hold the financial assets for the foreseeable future or until maturity. The Group has established the following guideline for what constitutes foreseeable future at the time of reclassification:

- the business plan should not be to profit from short term movements in prices,
- there should be no intent to dispose the asset within six months and
- there must be no internal or external restriction on the Group’s ability to hold the asset.

Reclassification of financial assets out of the “Available-for-sale” category to the “Held to maturity” category is permitted, provided that the financial assets meet the definition of this category at the date of reclassification and the Group has the intention and ability to hold the financial assets until maturity.

For financial assets reclassified as described above (with the exception of the reclassification of financial assets out of the “Held for trading” category to “Available-for-sale” category), the fair value at the date of reclassification becomes the new amortized cost at that date. Any gain or loss recognised in profit or loss or the available-for-sale reserve until the date of reclassification shall not be reversed. The new effective interest rate of the financial assets reclassified to “Loans and receivables” category and “held to maturity” category is calculated based on the expected cash flows at the date of the reclassification.

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held to maturity, it shall be reclassified as available for sale and remeasured at fair value, and the difference between its carrying amount and fair value shall be recorded in the available for sale reserve.

2.13 Loans and advances to customers

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

I. financial assets which are classified as held for trading, and those designated upon initial recognition as at fair value through profit or loss;

II. financial assets that the Group upon initial recognition designates as available for sale;

III. financial assets for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans drown down by the Group are initially recognized at fair value (plus any transaction costs) and measured subsequently at amortized cost using the effective interest rate method. Interest on loans is included in the consolidated income statement and is reported as “Interest and similar income”.

If there is objective evidence that the Group will not be in a position to receive all payments due, as defined by the contract of the loan, an impairment loss is recognised. The amount of the accumulated impairment loss is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the loan.

A receivable is subject to impairment when its carrying amount is greater than the expected recoverable amount. The term "receivable" includes loans and advances, letters of guarantee and letters of credit.

The Group assesses at each balance sheet date whether there is objective evidence that a loan or group of loans may be impaired. If such evidence exists, the recoverable amount of the loan or group of loans is estimated and an impairment loss is recognised. The amount of the loss is recognised in the Income Statement.

Objective evidence that a loan or group of loans is impaired or it is not collectable is the following events:

i. Significant financial difficulty of the issuer or the obligor.
ii. A breach of contract (i.e. default or delinquency in interest or principal payments).
iii. The Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider.
iv. It is becoming probable that the borrower will enter bankruptcy or financial reorganisation.
v. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- Adverse changes in the payment status of borrowers in the group (i.e. increase in the number of delayed payments due to sector problems), or
- National or local economic conditions that correlate with defaults on the assets in the group (i.e. increase in the unemployment rate for a geographical area of borrowers, decrease in the value of property placed as guarantee for the same geographical area, or unfavourable changes in the operating conditions of a sector, which affect the borrowers of this specific group).

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant and collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment.

For the purpose of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets of the Group and historical loss experience for assets with credit risk characteristics similar to those of the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of loans reflect and are directionally consistent with changes in related data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses for the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group. When a loan is considered to be uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement of the debtor's credit rating), the previously recognized impairment loss is reduced and the difference is recognised in the Income Statement.

Loans and customer receivables are derecognized when either the ability to receive cash flows has ceased or the Group has transferred substantially the risks and rewards to third parties.

Loans, whose terms have been renegotiated, are no longer considered to be past due and they are treated as performing loans for impairment test purposes.

2.14 Debt securities receivables

Debt securities receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) those that the Group classifies as trading portfolio and those that the entity upon initial recognition designates at fair value through profit or loss;
(b) those that the Group upon initial recognition designates as available for sale; and
(c) those for which the holder may not recover substantially all of its initial investment for reasons other than credit deterioration.

Debt securities receivables are measured at amortised cost and tested for impairment.

2.15 Intangible assets

2.15.1 Goodwill

For business combinations for which the acquisition date is on or after 1 January 2010, goodwill is measured as the difference of (a) and (b) below:

(a) The aggregate of:

i. the consideration transferred measured at fair value and the amount of any non-controlling interest in the acquiree; and
ii. in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured at their acquisition date fair values.

In case of a bargain purchase, that is when the aggregate of the consideration as defined in (a) above is less than the fair value of the net identifiable assets as defined in (b) above, the Group recognizes the resulting gain in profit or loss on the acquisition date. Before however recognising a gain on a bargain purchase, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that review.

Goodwill on business combinations is recognized at cost as an intangible asset and it is reviewed for impairment on each balance sheet date. Gains and losses on the loss of control of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

For the purpose of impairment testing, goodwill acquired is allocated to each of the acquirer's cash generating units. When an impairment loss is recognized for a cash generating unit, this loss first reduces the carrying amount of goodwill allocated to this cash generating unit and subsequently reduces pro rata the carrying value of the assets in that cash generating unit. An impairment loss recognized for goodwill is not reversed in a subsequent period, according to the requirements of IAS 36. Cash generating units are presented at the business segment note.

2.15.2 Software

Costs associated with the acquisition of software programs, which will probably generate economic benefits to the Group for more than one year, are recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

On the contrary, expenditure which enhances or extends the performance of computer software programmes beyond their original specifications or software upgrade expenses are added to the original cost of the software, as long as they can be measured reliably.

Computer software is amortised in most cases over a period of 3-4 years, except from software of core IT applications, for which the useful lives are examined on an individual basis. The useful lives of software are reviewed and adjusted, if appropriate, at each balance sheet date.

Software is reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than the carrying amount, software is impaired to its recoverable amount.

2.15.3 Other intangible assets

An intangible asset is recognized when it is expected that future economic benefits will be realized from its use.

The cost of the intangible asset also includes every directly attributable cost which is required for the full implementation, production and asset's proper operation. Some examples of directly attributable costs are:

- The staff cost which is directly identified and attributed to a particular intangible asset,
- Payments to outside vendors and collaborators, which are attributed to the intangible asset.

Other intangible assets also include intangible assets recognised through the purchase price allocation exercise for acquisitions of subsidiaries. Other intangible assets can include customer relationships, branch network, trademarks.

Other intangible assets are amortised in a period of 5-10 years, depending on the useful life of each intangible asset. The useful lives of the intangible assets are reviewed and adjusted, if appropriate, at each financial year-end.

Other intangible assets are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than their carrying amount, other intangible assets are impaired to their recoverable amount.

2.16 Property, plant and equipment

The Group holds property, plant and equipment for use in the supply of services and/ or for administrative purposes. Property, plant and equipment includes: land, own-use buildings, leasehold improvements, furniture and other equipment, and transportation means.

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

The Group applies IAS 23 "Borrowing costs", according to which borrowing costs are capitalised as part of the cost of a qualifying asset, as long as the requirements of IAS 23 are fulfilled. Specifically, the requirements of IAS 23 state that a) the borrowing costs can be directly attributable to the acquisition, construction or production of a qualifying asset and b) the borrowing costs would have been avoided if the expenditure on the qualifying asset had not been made.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they incur.

Land is not depreciated. Depreciation on own property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

- Computer hardware: 3-5 years
- Leasehold improvements: the shorter of useful life and lease term
- Furniture and other equipment: 5-10 years
- Means of transportation: 6-9 years
- Own-use Buildings: 25-50 years

Depreciation of an asset begins when it is available for use and ceases when the asset is derecognised. In the case where the asset is idle or retired from active use, it continues to be depreciated unless it has been fully depreciated.

The useful lives and the residual values of the tangible assets are reviewed and adjusted, if appropriate, at each financial year-end. Gains and losses on disposals are determined by comparing proceeds with carrying amount and they are included in the income statement.

2.17 Investment property

Property that is held for long-term rental yields or for capital appreciation or both and is not occupied by the Bank or Group subsidiaries is classified as investment property. Investment property includes freehold land, freehold buildings or parts of buildings, land and buildings held under operating lease as well as buildings held under finance lease.

A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if and only if the definition of investment property is met.

Investment property is measured initially at cost including related transaction costs. After initial recognition, investment property is carried at fair value, as this is estimated by an independent valuer. Fair value is based on active market prices adjusted, if necessary, for any difference in the nature, location and condition of the specific asset. If this information is not available, the following valuation methods are used:

I. Comparables method: According to this method, the value of the property to be evaluated is defined by comparing properties with similar characteristics.

II. Residual value: This method is applied mainly for the estimation of the value of bare land which is to be developed or property requiring renovation. All the costs of achieving the completed development as well as the expected profit are deducted from an estimate of the value of that completed development to arrive at the value of the site. The result of this deduction is the residual value of the property. Finally, the present value derives by applying the discounting factor to the residual value of the estimated property.

III. Depreciated replacement cost method: Valuations based on Depreciated Replacement Cost Method are based on an estimate of the market value for the existing use of the land and the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. The two estimates, that are the one for the market value of land and the one for the reproduction cost less allowances for physical deterioration, are summed-up, resulting in the current value of the property under valuation.

IV. Profit method: The purpose of this method is to estimate the annual income to which an investor is entitled and then capitalise it by using an appropriate unit rate.

These valuations are reviewed annually by external independent valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land and buildings classified as investment property.

Subsequent expenditure is charged to the asset’s carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Changes in fair value are recognized in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its new cost.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

Investment property held for sale without redevelopment is classified as non-current assets held for sale according to IFRS 5.

2.18 Assets held for sale

This category includes non current assets that: a) are available for immediate sale at their present condition, b) their sale is highly probable, c) the appropriate level of management must be committed to a plan to sell and d) their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The sale of these non current assets must be completed within 12 months from their categorization in the “Non current assets held for sale and discontinued operations".

Assets held for sale, according to IFRS 5 "Non current assets held for sale and discontinued operations", are valued at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated. Gains/ losses from sale of these assets are recognized in the income statement.

2.19 Inventories property

Inventories property includes land and buildings acquired by the Bank through auctions for the full or partial recovery of its receivables (if the requirements of IAS 40 are not fulfilled), as well as property owned by the Bank's subsidiaries that are sold in the normal course of business. These properties are accounted according to IAS 2 as inventory and are stated at the lower of cost and net realisable value. The cost of the property is determined using the weighted average cost method. The net realisable value is the estimated selling price, less any expenses necessary to conclude the sale.

2.20 Leases

A. The Group is the Lessee

Operating leases
Leases of fixed assets under which the lessor retains a significant portion of risks and rewards related to the leased assets, are recognised as operating leases. The lessee does not recognise the leased asset in its financial statements.

Lease payments under an operating lease, are recognised as an expense in the Income Statement of the lessee on a straight line basis over the lease term.

Finance leases
Leases where the Group has substantially all the risks and rewards related to the asset are recognised as finance leases.

In case that the Group is the lessee under a finance lease, fixed assets are recognised as assets (in the respective category) and the respective obligation for the lease payments to the lessor as a liability on the balance sheet.

At the inception of the lease, leased fixed assets are recognised on the balance sheet at amounts equal to the fair value of the leased property or, if lower, at the present value of the future lease payments. Leased assets are depreciated over their useful life, if it is longer than the lease term, only if it is expected that the ownership of the leased assets will pass to the Group at the end of the lease term. Finance lease payments are apportioned between the capital element and the finance charge. The capital element is used as a reduction of the outstanding liability and the finance charge at the income statement is allocated to periods during the lease term.

B. The Group is the Lessor

Operating leases
In case that the Group is the lessor under an operating lease, the leased assets are stated and carried in the financial statements like the other –non leased assets- of similar nature. Lease income of the Group is recognised over the term of the lease.

Finance leases
In case that the Group is the lessor under a finance lease, the present value of the lease payments is recognised as a receivable in the balance sheet. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Rental receipts reduce the balance of the lease receivable and the finance income is recognised on an accrual basis.

C. Sale and leaseback transactions

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The accounting treatment of a sale and leaseback transaction depends upon the type of the lease involved.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is not immediately recognized as income by the seller-lessee but is deferred and amortized over the lease term.

If a sale and leaseback transaction results in an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. If the sale price of the asset is different than its fair value, any profit or loss is recognized immediately. Exceptions to the rule include cases where the future lease payments are differentiated. So, if the resulting loss is compensated by lower future lease payments compared to market prices, then the loss is amortised over the period the asset is expected to be used. If the sale price is above fair value, the excess over fair value (profit) is deferred and amortized over the period the asset is expected to be used.

2.21 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition such as: cash, cash and balances with Central Banks, trading securities and loans and advances to credit institutions. Mandatory reserves with the Central Bank are not available for everyday use by the Group; therefore they are not included in balances with less than three months maturity.

2.22 Provisions

Provisions are recognised when: (a) the Group has a present legal or constructive obligation as a result of past events, (b) it is more likely than not, that an outflow of resources will be required to settle the obligation, and (c) the amount of the obligation can be reliably estimated. If these conditions are not met, no provision is recognised.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The amount of the provisions raised is reassessed at each reporting date.

2.23 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss that incurs because a specified debtor failed to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given by banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the bank’s liabilities under such guarantees are measured at the higher (a) of the initial measurement, less amortisation calculated to recognise in the income statement the accrued fee income earned on a straight line basis over the life of the guarantee and (b) the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management.

Any change in the liability relating to guarantees is taken to the income statement.

2.24 Employee benefits

A. Funded post employment benefit plans

The pension schemes adopted by the Group are funded through payments to insurance companies or social security foundations.

The Group’s pension obligations relate both to defined contribution plans as well as defined benefit plans.

For defined contribution plans, the Group pays contributions to publicly administered pension insurance funds (i.e. Social Security Foundation) and insurance companies; therefore the Group has no legal or constructive obligation to pay further contributions if the fund or the insurance companies do not hold sufficient assets to pay all employees the related benefits. The regular employee’s contributions constitute net periodic costs for the year in which they are due and as such they are included in line 'staff costs' of the Income Statement.

Defined benefit plans are pension plans that define an amount of benefits to be provided, usually as a function of one or more factors such as years of service, age and compensation. The difference between the defined contribution plans and the defined benefit plans is that in the defined benefit plans the employer is liable for the payment of the agreed benefits to the employee in case that the insurance funds - organizations can not undertake this obligation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the obligation at the balance sheet date less the fair value of plan assets, together with adjustments for possible unrecognised actuarial gains or losses and past service costs that have not been recognised yet.

The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

Actuarial gains and losses

The Group has elected to use the "10% corridor" approach for gains/ losses and recognise the net cumulative actuarial gains/ losses which exceeded the greater of a) 10% of the net present value of the defined benefit obligation and b) 10% of the fair value of the plan assets. Actuarial gains and losses are debited or credited at the income statement based on the average remaining working lives of employees.

Past service costs

The Group chose to debit/credit the past service cost in the income statement during the average period until the benefits become vested.

B. Non funded post employment benefit plans

The Group provides non funded benefit plans to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for funded defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

C. Share based compensation

The fair value of the employee services received in exchange for the grant of the options under a share option scheme is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates is recognised, if any in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received from the issue of new shares, net of any directly attributable transaction cost, increase share capital and share premium when the options are exercised.

2.25 Income tax and deferred tax

Income tax payable on profits, based on the applicable tax rate, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset, when it is probable that future taxable profits will be available so that these tax losses can be utilised against. The Group offsets deferred tax assets against deferred tax liabilities only when the relevant requirements of IAS 12 are fulfilled.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, recognition of commission according to the effective interest rate, securities' valuation differences between the accounting and the tax base, revaluation of certain assets (such as investment property), impairment of receivables and retirement benefit obligations according to IAS 19. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available.

Deferred tax that arises from the valuation of available for sale investments to fair value as well as from cash flow hedges, is initially charged or credited directly to equity. Subsequently, deferred tax is recycled from the available for sale reserve to the income statement along with profit or loss.

2.26 Debt securities in issue and other borrowed funds

Liabilities from the issuance of the debt securities, hybrid capital and other borrowed funds are recognised initially, according to the requirements of IAS 39, at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Group's borrowed funds include: euro medium term note (EMTN), euro commercial paper (ECP), ETBA bonds, securitisation of mortgage, consumer and corporate loans, hybrid capital, subordinated loans and other securities.

Preference shares, which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder, are classified as financial liabilities and presented in other borrowed funds. The dividends on these preference shares are recognised in the income statement as interest expense on an amortised cost basis using the effective interest method.

The fair value of the liability portion of a convertible bond into shares is determined using a market interest rate for an equivalent non - convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in net trading income.

2.27 Other financial liabilities measured at amortised cost

Other financial liabilities which are measured at fair value upon initial recognition are subsequently measured at amortised cost and include deposits from banks and from customers.

2.28 Securitisation

The Group securitises financial assets. These assets are purchased by special purpose entities which in turn issue bonds to investors. The Group consolidates special purpose entities when it controls these entities. In such case, the bonds issued under the securitisation of financial assets are presented on balance sheet at their unamortized cost.

2.29 Share capital

Incremental costs directly attributable to the issue of share capital decrease equity.

Dividends on ordinary shares are recognized as a liability during the period in which they are approved by the Annual General Meeting of the Bank’s Shareholders. Interim dividends are recognised as a deduction in the Group's equity when approved by the Board of Directors.

The cost of acquisition of treasury shares (including any attributable incremental transaction costs) is presented as a reduction in equity, until the treasury shares are cancelled or disposed of. The gains or losses from the sale of treasury shares are charged directly in equity. The number of treasury shares held by the Group does not reduce the number of shares issued. Treasury shares held by the Bank are not eligible to receive cash dividends.

Non-voting preference shares, issued according to article 1 of Law 3723/2008 for the “Reinforcement of the Greek economy’s liquidity”, were recognized in equity based on the issuance terms and the requirements of IAS 32. The distribution of dividend to holders of preference shares is recognized as a liability when the dividend becomes payable.

2.30 Related party transactions

Related parties include: a) members of the Bank's Board of Directors and key management personnel of the Bank, b) members of the Board of Directors / key management personnel of the most important Group Subsidiaries, c) close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel and d) companies having transactions with the Group, when the total cumulative participating interest in them (of members of Board of Directors, key Management personnel and their dependants/close family) exceeds 20%. Transactions of similar nature are disclosed together. The terms of the Bank's transactions with related parties are those that prevail in arm's length transactions and according to the financial procedures and policies of the Bank.

2.31 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Executive Committee which is Group's operating decision-maker, allocates resources to and assesses the performance of the operating segments.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated at a consolidated level.

In accordance with IFRS 8, the Group operates in four main business segments: Retail Banking, Corporate Banking, Investment Banking, and Asset Management & Treasury. Income and expenses directly associated with each segment are included in determining business segment performance.

2.32 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is recognised in the Statement of Financial Position when there is a contractual right to offset the recognised amounts and there is an intention to settle on a net basis after the offsetting or realise the asset and settle the liability simultaneously.

2.33 Comparatives and roundings

Where necessary, the comparative figures of the previous year's consolidated financial statements have been adjusted in order to become comparable to the corresponding figures of the current year.

Any differences, between the amounts of the consolidated financial statements and the relevant amounts presented in the notes, are due to roundings.

3 Financial Risk Management

Financial risk management is intertwined with the Group's business activity. Management, aiming to maintain the stability and continuity of its operations, places high priority on the goal of implementing and continuously improving an effective risk management framework to minimize potential negative effects on the Group's financial results.

The Bank's Board of Directors has full responsibility for the development and supervision of the risk management framework. In order to coordinate and timely address all risks, a Risk Management Committee has been established at the Board level, responsible for the implementation and supervision of the financial risk management policy and principles. The Board Risk Management Committee convenes at least on a quarterly basis and reports to the Board of Directors on its activities.

Both the principles and the existing risk management policy have been created for timely identifying and analyzing the risks assumed by the Group, establishing the appropriate limits and control systems, as well as systematically monitoring risks and ensuring compliance with established limits. The Group re-examines the adequacy and effectiveness of the risk management framework annually in order to ensure it keeps pace with market dynamics, changes in the banking products offered, and international best practices.

In Piraeus Bank Group, the Group Risk Management Division is entrusted with the executive responsibility for the planning and the implementation of the risk management framework, according to the directions of the Board Risk Management Committee. The Group Risk Management consists of the Group Credit Risk & Capital Management Division as well as of the Group Market Risk & Operational Risk Management Division. Its activities are supervised by Group Internal Audit, which evaluates the effectiveness and efficiency of the risk management procedures applied.

The Group systematically monitors the under mentioned risks resulting from the use of financial instruments: credit risk, market risk, liquidity risk, and operational risk.

3.1 Credit risk

3.1.1 Credit Risk Management Strategies & Procedures

Banking activity and the Group's profits are closely related to credit risk undertaking. Credit risk is the risk of financial loss for the Group that results when the debtors are in no position to fulfil their contractual/ transactional obligations. Credit risk is considered the most significant for the Group, and its efficient monitoring and management constitutes a top priority for Management. The Group's overall exposure to credit risk mainly results from approved credit limits and financing of corporate and retail credit, from the Group's investment and transaction activities, from trading activities in the derivative markets, as well as from the settlement of transactions. The level of risk associated with any credit exposure depends on various factors, including the general economic and market conditions prevailing, the debtors' financial condition, the amount, the type, and duration of the exposure, as well as the presence of any collateral/security (guarantees).

The implementation of the credit policy that describes the principles of credit risk management at the Group, ensures effective and uniform credit risk monitoring and control. Piraeus Bank Group applies a uniform policy and practice with respect to the credit assessment, approval, renewal and monitoring procedures. All credit limits are reviewed and/ or renewed at least once annually and the responsible approval authorities are determined, based on the size and the category of the total credit risk exposure assumed by the Group for each debtor or group of interrelated debtors (one obligor principle).

The Bank's Board of Directors has assigned the executive responsibility for credit risk management to the Board's Group Risk Management Committee that monitors and evaluates the credit risk arising from the Group's everyday activities, while supervising the proper application and functionality of credit risk management policies. Under the Group Risk Management Division, a separate Credit Risk Management and Capital Management Division operates with its mission the continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises, individuals, banks and central governments.

3.1.2 Credit risk measurement and reporting systems

Reliable credit risk measurement is of top priority within the Group's risk management framework. The continuous development of infrastructure, systems, and methodologies aimed at quantifying and evaluating credit risk is an essential precondition in order to timely and efficiently support management and the business units in relation to decision making, policy formulation and the fulfilment of supervisory requirements.

a) Loans and advances

For credit risk measurement purposes involved in the Group's loans and advances at the counterparty level: (i) a customer's creditworthiness and the probability of defaulting on their contractual obligations is systematically assessed, (ii) the Group's exposure to credit risk arising from the claim is monitored and (iii) the Group's probability of potential recovery, in the event of the debtor defaulting on its obligations is estimated, based on existing collateral and security - guarantees provided. All these three credit risk measurement parameters are incorporated into the Group's day to day operations.

i) Systematic evaluation of the customers' creditworthiness and assessment of the probability of defaulting on their contractual obligations

The Group assesses the creditworthiness of its borrowers and estimates the probability of defaulting on their obligations by applying credit rating models appropriate for their special characteristics and features. These models have been developed internally and combine financial and statistical analysis together with the expert advice of responsible officers. Whenever possible, these models are tested by benchmarking them against externally available information.

According to the Group's policy, each borrower is rated when their credit limit is initially determined and thereafter, they are systematically re-rated on at least an annual basis. The ratings are also updated in cases when there is updated available information that may have a significant impact on the level of credit risk. The Group regularly tests the predictive capability of the creditworthiness evaluation and rating models used both for Corporate and Retail Credit, thus ensuring its potential of accurately depicting any credit risk and allowing for the timely implementation of measures addressing potential problems.

Corporate Credit

As far as Corporate Credit is concerned, the credit rating models applied depend on the type of operations and size of the enterprise. For large and medium-sized enterprises, Piraeus Bank Group applies the Moody's Risk Advisor borrower credit rating system, whereas for small to medium-sized enterprises an internally developed rating system as well as scoring systems are applied. In accordance to the mandates of the new supervisory framework (Basel II), separate credit rating models have been developed and are implemented for specialized lending.

As part of efforts to continuously improve its credit rating systems, the Group has optimised the existing Moody's Risk Advisor (MRA) borrower credit rating model for all Bank corporate customers that keep "C" category accounting books and have a turnover > € 2.5 million and has introduced a new credit rating model for all Bank corporate customers having "C" category accounting books and turnover <= € 2.5 million.

All Corporate Credit customers are assigned to credit rating grades, which correspond to different levels of credit risk and relate to different default probabilities. Each rating grade is associated with a specific customer relationship policy.

Retail Credit

As far as retail credit is concerned, the Group, focusing on the application of modern credit risk measurement methods, evaluates applicants using application scoring models, while it is shortly going to implement models for the evaluation of existing customers' transactional behaviour (behaviour scoring) for each product but also at the borrower level (Behaviour models have already been implemented at the Bank level).

In addition in Piraeus Bank, the credit bureau scoring model of Teiresias S.A. is used, that takes into account the total of borrower exposures in the Greek market. The usage of the particular model has improved the performance of the existing models. All credit scoring models are validated at least semiannually.

(ii) Monitoring credit risk exposure

The Group monitors the credit risk exposure of its loans and advances to customers, based on their notional amount.

(iii) Recovery based on existing collateral, security and guarantees

Along with the rating of the counterparties' creditworthiness, the Group estimates during the setting/review of credit limits, the recovery rate related to the exposure, in the event the debtors default on their contractual obligations. The estimation of the recovery rate is based on the type of credit and the existence and quality of any collateral / security. According to standard practice, the lower the rating of a borrower, the greater the collateral / security required, so that the recovery rate is as large as possible in case of borrower's default on their contractual obligations to the Group.

b) Securities and other bills

For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used, such as Moody's, Standard & Poor's or Fitch. The amount of the Group's exposure to credit risk from debt securities and other bills is measured according to the relevant IFRS provisions per portfolio category.

c) Stress Testing Exercises

Stress testing exercises constitute an integral part of the Group's credit risk measurement and quantification, providing estimates of the size of financial losses that could occur under extreme financial / market conditions. Piraeus Bank Group systematically runs credit risk stress testing exercises in accordance with the instructions issued by the Bank of Greece (Governor of the Bank of Greece's Decree 2577/ 9.3.2006), the results of which are presented to and evaluated by the Board Risk Management Committee.

These stress tests are performed by the Group Credit Risk and Capital Management Division. The methodology and stress scenarios applied use as a basis the requirements of exercises performed by the International Monetary Fund for the Greek banking system under the Financial Sector Assessment Program (FSAP), and are further enhanced with internally developed scenarios and models adapted to the particular risk characteristics of the Group. In addition, credit risk stress-testing scenarios are developed for each country where the Group has presence, according to directions provided by local supervisory authorities. These scenarios are reviewed by Group Credit Risk and Capital Management Division. Within this stress testing framework, loans and claims of the Group to borrowers located in Greece and abroad are examined, as well as bond market credit exposures. Additional stress-testing scenarios are examined for portfolios quite vulnerable to economic conditions, such as the shipping, construction and real estate management.

In 2010, the Group participated successfully in the pan-european stress-test (2010 EU Wide Stress Testing exercise of European Banks) conducted by the Committee of European Bank Supervisors (CEBS) in cooperation with the European Central Bank and under the supervision of the Bank of Greece.

3.1.3 Credit limits management and risk mitigation techniques

Piraeus Bank Group applies credit limits in order to manage and control its credit risk exposure and concentration. Credit limits define the maximum acceptable risk per counterparty, per group of counterparties, per credit rating, per product, per sector of economic activity and per country. Additionally, limits are set and applied against exposures to financial institutions. The Group's total exposure to borrower credit risk, including financial institutions, is further controlled by the application of sub-limits that address on and off-balance sheet exposures.

In order to set customer limits, the Group takes into consideration any collateral or security which reduce the level of risk assumed. The Group categorizes the risk of credits into risk classes, based on the type of collateral / security associated and their potential liquidation. The maximum credit limits that may be approved per risk class are determined by the Board of Directors. In Piraeus Bank Group, no credit is approved by one sole person, since the procedure regularly requires the approval of a minimum of three authorized officers, with the exception of consumer loans and credit cards, if the criteria that are set under the credit policy are met. Approval authorities are designated based on the level of risk exposure and their role in contributing to the quality of the Group's total credit portfolio is particularly significant.

Credit limits of the Group are set with an effective duration of up to twelve months and they are subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a shorter duration than twelve months. The outstanding balances along with their corresponding limits are monitored on a daily basis, and any limit excesses are timely reported and dealt with accordingly.

The following paragraphs describe further techniques applied by the Group for credit risk control and mitigation.

a) Collateral / Security

The Group obtains collateral/ security against its credit to customers, minimizing thus the overall credit risk and ensuring the timely repayment of its debt claims.

To this end, the Group has established categories of acceptable collateral and has incorporated them in its credit policy, the main types being the following:

- Pledged deposits and cheques
- Bank letters of guarantee
- Greek government guarantees
- Guarantees by the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME)
- Pledged financial instruments such as stocks, bonds, bills or mutual fund shares
- Mortgages on real estate property
- Ship mortgages
- Receivables

The collateral/ security associated with a credit is initially evaluated during the credit approval process, based on their current or fair value, and reevaluated at regular intervals. In general, no collateral/security is required against exposures to financial institutions, unless it has to do with resale agreements (reverse repos) or other similar bond activities.

b) Derivatives

The Group systematically monitors and controls the exposure and duration of its net open positions in the derivative markets. On any given moment, the overall credit risk exposure of the Group to derivative products corresponds to the positive market value of its open positions, add any potential future exposure. Credit exposures arising from derivatives transactions are part of the overall credit limits set for any counterparty and are taken into consideration during the approval procedure. Usually, no guarantees or securities are taken against exposures in derivative products, except when the Group demands the application of a safety margin from a counterparty.

Piraeus Bank Group sets and systematically monitors for every counterparty, daily settlement limits.

c) Netting arrangements

In cases where there is the legal right and the expressed intention to net the amounts owed to the Group by a counterparty, the Group is entitled to proceed in netting a claim along with an associated obligation.

d) Credit - related commitments

The Group uses credit-related commitments to provide customers with funds as required. These credit-related commitments entail the same risk as the Group's loans and advances and mainly concern letters of credit and letters of guarantee. The remaining duration of credit-related commitments is systematically analyzed and monitored, since in general, commitments with longer duration entail greater risk compared to those with shorter duration.

3.1.4 Impairment and provisioning policy

Piraeus Bank Group systematically examines whether there is solid and objective evidence that a claim's value has been impaired. To this end, as of the date of each published financial statement, it conducts an impairment test concerning the value of its loans, according to the general principles and methodology described in the International Accounting Standards, and proceeds with assuming the respective provisions.

A claim is considered impaired when its book value exceeds its anticipated recoverable amount. The recoverable amount is estimated by the sum of the present value of future cash flows from anticipated repayments and the present value of the liquidation of any collateral/ guarantees in case the borrower fails to service the loan. In the event that there are indications that the Group will not be able to receive all payments due, a specific provision is made for the impaired amount associated with the loan. The amount of the provision is set as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate of the loan.

The Group, according to its IAS 39, considers the criteria stated in section 2.13 as reliable and objective evidence that a loan or group of loans has been impaired.

Amounts in thousand euros (Unless otherwise stated)

The estimation concerning the existence of impairment and any resulting provisioning is conducted individually at loan level (for both retail and corporate portfolios) for those considered by the Group as significant, and collectively on a loan group level for those considered less significant. The estimation of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics, which are not considered significant on an individual basis. Also collective assessment includes loans that have been tested individually for impairment but no impairment has occurred.

For impairment estimation on a collective basis, financial assets are grouped according to their similar credit risk characteristics (e.g. according to assessment criteria of the Group which take into consideration the nature of each asset, the sector where it belongs, the geographical area, the type of security and other such factors). These characteristics are correlated to the estimation of future cash flow for such groups of assets, indicating the customer's ability to pay amounts due, according to the contractual terms of the financial assets under evaluation.

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reduced and the difference is recognised in the Income Statement.

Write-offs

The Group, by resolution of the Board of Directors (or its authorised committees) of the Bank or its subsidiaries, proceeds with write-offs of non performing loans and bad debts against their respective provisions, after all potential collection processes have been exhausted and, thus, it is highly expected that the aforementioned will not be collected. The Group continues monitoring loans written off in case that they may become collectable.

3.1.5 Maximum exposure to credit risk before collateral held or other credit enhacements

The following table presents the Group's maximum credit risk exposure on 31/12/2010 and 31/12/2009, without including collateral held or other credit enhancements. For on-balance sheet items, credit exposures are based on their carrying amounts as reported on the balance sheet.

	Maximum exposure	
Credit risk exposures relating to on-balance sheet assets	**2010**	**2009**
Loans and advances to credit institutions	1,476,856	992,325
Derivative financial instruments - assets	143,967	171,467
Bonds of trading portfolio	633,233	1,293,524
Bonds at fair value through profit or loss	12,805	154,700
Loans and advances to customers (net of provisions)		
Loans to individuals:		
- Mortgages	6,825,420	6,605,938
- Consumer/ personal loans	3,211,646	3,767,524
- Credit cards	685,981	741,799
Loans to corporate entities		
- Small/ medium entities	17,521,196	17,758,711
- Large corporate entities	9,393,832	8,814,287
Debt securities - receivables	2,512,337	1,183,006
Reverse repos with customers	955,401	-
Bonds of investment portfolio	6,681,857	5,485,708
Other assets	997,735	1,039,458
Credit risk exposures relating to off-balance sheet assets		
Letters of guarantees	2,872,163	3,241,246
Letters of credit	129,312	126,797
Commitments to extent credit	3,609,990	3,312,669
At 31 December	**57,663,730**	**54,689,159**

3.1.6 Loans and advances

Loans and advances to customers and to credit institutions are summarised as follows:

	31 December 2010			31 December 2009	
	Loans and advances to customers	Loans and advances to credit institutions	Reverse repos with customers	Loans and advances to customers	Loans and advances to credit institutions
Loans neither past due or impaired	27,297,962	1,476,856	955,401	29,815,001	992,325
Past due but not impaired	9,144,375	-	-	7,177,093	-
Impaired	2,628,816	-	-	1,691,134	-
Gross	**39,071,153**	**1,476,856**	**955,401**	**38,683,228**	**992,325**
Less: Allowance for impairment	(1,433,077)	-	-	(994,970)	-
Net	**37,638,075**	**1,476,856**	**955,401**	**37,688,258**	**992,325**

Amounts in thousand euros (Unless otherwise stated)

a) Loans neither past due or impaired:

Loans and advances to customers

31 December 2010	Loans to individuals			Loans to corporate entities		
Grades	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Standard monitoring	530,432	2,283,122	4,869,488	8,325,459	5,990,919	21,999,419
Special monitoring	-	-	-	3,416,668	1,881,876	5,298,544
Total	**530,432**	**2,283,122**	**4,869,488**	**11,742,127**	**7,872,795**	**27,297,963**

31 December 2009	Loans to individuals			Loans to corporate entities		
Grades	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Standard monitoring	613,791	2,930,915	5,209,370	11,257,007	6,442,157	26,453,240
Special monitoring	-	-	-	2,342,511	1,019,250	3,361,762
Total	**613,791**	**2,930,915**	**5,209,370**	**13,599,518**	**7,461,408**	**29,815,001**

Loans and advances to credit institutions

Grades	**31 December 2010**	**31 December 2009**
Investment grade	1,081,434	631,479
Standard monitoring	389,847	352,112
Special monitoring	5,575	8,735
Total	**1,476,856**	**992,325**

Reverse repos with customers

Grades	**31 December 2010**
Standard monitoring	955,401
Total	**955,401**

b) Loans and advances past due but not impaired:

31 December 2010	Loans to individuals			Loans to corporate entities		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total**
Past due 1 - 90 days	105,888	736,265	1,459,531	4,558,471	1,167,238	8,027,392
Past due 91 - 180 days	27,818	99,897	145,686	128,133	7,965	409,499
Past due > 180 days	-	-	184,819	459,185	63,479	707,484
Total	**133,707**	**836,162**	**1,790,036**	**5,145,789**	**1,238,682**	**9,144,376**
Fair value of collateral	-	166,588	1,678,923	3,069,209	721,777	5,636,497

The fair value of physical collaterals reflects the liquidation value of these collaterals, after the application of the haircuts provided in the Group credit policy.

In the case of the mortgage loans of the Bank, it should be noted that the reported fair value of collateral takes into account only properties on which the Bank holds a first lien mortgage. In cases that the property value exceeds the remaining balance of the loan the reported fair value of collateral takes into account the property value up to the amount of the remaining balance of the loan.

31 December 2009	Loans to individuals			Loans to corporate entities		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total**
Past due 1 - 90 days	94,201	692,065	1,121,029	3,462,949	1,098,210	6,468,453
Past due 91 - 180 days	26,726	79,802	47,415	91,470	7,464	252,877
Past due > 180 days	-	-	103,294	314,451	38,018	455,762
Total	**120,927**	**771,867**	**1,271,738**	**3,868,870**	**1,143,692**	**7,177,093**
Fair value of collateral	-	108,178	1,160,124	2,296,515	512,834	4,077,651

c) Loans and advances impaired:

31 December 2010	Loans to individuals			Loans to corporate entities		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Impaired loans	180,736	531,610	250,108	1,233,514	432,849	**2,628,817**
Fair value of collateral	-	51,543	195,193	632,014	181,890	**1,060,640**

Amounts in thousand euros (Unless otherwise stated)

The amount of loans with impairment as of 31/12/2010 includes loans of € 786 million which are not past due above 90 days. The respective amount as of 31/12/2009 is € 433 million.

31 December 2009

	Loans to individuals			Loans to corporate entities		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Impaired loans	104,201	407,081	177,727	706,472	295,653	**1,691,134**
Fair value of collateral	-	37,388	135,339	358,267	140,664	**671,658**

d) Loans and advances renegotiated:

Loans and advances include loans and advances that had been overdue or partially overdue and which further were renegotiated. One year after the renegotiation date and provided that the loan is performing regularly, the loan is upgraded -after relevant approval- and treated as performing loans and advances, according to their management.

	31 December 2010	**31 December 2009**
Loans to individuals	261,931	41,810
Loans to corporate entities	735,570	288,623
	997,500	**330,433**

3.1.7 Debt securities and other eligible bills

The table below presents an analysis of trading portfolio, debt securities - receivables, investment securities and financial instruments at fair value through profit or loss by rating as at 31 December 2010, based on Standard & Poor's ratings or their equivalent:

31 December 2010	**Trading securities**	**Debt securities - receivables**	**Financial instruments at fair value through Profit or Loss**	**Investment securities**	**Total**
AAA	-	-	-	41,350	41,350
AA- to AA+	335	-	-	49,866	50,201
A- to A+	11,127	-	-	44,782	55,909
BBB- to BBB+	369,811	2,292,185	12,805	6,237,124	8,911,925
BB- to BB+	80,351	9,981	-	145,657	235,989
Lower than BB-	75,213	19,557	-	81,718	176,488
Unrated	96,395	190,614	-	81,359	368,368
Total	**633,232**	**2,512,337**	**12,805**	**6,681,857**	**9,840,230**

3.1.8 Repossessed collateral

During the year 2010, the Group obtained assets after taking possession of collateral held as security for its receivables:

Nature of assets	**2010**	**2009**
Property	45,787	51,559
	45,787	**51,559**

Assets acquired from an auction process are held by the Group temporarily for liquidation, for in full or partial repayment of related loan from customers.

3.1.9 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as at 31 December 2010. The credit risk exposure is based on the country of domicile of the Group's subsidiaries.

	Greece	**Rest of Europe**	**USA**	**Egypt**	**Total**
Loans and advances to credit institutions	982,682	93,739	708	399,727	1,476,856
Derivative financial instruments - assets	142,778	1,190	-	-	143,967
Bonds & Treasury Bills of trading portfolio	184,259	448,974	-	-	633,233
Bonds at fair value through profit or loss	12,805	-	-	-	12,805
Loans and advances to customers (net of provisions)					
Loans to individuals					
- Mortgages	6,072,396	720,810	28,363	3,852	6,825,420
- Consumer - personal loans	1,897,056	1,212,590	813	101,187	3,211,646
- Credit cards	631,223	40,441	-	14,317	685,981
Loans to corporate entities	19,145,045	6,993,016	357,934	419,033	26,915,028
Bonds & Treasury Bills of investment portfolio	6,323,295	259,702	58,230	40,629	6,681,857
Debt securities - receivables	2,470,281	41,980	-	75	2,512,337
Revesre repos with customers	955,401	-	-	-	955,401
Other assets	852,032	118,972	11,653	15,079	997,735
As at 31 December 2010	**39,669,252**	**9,931,414**	**457,700**	**993,899**	**51,052,265**
As at 31 December 2009	**37,255,483**	**9,297,547**	**463,712**	**991,705**	**48,008,447**

b) Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by industrial sector as at 31 December 2010. The Group has allocated exposures to sectors based on the industry sector of our counterparties.

	Financial institutions	Manufactoring/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Loans and advances to credit institutions	1.476.856													**1.476.856**
Derivative financial instruments - assets	70.350	1.357	0	2.758	45.192	1.169	0	19.887	0	0	0	3.131	123	**143.967**
Bonds of Trading portfolio	99.946	0	0	0	0	0	533.247	0	0	0	0	39	0	**633.232**
Bonds at fair value through profit or loss	0	0	0	0	0	0	12.805	0	0	0	0	0	0	**12.805**
Loans and advances to customers (net of provisions)														
Loans to individuals (retail customers)														
- Mortgages													6.825.420	**6.825.420**
- Consumer - personal loans													3.211.646	**3.211.646**
- Credit cards													685.981	**685.981**
Loans to corporate entities	822.178	4.674.968	2.959.463	2.178.478	1.906.274	4.204.356	720.591	1.392.415	1.682.826	471.275	1.533.749	4.335.725	32.727	**26.915.026**
Debt securities-receivables	14.952	4.681	0	0	0	0	2.314.608	0	0	0	0	178.096	0	**2.512.337**
Reverse repos with customers	32	12.623	24.387	0	802	0	203.339	0	1.705	230	20.592	23.090	668.599	**955.401**
Bonds of Investment portfolio	314.190	16.209	12	0	0	9	6.272.839	0	0	0	0	78.597	0	**6.681.857**
Other assets	17.278	23.817	15.078	1.590	0	10.953	310.942	0	5	2	408	501.519	116.144	**997.735**
Balance at 31st December 2010	**2.815.782**	**4.733.655**	**2.998.940**	**2.182.826**	**1.952.269**	**4.216.488**	**10.368.370**	**1.412.303**	**1.684.535**	**471.508**	**1.554.749**	**5.120.198**	**11.540.641**	**51.052.263**
Balance at 31st December 2009	**2.861.167**	**4.985.648**	**3.227.215**	**2.002.293**	**1.844.251**	**4.325.452**	**8.243.722**	**1.240.195**	**1.673.036**	**481.925**	**1.620.743**	**4.158.646**	**11.344.154**	**48.008.447**

3.2 Market risk

Market risk is the risk of loss due to adverse changes in the level or the volatility of market prices and rates, including interest rates, equity prices and foreign exchange rates.

The Board of the Directors of the bank has approved a market risk management policy that applies to the Group since the beginning of 2003. This policy outlines the basic definitions of market risk management and defines the roles and responsibilities of the units and executives involved.

Piraeus Bank Group applies up to date, generally accepted techniques for the measurement of market risk. Specifically, sensitivity indicators such as PV100 (adverse impact to the net present value of all balance sheet items for a 100 basis points parallel move in the yield curve for all currencies) as well as Value-at-Risk (VaR incorporates all risk factors) are calculated.

For every activity that bears market risk, Piraeus Bank Group has assigned adequate market risk limits, and these are monitored systematically. Market risk management is not confined to trading book activities, but covers the balance sheet as a whole.

The Value-at-Risk measure is an estimate of the potential loss in the net present value of a portfolio, over a specified period and with a specified confidence level. Piraeus Bank Group implements the following three methods for the calculation of Value at Risk:

a) the parametric Value-at-Risk methodology, assuming a one-day holding period and utilizing a 99% confidence level, with historic observations of two years and equal weighting between observations

b) the parametric Value-at-Risk methodology, using market data that give more weight to recent observations (exponentially weighted moving average volatilities and correlations)

c) the parametric Value-at-Risk methodology using volatilities and correlations gathered during a crisis period (Stressed Value-at-Risk), while the estimate is assessed on current positions

As the Value-at-Risk methodology does not evaluate risk attributable to extraordinary financial or other occurrences, the risk assessment process includes a number of stress scenarios. The stress scenarios are based on the primary risk factors that can change the value of the balance sheet's figures.

The Bank tests the validity of the Value-at-Risk estimates, by conducting a back-testing program on the Piraeus Bank trading book VaR. The Value-at-Risk estimate is compared on a daily basis against the actual change in the value of the portfolio, due to the changes in market prices.

The Value-at-Risk estimate for the Group's Trading Book at 31/12/2010, was € 4.05 million. This estimate consists of € 0.86 million for interest rate risk, € 3.08 million for equity risk, € 2.68 million for foreign exchange risk and € 0.16 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 2.73 million due to the diversification effect in the portfolio. During 2010 there was a decrease in the Bank's Trading Book VaR due to a reduction in Greek Government Bond positions.

The Value-at-Risk estimate for the Bank's Trading Book at 31/12/2009, was € 9.22 million. This estimate consists of € 6.4 million for interest rate risk, € 5.44 million for equity risk, € 3.3 million for foreign exchange risk and € 0.13 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 6.05 million due to the diversification effect in the portfolio.

The above are summarized as follows (amounts in million euro):

Million €	Group Trading Book Total VAR	VAR-Interest Rate Risk	VAR Equity Risk	VAR Foreign Exchange Risk	VAR Commodities Risk	Diversification Effect
31/12/2010	4.05	0.86	3.08	2.68	0.16	-2.73
31/12/2009	9.22	6.40	5.44	3.30	0.13	-6.05

The lower VaR, as mentioned above, is largely attributed to the reduction in Fixed Income exposures in the Trading Portfolio of Piraeus Bank. The reduction is accompanied by an increase in exposures in the Available for Sale portfolio of the Bank with a VaR figure of € 15.53 million on 31.12.2010 against a figure of € 4.9 million on 31.12.2009.

Amounts in thousand euros (Unless otherwise stated)

3.3 Currency risk

The Group is exposed to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Management sets limits on the level of exposure by currency, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk as at 31/12/2010. The table includes, the Group's assets and liabilities at carrying amounts categorised by currency and the positions in derivatives which reduce significantly the undertaken risk:

At 31 December 2010	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with central Banks	2,065,762	220,634	9,492	2,611	11,651	683,125	2,993,275
Loans and advances to credit institutions	963,233	158,491	4,970	5,707	26,376	318,079	1,476,856
Derivative financial instruments - assets	120,831	21,983	7	-	-	1,146	143,967
Trading securities	369,307	6,928	-	-	-	297,750	673,984
Debt securities - receivables	2,492,704	19,557	-	-	-	75	2,512,337
Financial instruments at fair value through Profit or Loss	3,622	-	-	12,805	-	-	16,426
Reverse repos with customers	955,401	-	-	-	-	-	955,401
Loans and advances to customers (net of provisions)	30,536,618	2,963,879	107,049	172,964	2,742,992	1,114,572	37,638,075
Investment securities	6,839,054	147,763	-	-	-	121,107	7,107,923
Other assets	902,655	34,196	(3,632)	2,808	3,156	52,562	991,744
Total financial assets (A)	**45,249,187**	**3,573,430**	**117,886**	**196,894**	**2,784,175**	**2,588,416**	**54,509,988**
Foreign exchange risk of liabilities							
Due to credit institutions	19,137,767	540,332	60,486	-	1,065	190,618	19,930,269
Liabilities at fair value through profit or loss	308,864	-	-	-	-	-	308,864
Derivative financial instruments - liabilities	146,216	31,401	-	3,754	304	19,465	201,140
Due to customers	23,339,759	2,590,806	145,319	717,464	32,992	2,648,658	29,474,998
Debt securities in issue	2,612,743	46,875	-	-	-	-	2,659,618
Hybrid capital and other borrowed funds	506,584	3,858	-	-	-	-	510,442
Other liabilities	677,194	20,589	789	1,221	1,909	43,723	745,426
Total financial liabilities (B)	**46,729,128**	**3,233,861**	**206,594**	**722,439**	**36,269**	**2,902,465**	**53,830,757**
Net on-balance sheet financial position (A-B)	**(1,479,942)**	**339,570**	**(88,709)**	**(525,545)**	**2,747,906**	**(314,049)**	**679,231**
Net position of non financial assets - liabilities and off balance sheet items	**(1,408,672)**	**583,434**	**(82,670)**	**(545,687)**	**2,711,989**	**(614,340)**	**644,054**
Currency position	**(71,270)**	**(243,864)**	**(6,039)**	**20,142**	**35,917**	**300,291**	**35,177**

At 31 December 2009	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	42,232,378	3,546,171	111,577	165,364	2,694,959	2,559,677	51,310,126
Total financial liabiities	42,430,175	3,859,791	390,776	944,541	31,449	2,535,981	50,192,714
Net on-balance sheet financial position	**(197,797)**	**(313,620)**	**(279,199)**	**(779,178)**	**2,663,510**	**23,695**	**1,117,412**

3.4 Interest rate risk

Interest rate risk is the risk of a negative impact on the Group's financial condition due to its exposure to interest rates. Accepting this risk is a normal part of banking and can be an important source of profitability and shareholder value.

Changes in interest rates affect the Group's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the Group's assets and liabilities because the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change. Accordingly, an effective risk management process that assesses, monitors and help maintain interest rate risk within prudent levels (through effective hedging, where relevant), is essential to the safety and soundness of the Group.

Piraeus Bank Group applies an Interest Rate Risk Management Policy, which provides for a variety of valuation techniques that rely on maturity and repricing schedules (Interest Rate Gap analysis).

Interest rate gap is a maturity/ repricing schedule that distributes interest-sensitive assets and liabilities, into a certain number of predefined time bands, according to their maturity (fixed-rate instruments) or time remaining to their next repricing (floating-rate instruments).

The table below summarises the Group’s exposure to interest rate risk according to an Interest Rate Gap Analysis. Those assets and liabilities lacking actual maturities (e.g. open accounts) or definitive repricing intervals (e.g. sight deposits or savings accounts) are assigned to the time band up to one month.

In the table, assets and liabilities in foreign currency are converted into EUR using the FX rates as of 31/12/2010.

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Assets							
Cash and balances with central banks	2,472,522	27,812	9,021	-	202,134	281,786	2,993,274
Loans and advances to credit institutions	1,189,968	264,338	1,719	3,246	-	17,585	1,476,856
Trading securities	93,153	87,495	216,542	180,247	52,656	43,891	673,984
Debt securities - receivables	9,981	740,900	562,165	692,787	493,987	12,518	2,512,337
Reverse repos with customers	562,381	202,833	190,187	-	-	-	955,401
Financial instruments at fair value through Profit or Loss	-	-	-	-	16,426	-	16,426
Loans and advances to customers (net of provisions)	21,104,259	10,141,410	3,913,167	1,391,307	1,087,931	-	37,638,075
Investment securities	541,234	364,845	3,424,352	2,240,237	99,823	437,432	7,107,923
Other assets	684	2,286	13,257	7,316	196	973,997	997,735
Total financial assets	**25,974,181**	**11,831,919**	**8,330,409**	**4,515,139**	**1,953,153**	**1,767,209**	**54,372,011**
Liabilities							
Due to credit institutions	18,998,913	842,245	61,807	12,875	-	14,428	19,930,269
Due to customers	19,322,262	6,149,329	2,970,923	627,611	23,317	381,557	29,474,998
Liabilities at fair value through profit or loss	79,068	13,638	3,239	208,921	3,999	-	308,864
Debt securities in issue	794,938	682,615	606,486	575,578	-	-	2,659,618
Hybrid capital and other borrowed funds	506,584	-	3,858	-	-	-	510,442
Other liabilities	11,821	27,265	12,153	4,607	237,595	542,396	835,838
Total financial liabilities	**39,713,586**	**7,715,092**	**3,658,467**	**1,429,594**	**264,911**	**938,381**	**53,720,030**
Net notional amount of derivative financial instruments	**(104,935)**	**1,758,682**	**(38,775)**	**(424,087)**	**(1,295,248)**	**-**	**(104,364)**
Total interest rate gap	**(13,844,340)**	**5,875,509**	**4,633,167**	**2,661,459**	**392,994**	**828,828**	**547,618**

The following table includes figures of the comparative year.

At 31 December 2009	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets (A)	26,386,952	10,157,104	8,608,894	4,099,188	1,393,405	493,115	51,138,658
Total financial liabiities (B)	27,116,629	10,123,893	10,410,471	1,563,951	284,279	572,673	50,071,896
Net notional amount of derivative financial instruments	490,428	906,565	231,228	(544,232)	(1,096,704)	-	(12,715)
Total interest repricing rate gap (A)-(B)	**(239,249)**	**939,776**	**(1,570,348)**	**1,991,005**	**12,422**	**(79,558)**	**1,054,047**

In addition, the Group calculates the change in the net present value of balance-sheet items in response to a change in interest rates, assuming parallel yield curve shifts (PV100).

Interest rate gap analysis enables the evaluation of interest rate risk using the ‘Earnings-at-Risk’ measure, which denotes the negative effect on the expected annual interest income, as a result of a parallel shift in interest rates for all currencies considered.

For Earnings-at-Risk and PV100 the Group has assigned adequate limits, which are monitored on a regular basis.

The Bank also assesses on a regular basis, the impact of a change in the credit spread, for issuers of government and corporate debt, for the group’s bond portfolio.

The Group also evaluates potential financial losses under stressful market conditions. Possible stress scenarios include abrupt changes in the level of interest rates, changes in the slope and the shape of the yield curves, or changes in the volatility of market rates.

3.5 Liquidity risk

The Group acknowledges that, in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage liquidity risk.

Liquidity risk is defined as the risk of a financial institution that will not be able to meet its obligations as they become due, because of lack of the required liquidity.

A liquidity Risk Management Policy has been applied in all Group units since the end of 2003. This policy is adjusted to internationally applied practices and regulatory environments and adapted to the specific activities and organisational structure of Piraeus Bank Group.

The policy specifies the principal liquidity risk assessment definitions and methods, defines the roles and responsibilities of the units and staff involved and sets out the guidelines for liquidity crisis management. The policy is focused on the liquidity needs expected to emerge, in a week's or month's time, on the basis of hypothetical liquidity crisis scenarios.

Furthermore, the Policy defines a contingency funding plan to be used in the case of a liquidity crisis. Such a crisis can take place either due to a Piraeus Bank Group specific event or a general market event. Triggers and warning signals serve as indicators of when the contingency plan should be put into operation.

Amounts in thousand euros (Unless otherwise stated)

In addition, Piraeus Bank calculates and monitors the liquidity ratios, “Liquid Assets/ Total Liabilities” and “Net Current Assets/ Total Liabilities”, as they are defined in the Bank of Greece Governor's Act 2614/ 07.04.2009, which refers to the supervision framework of banks’ liquidity adequacy by the Bank of Greece.

The Liquidity ratios are calculated on a solo, as well as, on a consolidated basis. Consolidation includes only the credit institutions of the Group.

The levels of these particular ratios are daily communicated to the responsible business units, and comments as well as respective assessments of the Group Market & Operational Risk Management Division, are included in the reporting package to the members of Asset – Liability Committee (ALCO). The levels of the ratios are also disclosed, on a monthly basis, to the Financial Services Authority (F.S.A) of Great Britain.

Means as the maintenance of liquid securities portfolios, the expansion of diversified core deposits (i.e saving accounts) and competitive term deposits, were taken in order to mitigate liquidity risk. Finally, in accordance with the provisions of law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis", the Bank has received Guarantees (Pillar II) and Special Bonds (Pillar III) from the Greek State, that are eligible for ECB refinancing operations, of € 9,438 million.

In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, the Group is comfortably placed to meet all its payment obligations as they fall due. For this purpose the Group uses the liquidity gap analysis which provides an overview of the expected cash flows, arising from all balance sheet items. The cash flows are assigned and aggregated into timebands according to when they occur.

The assumptions made are that scheduled payments to the Group are honoured in full and on time and in addition, all contractual payments are discharged in full, e.g. depositors will withdraw their money rather than roll it over on maturity. Those assets and liabilities lacking actual maturities (e.g. open accounts, sight deposits, or savings accounts) are assigned to the time band up to one month.

a) Non derivative cash flows

The table below presents, at the balance sheet date, the cash flows payable by the Group under non-derivative financial liabilities by the remaining contractual maturities. The amounts mentioned are the contractual undiscounted cash flows. The Group manages liquidity risk according to the estimated undiscounted cash flows. Liabilities in foreign currency have been translated into euro based on the current foreign currency exchange rates.

At 31 December 2010	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Liabilities liquidity						
Due to credit institutions	19,065,100	530,844	229,844	128,214	32,204	19,986,207
Due to customers	19,992,266	5,850,874	2,852,635	535,924	7,880	29,239,580
Liabilities at fair value through profit or loss	80,129	15,627	12,171	226,082	7,703	341,712
Debt securities in issue	50,278	26,212	1,122,773	1,653,906	-	2,853,170
Other borrowed funds	1,419	-	9,088	44,576	358,446	413,530
Hybrid capital	930	-	3,279	176,745	-	180,954
Other liabilities	223,677	47,671	54,340	49,836	653,804	1,029,328
Total liabilities (contractual maturity dates)	**39,413,801**	**6,471,229**	**4,284,131**	**2,815,282**	**1,060,038**	**54,044,481**
Total assets (expected maturity dates)	**10,665,889**	**3,736,072**	**8,070,648**	**22,047,776**	**25,647,230**	**70,167,616**

At 31 December 2009	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Liabilities liquidity						
Due to credit institutions	5,924,440	1,096,396	7,171,716	266,645	165,730	14,624,926
Due to customers	19,881,261	6,176,776	3,462,351	452,933	83,970	30,057,292
Debt securities in issue	153,638	46,611	1,152,776	3,019,063	-	4,372,088
Other borrowed funds	1,268 -		4,900	57,823	378,707	442,699
Hybrid capital	804	-	2,980	268,125	-	271,909
Other liabilities	79,296	50,206	82,650	30,217	555,496	797,866
Total liabilities (contractual maturity dates)	**26,040,707**	**7,369,989**	**11,877,373**	**4,094,807**	**1,183,903**	**50,566,779**
Total assets (expected maturity dates)	**10,899,461**	**4,957,063**	**5,323,340**	**17,486,963**	**21,214,716**	**59,881,543**

b) Derivative cash flows

bi) Derivatives settled on a net basis

The Group’s derivatives that will be settled on a net basis include: a) foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, exchange traded currency options; and b) interest rate derivatives: interest rate swaps, forward rate agreements, OTC interest rate options, other interest rate contracts, exchange traded interest rate futures and exchange traded interest rate options.

The table below analyses, at the balance sheet date, the contractual undiscounted cash flows of derivative financial assets and liabilities of the Group that will be settled on a net basis, based on their remaining period according to the contract.

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	120	-	-	-	-	120
-Interest rate derivatives	(8,606)	6,684	(15,270)	(11,956)	14,804	(14,344)
Derivatives held for fair value hedging						
-Interest rate derivatives	417	7,009	(25,741)	(30,776)	(2,258)	(51,349)
Total	**(8,068)**	**13,693**	**(41,011)**	**(42,733)**	**12,546**	**(65,572)**

At 31 December 2009	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	309	214	162	-	-	685
-Interest rate derivatives	(10,348)	6,546	(17,519)	(17,525)	6,407	(32,439)
Derivatives held for fair value hedging						
-Interest rate derivatives	(159)	(1,041)	(26,269)	(34,661)	(3,043)	(65,173)
Total	**(10,198)**	**5,719**	**(43,626)**	**(52,186)**	**3,364**	**(96,927)**

bii) Derivatives settled on a gross basis

The Group's derivatives that are settled on a gross basis include: a) foreign exchange derivatives: currency forward, currency swaps, b) interest rate derivatives: cross currency interest rate swaps and c) options.

The table below analyses, at balance sheet date, the derivative financial instruments (both derivative assets and derivative liabilities) that will be settled on a gross basis based on their remaining period according to the contract. The total pay leg (outflow) and receive leg (inflow) and for each type of derivative and for each maturity group are disclosed at their contractual undiscounted amounts.

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(4,677,028)	(1,208,733)	(228,125)	(11,061)	-	(6,124,948)
Inflow	4,585,315	1,197,264	223,179	10,820	-	6,016,578

At 31 December 2009	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(1,878,550)	(2,766,811)	(435,358)	(82,691)	-	(5,163,411)
Inflow	1,874,234	2,720,585	426,065	82,500	-	5,103,385

On 31 December 2010, Piraeus Bank Group's total exposure in European Central Bank (ECB) amounted to € 17.2 billion (2009: € 6.75 billion). The observed increase during 2010, stemming from weekly ECB market operations, displayed the decreased overall liquidity within the Greek banking system. The latter was attributed to deposits' outflows and the non-renewed funding from global markets (interbank and wholesale money markets) which were affected by the downgrades in the country's ratings by the international credit agencies.

In the Third Review Under the Stand-By Arrangement for Greece, the International Monetary Fund mentioned that the Greek banking system is stable but referred to its dependency on the Eurosystem and to the priority to support banks' efforts to deleverage funding dependency by seeking alternative ways of refinancing. In this context, Bank of Greece has requested Greek banks to prepare and present until April 2011, their draft exercises of their medium-term plans to reduce their ECB funding. ECB has also pointed out, that any change in the existing liquidity measures should be gradually implemented in order not to have any adverse effect on the stability of the banking system. In this respect and in order to tackle potential liquidity pressures on the banks, the Greek government is expected to activate a supplementary tranche of € 30 billion government guarantees, to which banks may recourse, if necessary to enhance their liquidity.

3.6 Fair values of financial assets and liabilities

a) Financial assets and liabilities not held at fair value:

The following table summarises the fair values and the carrying amounts of those financial assets and liabilities not presented on the balance sheet at fair value.

	Carrying Value		Fair Value	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Financial assets				
Loans and advances to credit institutions	1,476,856	992,325	1,476,856	1,008,888
Loans and advances to customers (net of provisions)	37,638,075	37,688,258	37,638,075	38,858,438
-Loans to individuals	10,723,048	11,115,261	10,723,048	11,792,040
-Loans to corporate entities	26,915,028	26,572,997	26,915,028	27,066,399
Reverse repos with customers	955,401	-	955,401	-
Held to maturity investment securities	5,056,820	3,363,535	3,511,967	2,928,545
Debt securities - receivables	2,512,337	1,183,006	1,966,188	1,182,053

Amounts in thousand euros (Unless otherwise stated)

	Carrying Value		Fair Value	
Financial liabilities	**31 December 2010**	**31 December 2009**	**31 December 2010**	**31 December 2009**
Due to credit institutions	19,930,269	14,432,854	19,930,269	14,454,538
Due to customers	29,474,998	30,063,606	29,474,998	30,101,030
-Current and sight deposits	4,706,558	5,321,970	4,706,558	5,321,970
-Savings account	3,676,013	4,292,665	3,676,013	4,292,665
-Term deposits	20,633,524	20,130,942	20,633,524	20,168,367
-Other accounts	237,584	292,710	237,584	292,710
-Repurchase agreements	221,319	25,319	221,319	25,319
Debt securities in issue	2,659,618	4,206,276	2,489,064	4,246,970
Hybrid capital and other borrowed funds	510,442	511,279	374,609	389,482

The fair value for the year 2010 of loans and advances to credit institutions, loans and advances to customers (net of provisions), repurchase agreements, due to credit institutions and due to customers which are measured at amortized cost, are not materially different from the respective carrying values since they bear mainly floating interest rates and as a result being re-priced at regular time periods.

Fair value from held to maturity investment securities and debt securities-receivables is estimated using quoted market prices. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, or by discounting cash flows.

The fair value of debt securities in issue is calculated based on quoted prices. Where quoted market prices are not available, the estimated fair value is based on other debt securities with similar credit, yield and maturity characteristics or by discounting cash flows.

The fair value of other borrowed funds and hybrid capital is based on quoted market prices. When quoted market prices are not reliable, the fair value is estimated by discounting cash flows with appropriate yield curves.

b) Financial assets and liabilities held at fair value:

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect the Group’s market assumptions. These two types of inputs have created the following fair value hierarchy:

• Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed shares and bonds on exchanges and exchanges traded derivatives like futures.

• Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes OTC derivatives, bonds and treasury bills. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).

• Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes shares and bonds with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following tables present financial assets and liabilities measured at fair value, categorized in the three levels mentioned above, reconciliation of level 3 items for the year 2010 and sensitivity analysis:

	Level 1	Level 2	Level 3	Total
Financial Assets & Liabilities measured at fair value				
Financial Assets				
Derivative financial instruments - assets	1,264	142,703	-	143,967
Trading portfolio				
-Trading Bonds & Other fixed income securities	343,623	-	-	343,623
-Trading Treasury bills & Other eligible bills	193,214	96,395	-	289,609
-Trading Shares & Other variable income securities	40,752	-	-	40,752
Financial Assets at FV through PL				
-Asset Swap Bonds	12,805	-	-	12,805
-Shares at FV through PL	3,622	-	-	3,622
Available for Sale Securities				
-Bonds & Other Fixed Income Securities	951,787	68,592	-	1,020,379
-Shares & Other variable Income securities	84,575	9,085	332,406	426,066
-Treasury bills	604,589	68	-	604,657
Financial Liabilities				
-Liabilities at fair value through profit or loss	308,864	-	-	308,864
-Derivative financial instruments - liabilities	19,742	181,398	-	201,140

Amounts in thousand euros (Unless otherwise stated)

Reconciliation of Level 3 items	**Bonds & Other Fixed Income Securities**	**Shares & Other variable Income securities**
Opening balance	468	89,715
Purchases	-	272,006
Valuation at fair value	-	(17,837)
Impairment		(3,457)
Settlements	-	(8,437)
Transfer to level 1	(468)	(13)
FX differences	-	430
Total	**0**	**332,407**

Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:	**Favourable changes**	**Unfavourable changes**
Equity Statement		
Available for sale securities	26,495	(31,381)

3.7 Fiduciary activities

The Group provides custody services to third parties for a wide range of financial instruments. These services include safekeeping of securities, clearing and settlement of securities transactions in the Greek market and abroad, execution of corporate actions, income collection etc, on behalf of individuals, companies and institutional investors. Those assets and income arising thereon are not included in the Group's financial statements. The above mentioned services give rise only to operational risk.

3.8 Capital adequacy

Being compliant with the Greek law (3601/2007), Piraeus Bank Group has implemented the new regulatory framework Basel II since January 2008. The aforementioned regulatory framework introduced capital requirement for operational risk as well and results to significant changes to the calculation of capital requirements against credit risk.

As the importance to maintain and enhance the capital base has been acknowledged for the Group's growth, capital adequacy is frequently monitored by the Bank's responsible department and submitted in a quarterly basis to the supervisory authority, Bank of Greece.

Bank of Greece requires from each Banking Institution to maintain a minimum level of regulatory capital related to the undertaken risks.

Capital Adequacy Ratio is specified as the regulatory capital to the total risk weighted assets and off balance sheet items. The new legislative and regulatory capital framework defines that capital adequacy ratio should be above 8%.

The main Piraeus Bank Group objectives related to the capital adequacy management are the following:

- To comply with the regulatory requirements against the undertaken risks according to Greek regulatory framework.
- Preserve the Group's ability to continue unhindered its operations, thus to continue providing returns and benefits to its shareholders.
- To retain a sound and stable capital base in order to support the Group's management business plans.

The regulatory capital of the Group, as defined by Bank of Greece is comprised of Tier I and Tier II capital.

For the calculation of regulatory capital, own share capital must undergo some regulatory adjustments, such as the deduction of intangible assets and goodwill, the deduction of a part from the revaluation gain of investment property, the deduction of part of the available of sale reserve, the deduction of the proposed distribution of dividend etc.

Tier I capital	**31 December 2010**	**31 December 2009**
Ordinary shares	100,882	1,604,020
Share premium	2,430,877	927,739
Preference shares	370,000	370,000
Less: treasury shares	(8,790)	(123)
Minority Interest	140,920	148,176
Available for sale reserve	(342,714)	(157,761)
Legal reserve and other reserves	(90,131)	(60,433)
Retained earnings	672,687	782,618
Hybrid capital	159,439	159,752
Less: intangible assets	(384,308)	(339,160)
Total regulatory adjustments on Tier I capital	151,159	(34,166)
Total Tier I capital	**3,200,021**	**3,400,662**
Tier II Capital		
Subordinated debt	347,145	347,948
Total regulatory adjustments on Tier II capital	(19,223)	(69,638)
Total Tier II capital	**327,922**	**278,310**
Regulatory capital	**3,527,943**	**3,678,972**
Total risk weighted assets (on and off-balance sheet items)	**38,123,543**	**37,394,270**
Tier I ratio	**8.4%**	**9.1%**
Total Capital Adequacy ratio	**9.3%**	**9.8%**

It should be noted that the disclosure, as regulatory requirement, regarding capital adequacy and risk management information, imposed by Bank of Greece Directive 2592/20.8.2007 in relation to Pillar III, will be released at the Bank's website.

Following the completion of the Bank's share capital increase on January 31st 2011, Group's capital adequacy ratios were strengthened by approximately 200 basis points. The aforementioned Bank's share capital increase is disclosed in note 49.

4 Critical accounting estimates and judgements

The Group's accounting estimates and judgements affect the reported amounts of assets and liabilities within the next financial year. Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most important areas where the Group uses accounting estimates and judgements, in applying the Group's accounting policies, are as follows:

1. Impairment losses on loans and advances

The Group examines, at every reporting period, whether trigger for impairment exists for its loans or loan portfolios. If such triggers exist, the recoverable amount of the loan portfolio is calculated and the relevant provision for this impairment is raised. The provision is recorded in the income statement. The estimates, methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

2. Fair value of derivative financial instruments

The fair values of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. All models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require management's estimates. Assumptions and estimates that affect the reported fair values of financial instruments are examined regularly.

3. Impairment of available for sale investments

The available for sale portfolio is recorded at fair value and any changes in fair value are recorded in the available for sale reserve. Available for sale investments are impaired when there is significant or prolonged decline (judgement is required) in the fair value below cost. When this occurs, the relevant portion of the available for sale reserve is recycled to the income statement. Judgement is also required for the estimation of the fair value of investments that are not traded in an active market. For these investments, the fair value computation through financial models takes also into account evidence of deterioration in the financial performance of the investee, as well as industry and sector economical performance and changes in technology.

4. Securitisations and special purpose entities

The Group sponsors the formation of special purpose financing entities (SPEs) for various purposes including asset securitisation. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question. In many instances, elements may indicate control or lack of control over an SPE when considered in isolation, but when considered together make it difficult to reach a clear conclusion. In such cases, the SPE is consolidated.

5. Held to maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances -for example, selling an insignificant amount close to maturity- it will be required to reclassify the entire class to the available for sale portfolio. The investments would therefore be remeasured at fair value.

6. Income taxes

The Group is subject to income taxes in the countries in which operates. This requires estimates in determining the provision for income taxes and therefore the final income tax determination is uncertain during the fiscal year. Where the final income tax expense is different from the amounts initially recorded, differences will impact the income tax and deferred tax assets/ liabilities in the period in which the tax computation is finalised.

5 Segment analysis

a) By business segment

Piraeus Bank Group has defined the following business segments:

Retail Banking - This segment includes the retail banking facilities of the Bank and its subsidiaries, which are addressed to retail customers, as well as to small - medium companies (deposits, loans, working capital, imports – exports, letters of guarantee, etc.)

Corporate Banking - This segment includes facilities related to retail banking, provided by the Bank and its subsidiaries, addressed to large and maritime companies, which due to their specific needs are serviced centrally (deposits, loans, syndicated loans, project financing, working capital, imports-exports, letters of guarantee, etc.).

Investment Banking - This segment includes activities related to investment banking facilities of the Bank and its subsidiaries (investment, advisory and stock exchange services, underwriting services and public listings, etc.).

Asset Management and Treasury – This segment includes asset management facilities for clients of the Group and on behalf of the Group (wealth management facilities, mutual funds management, treasury).

Other – Includes other facilities of the Bank and its subsidiaries that are not included in the above segments (Bank's administration, real estate activities, IT activities etc.).

Amounts in thousand euros (Unless otherwise stated)

According to IFRS 8, the identification of business segments results from the internal reports that are regularly reviewed by the Executive Board in order to monitor and assess each segment's performance. Significant elements are the evolution of figures and results per segment.

An analysis of the results and other financial figures per business segment of the Group is presented below:

1/1-31/12/2010	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group
Net interest income	947,354	297,796	(1,216)	147,575	(194,484)	9,874	**1,206,898**
Net fee and commission income	156,388	25,092	9,977	2,238	478	4,781	**198,953**
Net income	1,264,264	357,720	13,770	59,322	(132,184)	(63,835)	**1,499,056**
Segment results	(29,223)	48,152	1,404	17,036	(22,970)	-	**14,398**
Share of results of associates							(3,649)
Profit before tax							**10,749**
Income tax expense (included tax contribution)							(31,940)
Profit after tax							**(21,191)**

1/1-31/12/2009	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group
Net interest income	913,890	244,226	(1,204)	97,434	(135,032)	(14,429)	**1,104,884**
Net fee and commission income	153,316	16,136	15,346	7,740	6,254	7,247	**206,041**
Net income	1,221,244	293,440	17,883	154,317	40,107	(64,366)	**1,662,625**
Segment results	135,761	65,124	13,070	85,143	(21,104)	-	**277,994**
Share of results of associates							8,621
Profit before tax							**286,615**
Income tax expense (included tax contribution)							(80,986)
Profit after tax							**205,629**

	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group
Other segment items at 31 December 2010							
Capital expenditure	125,349	19,136	9,647	2,596	65,482	-	**222,210**
Depreciation and amortisation	57,057	9,381	617	777	27,082	-	**94,914**
Impairment charge - loans and advances	510,307	82,313	145	-	4,117	-	**596,882**
Segment assets	27,033,279	10,485,235	123,491	16,111,559	3,926,731	-	**57,680,295**
Segment liabilities	21,462,647	1,702,134	54,384	25,828,902	5,358,496	-	**54,406,564**
Other segment items at 31 December 2009							
Capital expenditure	170,082	23,947	2,318	1,985	86,263	-	**284,594**
Depreciation and amortisation	53,325	8,962	682	601	29,236	-	**92,805**
Impairment charge - loans and advances	424,857	62,504	283	-	454	-	**488,098**
Segment assets	28,451,203	11,392,084	248,006	12,604,338	1,584,160	-	**54,279,791**
Segment liabilities	24,348,527	1,428,813	167,678	19,126,057	5,594,480	-	**50,665,556**

Regarding profit before tax of other business segments for 2010, there is not any sector that contributes more than 10%.

Capital expenditure includes additions of intangible and tangible assets that took place in the year by each business segment.

The intercompany transactions among the bussiness segments are realised under normal commercial terms.

b) By geographical segment

The Group operates in 4 main business segments and in 4 main geographical areas. Greece is the home country of Piraeus Bank. In Greece, the areas of operation include all the primary business segments.

In Rest of Europe, the countries in which the Group operates include Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom and Luxemburg. The main business segments of operation in these countries are Retail Banking, Corporate Banking, Investment Banking and Asset Management & Treasury.

The Group operates in the U.S.A. and the predominant activities are related to Retail Banking.

In Egypt, the Group's predominant activities are related to Retail Banking and Corporate Banking.

The following table incorporates geographical concentrations net revenues and non current assets of the Group, as required by IFRS 8. The allocation is based on the location of the subsidiaries.

Amounts in thousand euros (Unless otherwise stated)

As at 31 December 2010	Net Revenues	Non current assets
Greece	920,249	1,754,184
Rest of Europe	523,045	393,258
U.S.A.	23,018	35,536
Egypt	32,744	95,481
Total	**1,499,056**	**2,278,460**

As at 31 December 2009	Net Revenues	Non current assets
Greece	1,074,317	1,619,642
Rest of Europe	516,301	392,347
U.S.A.	20,864	35,195
Egypt	51,142	99,140
Total	**1,662,625**	**2,146,325**

The cost of issuing debt securities for loans securitisation, subordinated loans and hybrid capital is included in the net revenues of Greece.

6 Net interest income

	1/1-31/12/2010	1/1-31/12/2009
Interest income		
Interest on fixed income securities	456,182	438,897
Interest income on loans and advances to customers and reverse repos	1,910,159	1,934,556
Interest on loans and advances to credit institutions	180,394	291,965
Other interest income	115,394	123,742
Total interest income	**2,662,132**	**2,789,159**
Interest expense		
Interest on customer deposits and repos	(811,864)	(849,345)
Interest on debt securities in issue and on other borrowed funds	(67,900)	(157,545)
Interest on due to credit institutions	(432,599)	(523,619)
Other interest expense	(142,870)	(153,766)
Total interest expense	**(1,455,233)**	**(1,684,275)**
Net Interest Income	**1,206,898**	**1,104,885**

7 Net fees and commission income

	1/1-31/12/2010	1/1-31/12/2009
Fees and commission income		
Commercial banking	211,537	207,867
Investment banking	24,250	38,089
Asset management	9,450	10,201
Total fees and commission income	**245,236**	**256,157**
Fees and commission expense		
Commercial banking	(39,766)	(42,028)
Investment banking	(5,585)	(7,546)
Asset management	(932)	(542)
Total fees and commission expense	**(46,284)**	**(50,116)**
Net fees and commission income	**198,953**	**206,041**

8 Dividend income

	1/1-31/12/2010	1/1-31/12/2009
Dividend from AFS securities	6,062	8,486
Dividend from trading securities	1,472	4,817
	7,534	**13,303**

9 Net trading income

	1/1-31/12/2010	1/1-31/12/2009
Gains less losses on FX	39,615	72,335
Gains less losses on shares and mutual funds	1,566	7,432
Gains less losses on derivatives	(36,028)	26,624
Gains less losses on bonds	15,983	68,473
	21,136	**174,863**

10 Net income from financial instruments designated at fair value through profit or loss

	1/1-31/12/2010	1/1-31/12/2009
Gains less losses on shares at fair value through profit or loss	(401)	1,602
Gains less losses on other financial instruments at fair value through profit or loss	(7,644)	(2,519)
	(8,045)	**(916)**

Amounts in thousand euros (Unless otherwise stated)

11 Gains/ (Losses) from investment securities

	1/1-31/12/2010	1/1-31/12/2009
Gains less losses on AFS - shares and mutual funds	(430)	546
Gains less losses on AFS - bonds	(49)	(525)
Gains less losses on sale of subsidiaries and associates	(2,110)	12,176
Impairment of shares and mutual funds (available for sale portfolio) (note 24)	(5,122)	(4,155)
Impairment of subsidiaries' goodwill	(5,252)	(4,513)
	(12,964)	**3,529**

12 Other operating income

	1/1-31/12/2010	1/1-31/12/2009
Income from real estate (rental income and result from the valuation of investment property)	13,499	89,313
Income from the operations of ETVA Industrial Parks S.A.	9,825	5,977
Income from IT activities	1,333	9,122
Income from operating leasing	47,353	44,963
Other operating income	13,533	11,546
	85,543	**160,921**

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2010	31 December 2009
Up to 1 year	46,397	145,767
From 1 to 5 years	152,109	282,423
More than 5 years	3,073,719	3,119,052
	3,272,226	**3,547,243**

Receivables from operating leases mainly relate to future receivables from rental income of Picar S.A., from the operation of the Citylink building.

13 Staff costs

	1/1-31/12/2010	1/1-31/12/2009
Wages & salaries	(294,577)	(313,002)
Social insurance contributions	(65,595)	(67,756)
Other staff costs	(19,342)	(16,811)
Retirement benefit charges (note 41)	(31,452)	(28,601)
	(410,966)	**(426,170)**

The number of persons employed by the Group during 2010 was 13,320 (2009: 13,417). The average number of persons employed by the Group during the year 2010 was 13,369.

14 Administrative expenses

	1/1-31/12/2010	1/1-31/12/2009
Rental expense	(73,657)	(76,083)
Taxes and duties	(51,504)	(51,534)
Promotion and advertising expenses	(41,022)	(38,677)
Servicing - promotion of banking products	(34,293)	(33,296)
Fees and third parties expenses	(39,393)	(47,791)
Security and maintenance of fixed assets	(31,138)	(27,331)
Telecommunication and electricity expenses	(26,705)	(26,599)
Other administrative expenses	(79,206)	(75,879)
	(376,917)	**(377,190)**

Other administrative expenses include contributions, insurances, donations, travel expenses and consumables.

15 Income tax expense

	1/1-31/12/2010	1/1-31/12/2009
Current Tax	(63,016)	(51,468)
Deferred tax (note 40)	56,869	8,956
Tax provisions	(1,163)	(4,280)
Tax contribution	(24,630)	(34,194)
	(31,940)	**(80,986)**

The tax rate for Greek legal entities, in accordance with the provisions of article 109 par.1 of Law 2238/1994, as amended by Law 3697/2008, is 24% for the year 2010 and 25% for the year 2009. Further, article 109 par. 1 of Law 2238/1994 was amended by article 13 par. 7 of Law 3842/2010 (Government Gazette A’ 58/23-4-2010) and it is provided that for the year 2010 non-distributed profits of legal entities will be taxed at 24% whereas distributed profits will be taxed at 40%. For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the year 2009 and 2010 (Bulgaria: 10%, Romania: 16%, U.S.A.: 35%, Serbia: 10%, Ukraine: 25%, Egypt: 20%, Cyprus: 10%, Albania: 10% and United Kingdom: 28%).

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2008 have been finalized. The unaudited tax years of the subsidiaries and associates are included in note 27. For the unaudited tax years, the required provisions have been raised according to International Financial Reporting Standards (IFRS).

Amounts in thousand euros (Unless otherwise stated)

Based on article 5 of Law 3845/6.5.2010 "Measures for the application of the support mechanism for the Greek economy by euro area Member States and the International Monetary Fund", a one-off tax contribution of social responsibility was imposed on the total 2009 net income of legal entities of article 2 par. 4 and 101 par. 1 of Income Tax Code (Law 2238/1994), provided that it exceeds € 100 thousand. The tax contribution for 2009 for the Bank and its Greek subsidiaries finally amounted to € 24.6 million, including amount of € 0.3 million attributable to non controlling interest.

According to the provisions of IAS 12, as well as the No. 0002/2010 decision of the Accounting Standards and Audit Committee, the above tax contribution is recognized as a tax expense in the 2010 financial statements.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Bank as follows:

	2010	2009
Profit before tax	10,749	286,615
Tax calculated (24%)	(2,580)	(71,654)
Income not subject to tax (corresponding tax)	22,996	25,340
Non deductible expenses (corresponding tax) and provisions for unaudited fiscal years	(10,559)	(14,190)
Effect of different tax rates applied abroad	7,197	10,791
Impact on deferred tax from the future legally approved change of tax rate	(42,435)	1,898
Effect of results of investment in associates	1,181	743
Deferred tax on Impairment of securities	18,325	-
Additional tax 3% on real estate income	(121)	(113)
Tax contribution	(24,629)	(34,194)
Effect of tax losses that are estimated not to be offset	(1,315)	393
Income Tax	**(31,940)**	**(80,986)**

16 Earnings/ (Losses) per share

Basic earnings/ (losses) per share are calculated by dividing the net profit/ (loss) attributable to common shareholders of the parent by the weighted average number of common shares in issue during the year, excluding the average number of common shares purchased by the Group and held as treasury shares.

Basic earnings/ (losses) per share	**1/1-31/12/2010**	**1/1-31/12/2009**
Net profit/ (loss) attributable to common shareholders of the parent entity	(20,474)	201,749
Less: Accrued dividends of preference shares after tax	(29,045)	(18,006)
Net profit/ (loss) attributable to common shareholders of the parent entity	(49,519)	183,743
Weighted average number of common shares in issue	335,734,060	330,982,919
Basic earnings/ (losses) per share (in euros)	(0.1475)	0.5551

17 Analysis of other comprehensive income

1/1 - 31/12/2010	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Net change in available for sale reserves	(234,483)	49,549	(184,934)
Change in currency translation reserve	(20,721)	-	(20,721)
Premium on equity instrument	(67,805)	-	(67,805)
Other Comprehensive Income	**(323,009)**	**49,549**	**(273,460)**

1/1 - 31/12/2009	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Net change in available for sale reserves	(1,663)	6,532	4,870
Change in currency translation reserve	(68,558)	-	(68,558)
Other Comprehensive Income	**(70,220)**	**6,532**	**(63,688)**

18 Cash and balances with the Central Banks

	31 December 2010	**31 December 2009**
Cash in hand	328,846	352,744
Nostros and sight accounts with other banks	764,913	448,924
Balances with central bank	1,254,563	1,138,407
Cheques clearing system - Central Banks	206,772	439,759
Included in cash and cash equivalents less than 90 days (note 46)	**2,555,094**	**2,379,833**
Mandatory reserves with Central Banks	438,181	597,728
	2,993,275	**2,977,561**

Mandatory reserves with the Central Banks are not available for everyday use by the Group. The interest rates for nostros and sight accounts are floating.

Amounts in thousand euros (Unless otherwise stated)

19 Loans and advances to credit institutions

	31 December 2010	31 December 2009
Placements with local banks and banks abroad	1,117,352	782,901
Cheques receivables	7,773	9,970
Reverse repurchase agreements	320,305	175,630
Included in cash and cash equivalents less than 90 days (Note 46)	**1,445,429**	**968,502**
Placements to banks	26,896	21,309
Cheques receivables	4,530	2,515
Loan and advances to credit institutions above 90 days	**31,426**	**23,824**
Total loans and advances to credit institutions	**1,476,856**	**992,325**

Total loans and advances to credit institutions bear floating rates.

	31 December 2010	31 December 2009
Current loans and advances to credit institutions (up to 1 year)	1,468,527	992,284
Non current loans and advances to credit institutions (more than 1 year)	8,329	41
	1,476,856	**992,325**

20 Derivative financial instruments

Derivative financial instruments held by the Group include Currency Forwards, Interest Rate Futures, Interest rate or/and Currency Swaps, Call / Put Options on interest and/or currency and currency or/and shares. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair values on a daily basis. Fair values are obtained from quoted market prices in active markets and option pricing models, where market prices are not available. Derivative financial instruments with positive fair values are recognised as assets and derivative financial instruments with negative fair values are recognised as liabilities.

Swaps are contractual agreements between two parties (over the counter) to exchange cash flows due to movements in interest rates, foreign exchange, equity indices, commodity prices (e.g. fuel prices) and in the case of credit default swaps to make payments with respect to defined credit events based on notional amounts.

Forwards are contractual agreements between two parties (over the counter) to purchase a currency against another or to exchange interest rate cash flows at a specified price and date in the future.

Futures are contractual obligations to receive or pay a net amount based on changes in the price/ rate of the underlying financial instrument. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margin requirements.

Options are contractual agreements that convey the right, but not the obligation, for the purchaser to buy or sell a specified amount of a financial instrument or a currency, at a fixed price or rate, at a future date. Options can be either exchange traded or over the counter (OTC).

The notional amounts of derivative financial instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the underlying instruments and therefore do not indicate the Group's exposure to credit, market or liquidity risk. The notional amount is the amount of the derivative's underlying instrument and is the basis for the measurement of derivative fair values. Fair value changes are determined by fluctuations in the price or the rate of the underlying instrument and reflect the amount to be paid (liability) or received (asset). The notional amounts and fair values of derivative instruments held as at year end are set out below:

At 31 December 2010	**Notional amounts**	**Fair values**	
		Assets	**Liabilities**
Derivatives held for trading			
Futures	43,900	-	-
Asset swaps	15,739	86	3,754
Interest rate swaps	6,674,026	141,147	132,014
Currency swaps	5,683,430	637	19,699
FX forwards	516,967	541	97
Options and other derivative instruments	17,475	1,305	16
		143,717	**155,580**
Embedded equity derivatives			
Customer deposits/ loans linked to options	45,208	250	182
Derivatives held for fair value hedging			
Interest rate swaps	719,298	-	45,378
Futures	764,000	-	-
Total recognised derivative assets/ liabilities		**143,967**	**201,140**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2009	Notional amounts	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	329,200	-	166
Asset swaps	12,842	100	3,390
Interest rate swaps	7,350,581	87,048	98,969
Currency swaps	4,714,223	1,252	74
FX forwards	449,529	966	1,374
Options and other derivative instruments	237,821	78,424	7,377
		167,790	**111,350**
Embedded equity derivatives			
Customer deposits/ loans linked to options	126,890	3,614	3,172
Derivatives held for fair value hedging			
Interest rate swaps	812,891	63	47,500
Total recognised derivative assets/ liabilities		**171,467**	**162,023**

Interest rate swaps held for trading purposes mainly include interest rate swaps with customers and their opposite contracts with other banks in order to reduce the Bank's exposure (back to back contracts).

The Group uses derivatives for hedging purposes in order to reduce its exposure to market risk. This is achieved by hedging specific financial instruments or portfolios. The hedging practices and accounting treatment are disclosed in note 2.4.

The Group hedges part of its interest rate risk, which results from potential decrease in the fair value of fixed rate bonds included in the "Available-for-sale" portfolio and in the "Debt securities - receivables". The Group also hedges the interest rate risk which results from potential decrease in the fair value of fixed rate loans originated by the Group in local and foreign currencies. Hedging is achieved by using interest rate swaps and futures.

The net fair value of these interest rate swaps as at 31/12/2010 was € 45.4 million liability (2009: € 47.4 million liability). The losses on the hedging instruments were € 26 million (2009: € 16.2 million loss). The gains on the hedged item attributable to the hedged risk were € 25.9 million (2009: € 16.2 million gain).

21 Financial assets at fair value through profit or loss

Trading securities	31 December 2010	31 December 2009
Greek government bonds/ treasury bills	4,335	16,914
Foreign government treasury bills	30,071	23,776
Included in cash and cash equivalents less than 90 days (note 46)	**34,406**	**40,690**
Greek government bonds	147,976	598,749
Foreign government bonds	184,005	8,496
Corporate entities bonds	11,586	87,645
Bank bonds	56	34,192
Greek government treasury bills	84,391	303,971
Foreign government treasury bills	170,812	219,779
	598,827	**1,252,834**
Athens stock exchange listed shares	38,241	97,341
Foreign stock exchanges listed shares	341	62
Mutual funds	2,170	2,311
	40,752	**99,713**
Total trading securities	**673,984**	**1,393,237**
Other financial assets at fair value through profit or loss	**16,426**	**162,817**

From the above mentioned trading securities as at 31/12/2010, amount of € 549 million relates to fixed income securities (2009: € 1,174 million), amount of € 15 million relates to floating rate securities (2009: € 149 million) and amount of € 69 million relates to zero coupon bonds (2009: € 0 million).

Other financial assets at fair value through profit or loss include mainly asset swap bonds. The initial classification in the specific portfolio took place in order to decrease the fluctuation in the income statement that would appear had these financial instruments had been recognized at their purchase cost and the related interest rate swap derivatives as derivatives held for trading. Other financial assets at fair value through profit or loss have fixed rates.

22 Reverse repos with customers

The Group enters into agreements for the resale of securities (reverse repos), either with retail clients or corporate entities, collateralised mainly with securities issued by the Greek State.

	31 December 2010	31 December 2009
Reverse repos with customers - individuals	668,599	-
Reverse repos with customers - corporate entities	286,801	-
Total reverse repos with customers	**955,401**	**0**

Amounts in thousand euros (Unless otherwise stated)

23 Loans and advances to customers

	31 December 2010	31 December 2009
Loans to individuals		
Mortgages	6,909,632	6,658,835
Consumer/ personal and other loans	3,650,891	4,109,863
Credit cards	844,874	838,919
	11,405,397	**11,607,616**
Loans to corporate entities	**27,665,756**	**27,075,612**
Total loans and advances to customers	**39,071,153**	**38,683,228**
Less: Allowance for losses (impairment) on loans and advances to customers	(1,433,077)	(994,970)
Total loans and advances to customers (less allowances for losses)	**37,638,075**	**37,688,258**
Current loans and advances to customers (up to 1 year)	13,663,825	14,760,133
Non current loans and advances to customers (more than 1 year)	23,974,250	22,928,125
	37,638,075	**37,688,258**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 3,818 million (2009: € 4,793 million) and floating rate loans amount to € 35,253 million (2009: € 33,890 million).

Movement in allowance (impairment) for losses on loans and advances to customers:

	Loans to individuals	Loans to corporate entities	Total
Balance at 1 January 2009	**322,341**	**380,646**	**702,987**
Charge for the year	260,926	198,286	459,212
Loans written-off	(87,078)	(70,029)	(157,107)
Foreign exchange differences	(3,834)	(6,288)	(10,122)
Balance at end of year 31/12/2009	**492,355**	**502,615**	**994,970**

	Loans to individuals	Loans to corporate entities	Total
Balance at 1 January 2010	**492,355**	**502,615**	**994,970**
Charge for the year	284,792	286,864	571,655
Loans written-off	(95,172)	(48,862)	(144,034)
Foreign exchange differences	374	10,112	10,486
Balance at end of year 31/12/2010	**682,349**	**750,729**	**1,433,078**

The charge for the year of 2010 amount of € 596.9 million (2009: € 488.1 million) in the income statement includes an amount of € 25.2 million (2009: € 28.9 million) which relates to impairment of other receivables and insurance expense for coverage of credit risk.

Allowance for losses on loans and advances	31 December 2010	31 December 2009
Individually impaired	631,615	392,951
Collective allowance	801,462	602,019
Total	**1,433,077**	**994,970**

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	31 December 2010	31 December 2009
Up to 1 year	402,430	388,150
From 1 to 5 years	671,065	768,088
More than 5 years	807,678	712,269
	1,881,173	**1,868,508**
Unearned future finance income	**(387,128)**	**(277,251)**
Net investments in finance leases	**1,494,044**	**1,591,257**

Amounts in thousand euros (Unless otherwise stated)

Net investments in finance leases are analysed as follows:

	31 December 2010	31 December 2009
Up to 1 year	345,878	336,778
From 1 to 5 years	515,788	647,987
More than 5 years	632,379	606,492
	1,494,044	**1,591,257**

24 Investment securities

Available for sale securities	31 December 2010	31 December 2009
Bonds and other fixed income securities		
Greek government bonds	557,436	1,668,495
Foreign government bonds	196,167	120,158
Corporate entities bonds	229,769	286,042
Bank bonds	37,007	47,479
Greek government treasury bills	604,019	-
Foreign government treasury bills	639	-
	1,625,036	**2,122,173**
Shares and other variable income securities		
Athens stock exchange listed shares	60,614	100,333
Foreign stock exchanges listed shares	15,994	15,276
Unlisted shares	158,917	89,960
Mutual funds	190,541	10,717
	426,066	**216,287**
Total available for sale securities	**2,051,103**	**2,338,460**

As at 31/12/2010, amount of € 885 million relates to investment portfolio bonds and treasury bills with fixed rates (2009: € 1,521 million), amount of € 174 million relates to floating rate bonds (2009: € 601 million) and amount of € 566 millions relates to zero coupon bonds (2009: € 0 million).

The movement in the available for sale portfolio is summarised as follows:

	31 December 2010	31 December 2009
Opening balance	2,338,460	875,892
Balance of subsidiaries companies that sold, liquidated or changed portfolio	(958)	-
Additions	1,680,866	1,641,604
Transfer to associates	-	(1,693)
Transfers from trading portfolio	890,444	-
Transfer to debt securities - receivables	(936,575)	-
Disposals/ maturities	(1,263,856)	(144,119)
Changes in fair value	(258,181)	(4,312)
Transfers to held for sale assets (note 31)	-	(19,131)
Transfers to held-to-maturity	(397,407)	-
Impairment charge (note 11)	(5,122)	(4,155)
Foreign exchange differences	3,431	(5,626)
Balance at the end of the year	**2,051,103**	**2,338,460**

Held to maturity	31 December 2010	31 December 2009
Greek government bonds	4,954,598	3,305,687
Foreign government bonds	58,917	38,933
Corporate entities bonds	17,727	18,915
Foreign government Treasury bills & other eligible bills	25,578	-
Total held to maturity	**5,056,820**	**3,363,535**

Movement of the held to maturity securities	31 December 2010	31 December 2009
Opening balance	3,363,535	3,372,205
Additions	1,374,424	46,095
Transfers from AFS portfolio	397,407	-
Sale/ maturity of securities	(80,511)	(47,065)
Foreign exchange differences	1,966	(7,699)
Balance at the end of the year	**5,056,820**	**3,363,535**

From «Sales/ maturity of securities», as presented in the above table, an amount of € 59.2 million refers to a security which was close to maturity, sold at a price close to nominal value and therefore its sale meets IAS 39 rules.

As at 31/12/2010, amounts of € 3,309 million and € 1,748 million, both included in held to maturity securities, relate to floating rate bonds (2009: € 3,309 million) and to fixed rates (2009: € 55 million) respectively.

	31 December 2010	31 December 2009
Current investments securities (up to 1 year)	924,608	185,088
Non current investments securities (more than 1 year)	5,757,249	5,300,621
Total of investments securities	**6,681,857**	**5,485,708**

Amounts in thousand euros (Unless otherwise stated)

25 Reclassification of financial assets

In the 2nd quarter of 2010, due to adverse conditions in financial markets and more specifically in the Greek Government bond market due to the decline of the Greek public financials, bonds with fair value of € 890.4 million were reclassified from the “Trading securities” portfolio into the “Available for sale securities” portfolio. Of these, in the “Available for sale securities” portfolio as at 31/12/2010 remained bonds with fair value of € 185.3 million, as € 339.5 million matured at par during the 2nd semester of 2010 and € 352.1 million were sold during the 2nd semester of 2010. A revaluation loss of € 11.1 million, for the remaining bonds, from the reclassification date to 31/12/2010 has been recognized in the “Available for Sale reserve”. Profit of € 0.2 million from the sale of reclassified bonds has been recognized in the Income Statement of 2010. A revaluation loss of € 12.7 million for the period from 1/1/2010 to the reclassification date is still recognized in the Income Statement for the period.

Moreover, in the 2nd quarter of 2010, bonds with fair value of € 936.6 million were reclassified from the “Available for sale securities” portfolio to the “Debt securities - receivables” portfolio as these bonds met, at the date of reclassification all the conditions of IAS 39 in order to be classified as Loans and Receivables. The fair value of the above mentioned bonds as at 31/12/2010 was € 736.8 million (amortized cost € 927.6 million). The revaluation reserve as at the reclassification date (revaluation loss of € 73.6 million) will be amortized through Profit or Loss over the remaining life of the bonds using the effective interest rate method. If these bonds had not been reclassified, a revaluation loss of € 176.9 million would have been recognized in the “Available for sale reserve”. Interest on reclassified securities will be calculated based on the effective interest rate method and will not differentiate significantly from the interest based on the nominal interest rate. Consequently, the future cash flows of securities are expected to be in the level of their nominal value and future interest.

Also during the 2nd quarter of 2010, bonds with fair value of € 397.4 million were reclassified from the “Available for sale securities” portfolio to the “Held to Maturity” portfolio. The group has the intention and the ability to hold these bonds until maturity.

Investment portfolio on 31/12/2010 includes shares and bonds, which have been reclassified on 1/7/2008 and on 1/10/2008 respectively, in accordance with the amendments of IAS 39 and IFRS 7. Specifically, the “Available for sale securities” portfolio as at 31/12/2010 includes shares and mutual funds with fair value of € 25.5 million, which were reclassified from the “Trading securities” portfolio on 1/7/2008. The revaluation loss of € 9.8 million of 2010 has been recognized in the “Available for sale reserve”. “Available for sale” portfolio on 31/12/2010 includes bonds with fair value of € 132.5 million, which were reclassified on 1/10/2008 from the “Trading securities” portfolio. The revaluation loss of € 34.1 million of 2010 has been recognized in the “Available for sale reserve”. Losses of € 0.3 million from the sale of reclassified bonds and shares have been recognized in the Income Statement for 2010.

“Held to Maturity” portfolio as at 31/12/2010 includes bonds with fair value of € 335.6 million (amortized cost € 593.5 million), which were reclassified on 1/10/2008 from “Trading securities” portfolio. If these bonds had not been reclassified, a revaluation loss of € 173.4 million would have been recognized in the “Net trading Income” of 2010.

“Debt securities – receivables” portfolio as at 31/12/2010 includes corporate bonds with fair value of € 19.0 million (amortized cost of € 19.6 million) and “Loans and advances to credit institutions” portfolio includes bank bonds with fair value of € 22.2 million (amortized cost € 19.8 million), which were reclassified on 1/10/2008 from the “Available for sale securities” portfolio. If these bonds had not been reclassified the “Available for sale reserve” of 2010 would have been benefited by € 2.8 million.

26 Debt securities - receivables

	31 December 2010	31 December 2009
Corporate entities debt securities - receivables	197,653	210,702
Greek government bonds debt securities - receivables	2,302,166	688,092
Foreign government bonds debt securities - receivables	12,518	284,212
Total Debt securities - receivables	**2,512,337**	**1,183,006**

Debt securities - receivables as at 31/12/2010 and 31/12/2009 include Greek Government Bonds of nominal value € 370 million, which were transferred to Piraeus Bank in 2009, according to the requirements of Law 3723/2008 “Enhancement of the Greek economy’s liquidity in response to the impact of international financial crisis” in order to cover equal ammount issuance of Piraeus Bank's preference shares (note 43) to the Greek State.

	31 December 2010	31 December 2009
Current debt securities - receivables (up to 1 year)	185,595	118,586
Non current debt securities - receivables (more than 1 year)	2,326,742	1,064,420
Total of Debt securities - receivables	**2,512,337**	**1,183,006**

27 Investments in subsidiaries and associate companies

The investments of Piraeus Bank in subsidiaries and associates are:

A) Subsidiaries companies (full consolidation method)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
1.	Marathon Banking Corporation	Banking activities	96.24%	U.S.A	2007-2010
2.	Tirana Bank I.B.C. S.A.	Banking activities	96.71%	Albania	2009-2010
3.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2010
4.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2006-2010
5.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010
6.	Piraeus Bank Egypt S.A.E.	Banking activities	98.03%	Egypt	2003-2010
7.	JSC Piraeus Bank ICB (former OJSC Piraeus Bank ICB)	Banking activities	99.98%	Ukraine	2008-2010
8.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus	2006-2010
9.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
10.	Piraeus Leasing Romania S.R.L.	Finance leases	100.00%	Romania	2003-2010
11.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010
12.	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2009-2010
13.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2006-2010

Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
14.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom	-
15.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria	2008-2010
16.	Piraeus Auto Leasing Bulgaria EAD	Auto leases	100.00%	Bulgaria	2008-2010
17.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom	2009-2010
18.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010
19.	Piraeus Multifin S.A.	Motor vehicles trading	100.00%	Greece	2007-2010
20.	Picar S.A.	City link areas management	100.00%	Greece	2007-2010
21.	Bulfina S.A.	Property management	100.00%	Bulgaria	2008-2010
22.	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece	2010
23.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece	2010
24.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010
25.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2008-2010
26.	ND Development S.A.	Property management	100.00%	Greece	2010
27.	Property Horizon S.A.	Property management	100.00%	Greece	2010
28.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece	2010
29.	Piraeus Development S.A.	Property management	100.00%	Greece	2010
30.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2009-2010
31.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010
32.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
33.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.86%	Cyprus	2006-2010
34.	Lakkos Mikelli Real Estate LTD	Property management	50.66%	Cyprus	2009-2010
35.	Philoktimatiki Public LTD	Land and property development	53.29%	Cyprus	2005-2010
36.	Philoktimatiki Ergoliptiki LTD	Construction company	53.29%	Cyprus	2005-2010
37.	New Evolution S.A.	Property, tourism & development company	100.00%	Greece	2010
38.	Imperial Stockbrokers Limited	Stock exchange operations	100.00%	Cyprus	2003-2010
39.	Imperial Eurobrokers Limited	Stock exchange operations	100.00%	Cyprus	2003-2010
40.	EMF Investors Limited	Investment company	100.00%	Cyprus	2003-2010
41.	Euroinvestment Mutual Funds Limited	Mutual funds management	100.00%	Cyprus	2003-2010
42.	Bull Fund Limited	Investment company	100.00%	Cyprus	2003-2010
43.	Good Works Energy Photovoltaics S.A.	Construction & operation PV solar projects	33.15%	Greece	2005-2010
44.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2005-2010
45.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2005-2010
46.	Sunholdings Properties Company LTD	Land and property development	26.65%	Cyprus	2008-2010
47.	Piraeus Cards S.A.	Financial services and consultancy	100.00%	Greece	2008-2010
48.	Polytropon Properties Limited	Land and property development	39.97%	Cyprus	2008-2010
49.	Shinefocus Limited	Land and property development	53.29%	Cyprus	2003-2010
50.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
51.	Maples Invest & Holding S.A.	Investment company	100.00%	British Virgin Islands	-
52.	Margetson Invest & Finance S.A.	Investment company	100.00%	British Virgin Islands	-
53.	Vitria Investments S.A.	Investment company	100.00%	Panama	-
54.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2010
55.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
56.	Piraeus - Egypt Asset Management Co. (former Phoenix Kato Asset Management Co.)	Property administration	88.35%	Egypt	2005-2010
57.	Piraeus Egypt Leasing Co.	Finance leases	98.03%	Egypt	2007-2010
58.	Piraeus Egypt for Securities Brokerage Co.	Stock exchange operations	98.02%	Egypt	2007-2010
59.	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and reinsurance brokerage	100.00%	Romania	2009-2010
60.	Piraeus Real Estate Consultants S.R.L.	Construction company	100.00%	Romania	2007-2010
61.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2007-2010
62.	Iapetos Energy Photovoltaics S.A.	PV Solar projects development	33.16%	Greece	2007-2010
63.	Phoebe Energy Photovoltaics S.A.	PV Solar projects development	33.16%	Greece	2007-2010
64.	Orion Energy Photovoltaics S.A.	PV Solar projects development	33.16%	Greece	2007-2010
65.	Astraios Energy Photovoltaics S.A.	PV Solar projects development	33.16%	Greece	2007-2010
66.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2010
67.	Multicollection Romania S.R.L.	Assessment and collection of commercial debts	51.00%	Romania	2006-2010
68.	Olympic Commercial & Tourist Enterprises S.A.	Oper.leases- Rent-a-Car and long term rental of vehicl.	94.00%	Greece	2009-2010
69.	Piraeus Rent Doo Beograd	Operating Leasing	100.00%	Serbia	2007-2010
70.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
71.	Piraeus Leasing Doo Beograd	Financial leasing	100.00%	Serbia	2007-2010
72.	Piraeus Real Estate Consultants Doo	Construction company	100.00%	Serbia	2008-2010
73.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2010
74.	Piraeus Real Estate Egypt LLC	Construction company	99.80%	Egypt	2007-2010
75.	Piraeus Bank Egypt Investment Company	Investment company	97.93%	Egypt	2007-2010
76.	Piraeus Best Leasing Bulgaria EAD	Auto Leasing	99.98%	Bulgaria	2007-2010
77.	Piraeus Insurance Agency S.A.	Insurance - agency	100.00%	Greece	2007-2010
78.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010
79.	Estia Mortgage Finance III PLC	SPE for securitization of mortgage loans	-	United Kingdom	-

Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
80.	Piraeus Insurance Brokerage Egypt	Insurance brokerage	96.01%	Egypt	2008-2010
81.	Integrated Services Systems Co.	Warehouse & mail distribution management	96.99%	Egypt	2004-2010
82.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
83.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	65.00%	Greece	2010
84.	Axia Finance II PLC	SPE for securitization of corporate loans	-	United Kingdom	-
85.	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
86.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
87.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
88.	Gaia Lease PLC	SPE for securitization of finance leases	-	United Kingdom	-
89.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
90.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
91.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	2010
92.	R.E Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus	2009-2010
93.	Erechtheas Investments & Holdings S.A.	Property management	100.00%	Greece	2010
94.	Solum Ltd Liability Co.	Property management	100.00%	Ukraine	2009-2010
95.	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2010
96.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010
97.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	60.41%	Greece	2010
98.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus	-
99.	Piraeus Equity Advisors Ltd.	Investment advise	100.00%	Cyprus	2009-2010
100.	Tortilus Ltd.	Holding company	100.00%	Cyprus	2009-2010
101.	Achaia Clauss Estate S.A.	Property management	74.36%	Greece	2009-2010
102.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2010
103.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
104.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
105.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2008-2010
106.	Piraeus Wealth Management (Switzerland) S.A.	Wealth management	42.25%	Switzerland	-
107.	Curdart Holding Ltd	Holding company	100.00%	Cyprus	2009-2010

Companies numbered 32, 70, 79, 82, and 84-90 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 43, 46, 48, 62-65 and 106, although presenting less than 50% holding percentage, are subsidiaries due to significant influence.

The company numbered 84 is under liquidation because the second securitisation of corporate loans was called back (note 36) in October 2010. Also, as at 31/12/2010 the companies numbered 31, 66 and 72 were under liquidation.

B) Associate companies (equity accounting method)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
1.	CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Scientific and technology park management	30.45%	Greece	2010
2.	"EVROS" DEVELOPMENT COMPANY S.A.	European community programs management	30.00%	Greece	2000-2010
3.	PROJECT ON LINE S.A.	Information technology & software	40.00%	Greece	2010
4.	ALEXANDRIA FOR DEVELOPMENT AND INVESTMENT	Investment company	21.57%	Egypt	2008-2010
5.	NILE SHOES COMPANY	Footwear seller- manufacturer	38.56%	Egypt	2003-2010
6.	APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Real estate, development/ tourist services	27.80%	Greece	2010
7.	APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Real estate, development/ tourist services	27.80%	Greece	2010
8.	TRIERIS REAL ESTATE LTD	Property management	22.80%	British Virgin Islands	-
9.	EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	General and life insurance and reinsurance	30.23%	Greece	2007-2010
10.	APE INVESTMENT PROPERTY S.A.	Real estate, development/ tourist services	27.20%	Greece	2010
11.	SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Holding company	28.10%	Greece	2008-2010
12.	EKATHARISEIS AKTOPLOIAS S.A.	Ticket settlements	49.00%	Greece	2010
13.	TRASTOR REAL ESTATE INVESTMENT COMPANY	Real estate investment property	33.80%	Greece	2006-2010
14.	EUROTERRA S.A.	Property management	29.22%	Greece	2010
15.	REBIKAT S.A.	Property management	30.00%	Greece	2010
16.	ABIES S.A.	Property management	30.00%	Greece	2010
17.	ATLANTIC INSURANCE COMPANY PUBLIC LTD	General insurances	21.70%	Cyprus	2009-2010
18.	ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Accounting and tax consulting	49.00%	Greece	2010
19.	EXODUS S.A.	Information technology & software	50.10%	Greece	2010

The company numbered 19 is included in the associate companies' portfolio, as Piraeus Bank S.A. owns 40.10% of the voting rights. The company numbered 12 was under liquidation as at 31/12/2010.

The changes in the portfolio of subsidiaries and associates are referred at note 48. The movement of investment in associates is analysed as follows:

	31 December 2010	31 December 2009
Opening balance	184,024	219,399
Additions	15,146	19,492
Disposals	(979)	(61,440)
Share of profit/ (loss) after tax	11,570	8,621
Transfer from subsidiaries companies	3,497	1,693
Share in dividends paid	(3,137)	(2,412)
Impairment	(83)	-
Foreign exchange differences	1,759	(1,329)
Balance at the end of the year	**211,796**	**184,024**

Amounts in thousand euros (Unless otherwise stated)

"Share of profit of associates" in the income statement includes losses of Bank's investment securities of amount € 15.2 million due to fair view.

Company	Country	Participation %	Profit/ (Loss) before tax	Total revenues	Total assets	Total liabilities
		31 December 2010				
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	(7)	35	189	9
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	23	2,191	1,664	1,516
PROJECT ON LINE S.A.	Greece	40.00%	(79)	1,336	970	1,443
ALEXANDRIA FOR DEVELOPMENT AND INVESTMENT	Egypt	21.57%	229	438	9,155	4,545
NILE SHOES COMPANY	Egypt	38.56%	50	1,533	1,299	59
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	(2,051)	177	70,806	66,117
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	(1,690)	9	40,908	41,734
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.80%	(844)	753	32,668	9
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	*	*	*	*
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(4,647)	8	143,129	133,718
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	28.10%	*	*	*	*
EKATHARISEIS AKTOPLOIAS S.A.	Greece	49.00%	(13)	-	40	3
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	(4,226)	8,233	111,163	9,491
EUROTERRA S.A.	Greece	29.22%	10,864	372	117,096	9,425
REBIKAT S.A.	Greece	30.00%	(27)	-	21,745	4
ABIES S.A.	Greece	30.00%	(53)	57	2,332	11
ATLANTIC INSURANCE COMPANY PUBLIC LTD	Cyprus	21.70%	*	*	*	*
ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Greece	49.00%	99	1,666	869	397
EXODUS S.A.	Greece	50.10%	3	5,761	9,304	5,751

(*) At the date of approval of the Bank's consolidated financial statements, the listed associate companies 'European Reliance Gen. Insurance Co. S.A.', 'Sciens International Investments & Holding S.A.' and 'Atlantic Insurance Company Public Ltd.', haven't published their annual financial statements for the year 2010. As a result, the disclosure of their financial data and results is not considered necessary. According to stock market prices of 31/12/2010, the fair value of the Bank's shareholding to associate listed companies is as follows: European Reliance Gen. Insurance Co. S.A. € 5.2 million, Sciens International Investments & Holding S.A. € 28.3 million and Trastor Real Estate Investment Company € 15.4 million.

Company	Country	Participation %	Profit / (Loss) before tax	Total revenues	Total assets	Total liabilities
		31 December 2009				
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	(2)	44	213	26
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	(80)	2,436	192	67
PROJECT ON LINE S.A.	Greece	40.00%	(178)	936	829	1,034
ALEXANDRIA FOR DEVELOPMENT AND INVESTMENT	Egypt	20.98%	232	409	8,709	4,914
NILE SHOES COMPANY	Egypt	37.51%	59	1,454	1,327	417
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	(2,355)	-	65,209	63,907
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	(1,945)	-	41,218	40,305
DELPHI ADVANCED RESEARCH TECHNOLOGIES LTD	Cyprus	25.00%	21	492	195	53
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.80%	110	648	30,163	(3,120)
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	3,500	118,000	210,000	172,000
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(4,889)	-	142,403	130,344
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	29.80%	(4,810)	2,305	291,146	103,914
EKATHARISEIS AKTOPLOIAS S.A.	Greece	49.00%	-	-	49	(3)
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	5,042	6,891	115,957	3,435
EUROTERRA S.A.	Greece	29.22%	(190)	232	123,452	26,644
REBIKAT S.A.	Greece	30.00%	(26)	-	26,197	4,604
ABIES S.A.	Greece	30.00%	(9)	15	2,346	322
ATLANTIC INSURANCE COMPANY PUBLIC LTD	Cyprus	21.70%	4,563	18,241	66,495	34,485

28 Intangible assets

2009

Cost	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2009	200,921	125,877	88,285	415,083
Additions	2,354	20,220	3,335	25,909
Transfers	-	48,414	2,342	50,756
Write - offs/ impairment	(4,513)	(1,152)	(892)	(6,557)
Absorption of companies	(5,159)	-	-	(5,159)
Foreign exchange differences	(514)	(600)	(549)	(1,663)
Balance as at 31 December 2009	**193,090**	**192,758**	**92,521**	**478,370**

Amounts in thousand euros (Unless otherwise stated)

Accumulated depreciation	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2009	-	(77,812)	(34,278)	(112,090)
Charge for the year	-	(16,973)	(11,089)	(28,062)
Transfers	-	(85)	342	257
Write - offs/ impairment	-	266	30	296
Foreign exchange differences	-	299	90	389
Accumulated depreciation as at 31 December 2009	**-**	**(94,305)**	**(44,905)**	**(139,210)**
Net book value as at 31 December 2009	**193,090**	**98,454**	**47,616**	**339,160**

2010

Cost	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2010	193,090	192,758	92,521	478,370
Balance of subsidiaries companies that sold, dispoded or changed portfolio	(1,089)	(5,863)	-	(6,952)
Additions	35,761	23,870	3,590	63,220
Transfers	-	22,274	1,067	23,341
Write - offs/ disposals	-	(1,351)	(49)	(1,400)
Impairment	(5,251)	-	-	(5,251)
Foreign exchange differences	863	40	1,198	2,102
Balance as at 31 December 2010	**223,374**	**231,728**	**98,327**	**553,429**

Accumulated depreciation	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2010	-	(94,305)	(44,905)	(139,211)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	-	3,341	-	3,341
Charge for the year	-	(22,692)	(11,576)	(34,268)
Write - offs/ disposals	-	1,076	44	1,120
Foreign exchange differences	-	164	(267)	(104)
Accumulated depreciation as at 31 December 2010	**0**	**(112,416)**	**(56,705)**	**(169,121)**
Net book value as at 31 December 2010	**223,374**	**119,312**	**41,623**	**384,308**

Out of total additions in goodwill during 2010, amount of € 35.8 million relatres to Achaia Clauss Estate S.A.

Goodwill is examined for impairment on an annual basis or more often if there are trigers of permanent impairment. During 2010, as a result of the impairment testing on goodwill, arised an expense of € 5.3 million.

29 Property, plant and equipment

2009	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2009	258,627	325,203	110,345	426,629	288,177	1,408,981
Additions	18,971	21,317	72,504	100,547	16,274	229,613
Transfers	55,237	6,332	(111,609)	(1,730)	8,696	(43,075)
Disposals	(250)	(1,697)	(899)	(71,418)	(1,235)	(75,499)
Write - offs/ impairment	-	(609)	(550)	(357)	(780)	(2,296)
Foreign exchange differences	(1,547)	(4,534)	(1,444)	(440)	(3,807)	(11,773)
Balance as at 31 December 2009	**331,038**	**346,011**	**68,348**	**453,231**	**307,324**	**1,505,953**
Accumulated depreciation						
Opening balance as at 1 January 2009	(24,318)	(203,580)	-	(115,375)	(94,718)	(437,991)
Charge for the year	(9,543)	(31,502)	-	(55,736)	(20,593)	(117,373)
Transfers	(3,418)	(367)	-	1,160	(14)	(2,638)
Disposals	34	1,430	-	32,986	842	35,293
Write - offs/ impairment	-	477	-	147	461	1,085
Foreign exchange differences	205	2,118	-	(260)	881	2,943
Accumulated depreciation 31 December 2009	**(37,039)**	**(231,423)**	**-**	**(137,078)**	**(113,141)**	**(518,681)**
Net book value as at 31 December 2009	**293,999**	**114,588**	**68,348**	**316,153**	**194,183**	**987,272**

The above total depreciation charge for the year 2009 (€ 145,435 thousand) for tangible and intangible assets includes depreciation of Olympic Commercial & Tourist Enterprises of € 52,630 thousand which is included in "Other operating income" of the Consolidated Income Statement.

Amounts in thousand euros (Unless otherwise stated)

2010	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2010	331,038	346,011	68,348	453,231	307,324	1,505,952
Balance of subsidiaries companies that sold, dispoded or changed portfolio	-	(1,687)	-	(12)	(1,369)	(3,067)
Opening balance of new subsidiaries on the date of acquisition	-	580	-	5,041	-	5,622
Additions	33,249	14,440	43,486	77,143	8,341	176,659
Transfers	1,285	3,102	(30,987)	481	2,982	(23,137)
Disposals	(24,927)	(1,099)	(430)	(63,342)	(964)	(90,762)
Write - offs/ impairment	-	(1,299)	(90)	(1,581)	(4,516)	(7,485)
Foreign exchange differences	1,175	(1,178)	141	40	(26)	152
Balance as at 31 December 2010	**341,821**	**358,871**	**80,467**	**471,003**	**311,772**	**1,563,933**
Accumulated depreciation						
Opening balance as at 1 January 2010	(37,039)	(231,423)	-	(137,078)	(113,141)	(518,682)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	-	1,611	-	7	1,018	2,636
Opening balance of new subsidiaries on the date of acquisition	-	(543)	-	(4,861)	-	(5,404)
Charge for the year	(10,866)	(29,114)	-	(55,900)	(16,904)	(112,783)
Transfers	(16)	1	-	(33)	-	(49)
Disposals	150	773	-	29,450	657	31,029
Write - offs/ impairment	-	1,196	-	781	3,341	5,318
Foreign exchange differences	37	968	-	21	(4)	1,022
Accumulated depreciation 31 December 2010	**(47,734)**	**(256,531)**	**0**	**(167,614)**	**(125,034)**	**(596,912)**
Net book value as at 31 December 2010	**294,087**	**102,340**	**80,467**	**303,389**	**186,739**	**967,023**

The above total depreciation charge for the year 2010 (€ 147,051 thousand) for tangible and intangible assets includes depreciation of Olympic Commercial & Tourist Enterprises of € 52,463 thousand which is included in "Other operating income" of the Consolidated Income Statement while is not included depreciation of subsidiaries of € 326 thousand, which were transfered to the portfolio of associates during 2010.

30 Investment property

	2010	2009
Opening balance	819,894	710,374
Balance of subsidiaries companies that sold, dispoded or changed portfolio	(19,363)	-
Opening balance of new subsidiaries on the date of acquisition	53,057	-
Revaluation of investment property	24,026	62,496
Additions	18,091	31,426
Transfers	37,650	16,997
Disposals	(5,790)	(1,728)
Other adjustments	(435)	330
Balance at the end of the year	**927,129**	**819,894**

In 2010 the Group proceeded to a more efficient exploitation and management of its real estate property. Among other actions taken, the Bank tranferred properties of amount € 37 million to "Investment property", which in the current year meets all relevant conditions and criteria set out in IAS 40. Moreover, Piraeus Leases S.A. has transferred real estate property with the amount of € 1.0 million from "Receivables from finance leases" at "Investment Property". Also, an amount of € 0.3 million has been transferred from "Investment Property" to "Other Assets".

Investment property is presented at fair value, as this is estimated by certified independent valuers on an annual basis. Fair value is determined by the market prices or if market prices are not available, valuation models are used as described in section 2.16. The total fair value of investment property under finance leases as at 31/12/2010 is € 491.6 million (2009: € 503.3 million).

Rental income from investment property amounts to € 18,073 thousand (2009: € 20,744 thousand). Operating expenses of investment property that is rented to third parties equal to € 3,464 thousand (2009: € 3,464 thousand).

31 Assets Held for sale

Opening balance as at 1/1/2009	**10,557**
Additions	76,391
Transfers (note 24)	19,131
Disposals	(791)
Impairment	(2,142)
Currency translation differences	(1,375)
Balance as at 31/12/2009	**101,771**

Amounts in thousand euros (Unless otherwise stated)

Opening balance as at 1/1/2010	**101,771**
Additions	11,610
Transfers	(61,978)
Disposals	(27,389)
Impairment	(963)
Writte-off	(285)
Currency translation differences	477
Balance as at 31/12/2010	**23,242**

During 2010, the loss from the sale of assets was € 947 thousand (2009: loss € 726 thousand) which was included in the profit and loss statement in line "Gains/ (Losses) from sale of assets".

Within 2010, a real estate company that had initially been classified in the “Assets held for sale” portfolio was transferred to the subsidiaries portfolio as the criteria specified by IFRS 5 are no longer met. As at 31/12/2010, assets held for sale include mainly properties of subsidiaries in Egypt, Bulgaria, Romania and Ukraine, for which sale procedure is lengthy and it is expected to be finalised in 2011.

32 Other assets

	31 December 2010	31 December 2009
Inventories - property	199,504	206,015
Inventories - property	**199,504**	**206,015**
Prepaid expenses and accrued income	182,495	177,415
Prepaid taxes and taxes withheld	110,814	138,150
Claims from tax authorities and the State	210,442	138,391
Inventories - cars	34,477	48,880
Credit cards	54,122	88,327
Receivables from third parties	111,797	91,044
Other items	328,065	406,131
Other receivables	**1,032,212**	**1,088,338**
Other assets	**1,231,716**	**1,294,353**
Current other assets (up to 1 year)	783,145	686,246
Non current other assets (more than 1 year)	448,571	608,107
Total	**1,231,716**	**1,294,353**

Inventories property as at 31/12/2010 include property of ETVA Industrial Parks S.A. of amount € 117.3 million (2009: € 117 million) and property acquired by the Bank through auctions of amount € 76.3 million (2009: € 82.5 million), as well as inventories property of real estate subsidiaries of total amount of € 5.9 million (2009: € 6.5 million). Other items include debit balances that result from the daily transactions of the Group.

The Bank has timely filed a recourse for the years 2008 and 2009 before the competent administrative courts, the arguments of which are adequately strong and legitimate (taking also into consideration the relevant opinion of the Legal Advisor), against the negative view of the Greek Tax Authorities for the utilization of or the return of credit balances (€28.4 million and €52.6 million respectively) which arose from specially taxed income (interest on bonds etc) issued domestically or abroad.

33 Due to credit institutions

	31 December 2010	31 December 2009
Amounts due to central banks	17,444,050	6,919,504
Deposits from other banks	1,658,425	4,332,738
Repurchase agreement - credit institutions	500,770	2,095,911
Other obligations to banks	327,024	1,084,701
	19,930,269	**14,432,854**
Current due to banks (up to 1 year)	19,790,356	14,053,803
Non current due to banks (more than 1 year)	139,913	379,050
	19,930,269	**14,432,854**

Balances due to credit institutions bear floating rates.

Other obligations to Banks include the balance of the Schuldschein loan. The outstanding balance of the Schuldschein loan as at 31/12/2010 amounts to € 200 million against € 500 million as at 31/12/2009.

The Hellenic Republic’s credit rating downgrades from 2009 year-end and onwards, along with the subsequent negative impact to the rating of Greek banks (including Piraeus Bank), led to difficulty in accessing international interbank market ("Due to Credit Institutions" and "Interbank Repos"). These were substituted by "Due to European Central Bank" through Main Refinancing Operations with collaterals (MRO).

34 Liabilities at fair value through profit or loss

As at 31/12/2010, the open short positions for bonds had a fair value of € 308.9 million. The open short positions result from the trading activity in the secondary market, with short term nature, within the scope of managing the Group’s positions.

35 Due to customers

	31 December 2010	31 December 2009
Current and sight deposits	4,706,558	5,321,970
Savings account	3,676,013	4,292,665
Term deposits	20,633,524	20,130,942
Other accounts	237,584	292,710
Repurchase agreements	221,319	25,319
	29,474,998	**30,063,606**

Amounts in thousand euros (Unless otherwise stated)

	31 December 2010	31 December 2009
Current due to customers (up to 1 year)	28,685,240	29,520,436
Non current due to customers (more than 1 year)	789,758	543,170
	29,474,998	**30,063,606**

Other accounts include cheques payable of € 80 million (2009: € 142 million). Customer deposits (excluding cheques payable and repos) with floating rates are € 8,029 million (2009: € 9,407 million) and with fixed rate are € 21,145 million (2009: € 20,489 million).

36 Debt securities in issue

	Currency	Average interest rate (%) 2010	Average interest rate (%) 2009	31 December 2010	31 December 2009
ETBA bonds	EUR	3.40%	5.22%	**124,355**	**153,057**
Euro Commercial Paper (Short term securities)	EUR	3.51%	3.32%	-	122,482
	USD	3.45%	2.34%	46,875	70,751
	GBP	2.20%	3.56%	-	51
				46,875	**193,284**
Other debt securities	BGN	-	7.12%	**-**	**15,392**

Euro Medium Term Note (Medium/ long term securities)	**Interest rate (%)**	31 December 2010	31 December 2009
€ 700 m. floating rate notes due 2010	Euribor + 0.30%	-	448,317
€ 60 m. floating rate notes due 2015	Variable	60,000	60,000
€ 10 m. floating rate notes due 2013	Euribor + 0.30%	-	9,993
€ 650 m. floating rate notes due 2011	Euribor + 0.25%	422,837	424,108
€ 5.05 m. floating rate notes due 2011	Variable	3,750	3,750
€ 50 m. floating rate notes due 2010	Euribor + 0.225%	-	50,000
€ 750 m. floating rate notes due 2010	Euribor + 0.20%	-	688,487
€ 20 m. floating rate notes due 2012	Euribor + 0.20%	19,989	19,981
€ 10 m. fixed/ floating rate notes due 2010	Fixed/ Euribor + 0.35%	-	3,212
€ 500 m. fixed rate notes due 2011	Fixed 4.5%	488,473	492,795
€ 500 m. fixed rate notes due 2012	Fixed 4.0%	469,569	469,769
€ 200 m. fixed rate notes due 2012	Fixed 4.0%	54,136	-
€ 200 m. fixed rate notes due 2013	Fixed 4.5%	26,462	-
Accrued interest and other expenses		22,018	18,759
		1,567,234	**2,689,172**
Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 m. floating rate notes due 2040	Euribor + 0.18%	242,601	283,300
€ 1,250 m. floating rate notes due 2054	Euribor + 0.18%	678,553	872,072
		921,154	**1,155,372**
Total debt securities in issue		**2,659,618**	**4,206,276**
Current debt securities in issue (up to 1 year)		1,079,718	1,414,007
Non current debt securities in issue (more than 1 year)		1,579,900	2,792,269
Total debt securities in issue		**2,659,618**	**4,206,276**

Issuance under the Euro Commercial Paper and Euro Medium Term Note programs is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group. Information concerning the new issues of debt securities during the year 2010, which have been mainly retained by the Bank, are presented below :

In February 2010 Piraeus Bank issued a € 200 million 2-year fixed rate senior bond. The bond was issued under Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a 4.0% fixed coupon and is listed on the Luxembourg Stock Exchange. The bond has been retained mainly by Piraeus Bank.

In February 2010 Piraeus Bank issued a € 200 million 3-year fixed rate senior bond. The bond was issued under Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a 4.5% fixed coupon and is listed on the Luxembourg Stock Exchange. The bond has been retained mainly by Piraeus Bank.

In April 2010 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 2,370 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 400bps. The bond has been retained by Piraeus Bank.

In June 2010 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 2,206.5 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 500bps. The bond has been retained by Piraeus Bank.

In December 2010 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 3,572.1 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 850bps. The bond has been retained by Piraeus Bank.

Amounts in thousand euros (Unless otherwise stated)

It should be noted that the third securitisation of mortgage loans in the amount of € 800 million, the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively, continue to be retained by Piraeus Bank. The second securitisation of corporate loans in the amount of € 900 million was called back in October 2010.

37 Hybrid capital and other borrowed funds

Hybrid capital (Tier I)	Interest rate (%)	31 December 2010	31 December 2009
€ 200 m. floating rate notes	Euribor + 1.25%	158,636	159,036
Accrued interest and other expenses		803	716
		159,439	**159,752**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	Euribor + 0.55%	346,028	347,011
Accrued interest and other expenses		1,117	937
		347,145	**347,948**
Other borrowed funds (USD)		**3,858**	**3,578**
Total hybrid capital and other borrowed funds		**510,442**	**511,278**

Accrued interest on hybrid capital and other borrowed funds is included in the respective amounts of hybrid capital and other borrowed funds. The Bank is not in default of any payments of principal, interest or redemption amounts of the aforementioned hybrid capital and other borrowed funds.

38 Other liabilities

	31 December 2010	31 December 2009
Prepaid income and accrued expenses	128,083	163,563
Obligations under finance leases	249,686	230,518
Transactions with Interbank Systems (DIAS)	22,662	25,417
Withholding taxes and contributions	47,519	45,937
Creditors	92,032	77,706
Other liability accounts	295,856	314,739
	835,838	**857,882**

	31 December 2010	31 December 2009
Current other liabilities (up to 1 year)	540,310	590,348
Non current other liabilities (more than 1 year)	295,528	267,534
	835,838	**857,882**

Other liability accounts include mainly credit balances that result from the daily transactions of the Group.

The liability arising from the finance lease of the Group is analyzed as follows:

Gross liabilities from finance leases	31 December 2010	31 December 2009
Up to 1 year	10,311	25,419
From 1 to 5 years	42,088	114,787
More than 5 years	2,215,661	2,216,408
	2,268,060	**2,356,614**
Finance expense	(2,018,374)	(2,126,096)
Net liabilities from finance leases	**249,686**	**230,518**

Net liabilities from finance leases may be analyzed as follows:

	31 December 2010	31 December 2009
Up to 1 year	18,620	18,196
From 1 to 5 years	88,949	84,291
More than 5 years	142,116	128,031
	249,686	**230,518**

Obligations under finance leases mainly consist of the liability (€ 237.3 million) arising from the finance lease agreement for the Citylink building by the Group subsidiary Picar SA, of total duration fifty two years.

39 Other provisions

	31 December 2010	31 December 2009
Opening balance	18,089	24,160
Opening balance of subsidiaries companies that sold, dispoded or changed portfolio	(7)	-
Charge for the year	3,819	3,053
Usage of provisions	(540)	(9,510)
Foreign exchange differences	(1,543)	386
Balance at the end of the year	**19,817**	**18,089**

Amounts in thousand euros (Unless otherwise stated)

40 Deferred tax

Deferred income taxes for the Group are calculated on all temporary differences under the liability method. The nominal tax rates of Group subsidiaries are different compared to the nominal tax rate of the Bank (note 15).

Deferred income tax assets and liabilites are attributable to the following items:

Deferred tax liabilities	**31 December 2010**	**31 December 2009**
Adjustment for depreciation of property, plant and equipment	28,673	16,482
Investment property valuation	42,372	48,342
Securities valuation	3,791	8,973
Recognition of commision according to effective interest rate calculation	1,983	396
Impairment of receivables	14,899	10,732
Other loans' receivable	10,309	8,426
Deferred tax liability of purchase price allocation exercise	1,827	2,985
Intangible assets	34,207	27,409
Other deferred tax liabilities	22,805	16,313
	160,865	**140,058**

Deferred tax assets	**31 December 2010**	**31 December 2009**
Pensions and other post retirement benefits	35,924	37,209
Impairment of receivables	111,495	38,550
Other provisions	5,860	7,036
Derecognition of intangible assets	2,230	3,995
Securities valuation	200,098	141,576
Derivative financial instruments valuation	10,671	12,504
Recognition of tax losses	30,954	18,673
Impairment of securities	651	650
Recognition of commision according to effective interest rate calculation	12,229	11,581
Other deferred tax assets	6,725	10,878
	416,837	**282,652**
Net deferred tax asset	**255,972**	**142,594**

The movement of the net deferred tax asset is as follows:

	2010	**2009**
Net deferred tax asset as at 1 January	**142,594**	**126,651**
Net deferred tax liability of new/old subsidiaries	(1,515)	-
Effect of deferred tax on profit or loss	56,869	8,956
Valuation of the available for sale portfolio securities	52,438	6,532
Deferred tax on return on preference shares	4,802	-
Currency translation effect	787	454
Net deferred tax asset as at 31 December	**255,972**	**142,594**

The movement of deferred tax in profit and loss for the year (note 15) is analysed as follows:

	2010	**2009**
Pensions and other post retirement benefits	(1,284)	2,182
Impairment of receivables	68,779	14,854
Other loans' receivable	(1,883)	1,780
Recognition of commision according to effective interest rate calculation	(939)	4,461
Investment property valuation	5,970	(8,470)
Derivative financial instruments valuation	(1,834)	(8,121)
Recognition of tax losses	10,930	10,094
Adjustment for depreciation of property, plant and equipment	(12,191)	(6,482)
Intangible assets	(7,375)	(11,554)
Securities valuation	12,944	2,205
Other provisions	(1,178)	(1,306)
Deferred tax of purchase price allocation exercise	1,158	1,158
Impairment of securities	-	(14)
Foreign exchange differences and other temporary differences	(16,229)	8,170
	56,869	**8,956**

During the year 2010, a) deferred tax of amount € 52,438 thousands relating to valuation of the available for sale securities did not affect the profit and loss for the year, but instead recorded under the available for sale reserve according to the relevant IFRS regulations and b) an amount of € 4,802 thousands regarding return on preference shares of Piraeus Bank amounting to € 22,808 thousands, did not affect the profit and loss for the year, but instead affected retained earnings upon the approval of reimbursement of dividends by the General Meeting of the Shareholders of the Bank on 19/5/2010. Deferred tax movement was also affected by foreign exchange differences of amount € 787 thousands, as well as by changes in the portfolio of subsidiaries and associates of € 1.515 thousands. Specifically, the deferred tax balances of new companies and companies which were sold or presented changes within the portfolio of 2010, affected deferred tax on categories "recognition of tax losses", "intangible assets" and "securities valuation".

Deffered tax assets due to tax losses are recognized only when it is probable that taxable profits will be available, against which these tax losses can be utilized.

Amounts in thousand euros (Unless otherwise stated)

41 Retirement benefit obligations

The total liability of Piraeus Bank Group relating to retirement benefit obligations and the relevant charge in profit and loss for the years 2010 and 2009 are presented below:

	2010	2009
Retirement benefit obligations as at 1 January	**202,460**	**198,605**
Balance of subsidiaries companies that sold, dispoded or changed portfolio	(465)	-
Movement for the year (note 13)	31,452	28,601
Contributions paid	(24,514)	(25,236)
Provision for outstanding annual leaves	804	111
Currency translation differences	(247)	380
Retirement benefit obligations as at 31 December	**209,490**	**202,460**

1) Piraeus Bank

The defined benefit obligation is calculated based on legal advisors opinions and independent actuaries using the 'projected unit credit method', according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

Amounts recognised in the balance sheet	31 December 2010	31 December 2009
Pension schemes-funded	58,948	65,286
Other post retirement benefits - not funded	118,628	107,826
	177,576	**173,112**
Provisions due to mergers	159	159
Total obligation	**177,735**	**173,271**

	1/1-31/12/2010	1/1-31/12/2009
Income statement		
Pension schemes-funded	(3,443)	(7,981)
Other post retirement benefits - not funded	(23,172)	(14,805)
	(26,615)	**(22,786)**

A) Pension schemes - funded

The amounts recognised in the balance sheet are determined as follows:

	31 December 2010	31 December 2009
Present value of funded obligations	72,362	94,758
Fair value of plan assets	(13,060)	(17,537)
	59,303	**77,221**
Unrecognised actuarial (losses)/ gains	(5,750)	(11,935)
Unrecognised past service cost	5,396	-
Liability in the balance sheet	**58,948**	**65,286**

Although TEAPETE is no longer among funded benefits, it is featured as part of funded benefits for comparison purposes. The Bank applied under Law 3371/2005 in order to transfer the insured and the retired of TEAPETE into the Special Auxiliary Pension Fund for the Salaried (ETEAM) and the Pension Fund for Bank Employees (ETAT). The total cost was initially specified at € 59.6 million (€ 9.7 million to ETEAM and € 49.9 million to ETAT) on the basis of a special financial study stipulated by law and was ratified by the Parliament with Law 3455/2006, article 26 (Official Gazette 84, bulletin A' 18/4/2006). This amount was agreed to be paid in 10 equal instalments of € 7.1 million each. Out of these instalments, the 6 instalments were paid until 31/12/2010. The obligation, which is the present value of the other 4 instalments, amounts to € 23.2 million as at 31/12/2010.

The amounts recognised in the income statement are as follows:

Pension schemes - Income statement	1/1-31/12/2010	1/1-31/12/2009
Current service cost	(2,786)	(3,933)
Interest cost	(3,759)	(4,512)
Expected return on plan assets	777	630
Net actuarial gains/ (losses) recognised fot the year	1,971	(165)
Past- Services Cost	354	-
Total, included in staff costs	**(3,443)**	**(7,981)**

The movement of the defined benefit obligation for the years 2010 and 2009 is analysed as follows:

	31 December 2010	31 December 2009
Opening balance	**94,758**	**88,903**
Current service cost	2,786	3,933
Interest cost	3,759	4,512
Contributions by plan participants	1,610	1,612
Benefits paid from the fund	(6,814)	(2,031)
Benefits paid directly by the employer	(7,134)	(7,134)
Expenses	-	(71)
Past- Services Cost	(5,749)	-
Net actuarial (gains)/ losses recognised fot the year	(10,854)	5,034
Closing balance	**72,362**	**94,758**

Amounts in thousand euros (Unless otherwise stated)

The movement of the fair value of plan assets of the years 2010 and 2009 is analysed as follows:

	31 December 2010	31 December 2009
Opening balance	**17,537**	**15,410**
Expected return on plan assets	777	630
Employer contributions	2,647	2,333
Employee contributions	1,610	1,612
Benefits paid	(6,814)	(2,031)
Expenses	-	(71)
Assets gains/ (losses)	(2,698)	(346)
Closing balance	**13,059**	**17,537**

The movement of the liability recognized in the balance sheet is analysed as follows:

	31 December 2010	31 December 2009
Opening balance	**65,286**	**66,772**
Movement for the year	3,443	7,981
Contributions paid by the employer	(2,647)	(2,333)
Benefits paid directly by the employer	(7,134)	(7,134)
Closing balance	**58,948**	**65,286**

B) Other post retirement benefits - not funded

The amounts recognised in the balance sheet are as follows:

	31 December 2010	31 December 2009
Present value of unfunded obligations	137,546	158,749
Unrecognised actuarial (losses)/ gains	6,407	(17,403)
Unrecognized past service cost	(25,325)	(33,520)
Liability in the balance sheet	**118,628**	**107,826**

The movement in the defined benefit obligation for the years 2010 and 2009 is analysed as follows:

	31 December 2010	31 December 2009
Opening balance	**158,749**	**160,265**
Current service cost	8,283	9,784
Interest cost	5,457	6,676
Benefits paid by the employer	(12,370)	(12,985)
Additional (gains)/ cost	2,053	1,656
Past service cost	85	(16,124)
Actuarial (gains)/ losses recognised fot the year	(24,711)	9,477
End of year	**137,545**	**158,749**

The amounts recognised in the income statements of 2010 and 2009 are as follows:

Income Statement	**1/1-31/12/2010**	**1/1-31/12/2009**
Current service cost	(8,283)	(9,784)
Interest cost	(5,457)	(6,676)
Net actuarial gains/ (losses) recognised for the year	16	(214)
Past service cost recognized	(8,280)	3,150
Additional gains/ (cost)	(1,168)	(1,281)
Total, included in staff costs	**(23,172)**	**(14,805)**

The movement in the liability recognised in the balance sheet is as follows:

	31 December 2010	31 December 2009
Opening balance	**107,826**	**106,006**
Movement for the year	23,172	14,805
Benefits paid by the employer	(12,370)	(12,985)
Closing balance	**118,628**	**107,826**

The pricipal actuarial assumptions used for the funded and not funded benefits were as follows:

	31 December 2010	31 December 2009
Discount rate	5.00%	5.00%
Expected return on plan assets	5.00%	4.50%
Future increase of salaries	2.50%	4.00%

Amounts in thousand euros (Unless otherwise stated)

In 2010 the estimates for the expected future salary increases have been adjusted in order to reflect the new economic conditions in the Greek environment.

2) Subsidiaries

For the estimation of the liability relating to defined benefit obligation plans of Group subsidiaries an actuarial study has been carried out. The total amount of the liability related to the Group subsidiaries is € 31,755 thousand (2009: € 29,190 thousand). The total charge in profit and loss for the year 2010 resulting from the defined benefit obligation plans of the Bank, is € 26,615 thousand (2009: € 22,786 thousand) and of the Group subsidiaries is € 4,837 thousand (2009: € 5,815 thousand).

42 Contingent liabilites and commitments

A) Legal procedures

The legal proceedings outstanding against the Group as at 31/12/2010 are not expected to have any significant impact on the financial statements of the Group, according to the opinion of the legal affairs division of the Bank and its subsidiaries.

B) Credit commitments

As at 31/12/2010 the Group had the following capital commitments:

	31 December 2010	31 December 2009
Letters of guarantee	2,872,163	3,241,246
Letters of credit	129,312	126,797
Commitments to extent credit	3,609,990	3,312,669
	6,611,465	**6,680,711**

C) Assets pledged

	31 December 2010	31 December 2009
Balances with central banks	384	228
Trading securities	365,514	588,429
Investment securities	6,001,136	2,144,464
Debt securities held by the Group own issue	13,152,339	3,323,305
Loans and advances to customers	3,951,542	865,000
Debt securities - receivables	2,410,200	761,966
	25,881,115	**7,683,391**

In the “Debt securities held by the Group own issue” category, an amount of € 8,189 million refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic and an amount of € 4,963 million refers to securities derived from the securitization of mortgage, consumer and corporate loans. The prementioned securities are not included in assets.

D) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are analysed as follows:

	31 December 2010	31 December 2009
Up to 1 year	44,732	51,281
From 1 to 5 years	177,753	200,618
More than 5 years	331,916	395,099
	554,401	**646,998**

43 Share capital

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2009	**1,571,923**	**927,775**	**(167,321)**	**2,332,377**
Share capital increase due to reinvestment of dividends	32,097	(36)	-	32,061
Issue of preference shares	370,000	-	-	370,000
Purchases of treasury shares	-	-	(4,240)	(4,240)
Sale of treasury shares	-	-	171,438	171,438
Balance at 31st December 2009	**1,974,020**	**927,739**	**(123)**	**2,901,636**

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2010	**1,974,020**	**927,739**	**(123)**	**2,901,636**
Reduction of the nominal value of ordinary shares	(1,503,138)	1,503,138	-	0
Purchases of treasury shares	-	-	(8,787)	(8,787)
Sale of treasury shares	-	-	120	120
Balance at 31st December 2010	**470,882**	**2,430,877**	**(8,790)**	**2,892,969**

Amounts in thousand euros (Unless otherwise stated)

Changes to the number of Bank's shares are analysed in the table below:

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1st January 2009	**329,543,528**	**(12,523,924)**	**317,019,604**
Share capital increase due to reinvestment of dividends	6,728,991	-	6,728,991
Issue of preference shares	77,568,134	-	77,568,134
Purchases of treasury shares	-	(771,503)	(771,503)
Sale of treasury shares	-	13,280,976	13,280,976
Balance at 31st December 2009	**413,840,653**	**(14,451)**	**413,826,202**

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1st January 2010	**413,840,653**	**(14,451)**	**413,826,202**
Purchases of treasury shares	-	(2,624,000)	(2,624,000)
Sale of treasury shares	-	14,278	14,278
Balance at 31 December 2010	**413,840,653**	**(2,624,173)**	**411,216,480**

On 1/1/2010 the Bank's share capital amounted to € 1,974,019,914.81, divided to 336,272,519 ordinary registered shares with voting rights and 77,568,134 preference shares of Law 3723/2008 without voting rights, all of them of a nominal value € 4.77 each.

The Second Iterative General Meeting of Shareholders on 20th December 2010 resolved upon the reduction of the Bank's share capital by an amount of € 1,503,138,159.93, according to article 4 paragraph 4a of Codified Law 2190/1920. The reduction of the Bank's share capital was effected by a corresponding reduction of the nominal value of each ordinary share from € 4.77 to € 0.30 and the prementioned special reserve was included in “Share premium“.

After this reduction, the Bank's share capital as of 31.12.2010 amounts to € 470,881,754.88 divided into 336,272,519 ordinary registered shares each with a nominal value of € 0.30 and 77,568,134 preference shares without voting rights L.3723/2008, each with a nominal value of € 4.77.

The terms of the 77,568,134 preference shares, which were issued within the framework of article 1 of Law 3723/2008 “Liquidity Support of the Economy for mitigating the consequences of the international financial and credit crisis”, are described in the annual financial statements of the year 2009.

Pursuant to the provisions of article 28, Law 3756/2009 (Gov. Gazette A’ 53/31.3.2009) the acquisition of treasury shares is not permitted for so long as the Bank is subject to the provisions of the above mentioned Law 3723/2008. Nevertheless, it is noted that the Ordinary Shareholders General Meeting of the Bank on 3/4/2008 had resolved upon the acquisition by the Bank of up to 33,000,000 treasury shares through the Athens Stock Exchange, in accordance with the provisions of article 16, Cod Law 2190/1920, with an acquisition value per share ranging from € 4 (minimum) to € 40 (maximum). The aforementioned resolution lapsed on 3/4/2010.

The Shareholders General Meeting, which took place on 19/5/2010, resolved not to distribute any dividends to the common shareholders for the year 2009, according to the provisions (article 1 of Law 3723/2008 as in force, in conjunction with 20708/B/1175/23.4.2009 explanatory circular of Ministry of Finance) for the credit institutions participating in the Greek economy liquidity support programme. The General Meeting also resolved upon the payment to the Greek State of the yield for the preference shares for the year 2009, which amounted to € 22.8 million and was paid on June 2010. The after tax yield of the preference shares for the year 2009 that amounts to € 18.0 million, has been deducted from equity as at 31/12/2010.

The accrued dividend of preference shares for the year 2010 amounts to € 37.0 million. The after tax yield of the preference share for the year 2010, amounts to € 29.0 million.

3rd share option plan

The 3rd share option plan, which started in 2006, expired in December 2010 and no rights were exercised during 2010.

44 Other reserves, retained earnings and minority interest

	31 December 2010	31 December 2009
Legal reserve	100,488	95,544
Extraodinary reserve	1,821	1,821
Available for sale reserve	(342,714)	(157,761)
Currency translation reserve	(183,972)	(162,904)
Other reserves	(8,468)	5,105
Total other reserves	**(432,845)**	**(218,195)**
Retained earnings	672,687	782,618
Total other reserves and retained earnings	**239,842**	**564,423**

Other reserves movement	31 December 2010	31 December 2009
Opening balance for the year	(218,195)	(177,586)
Movement of available for sale reserve	(184,953)	4,652
Formation of legal reserve	4,944	17,580
Formation of other reserves	(13,193)	3,341
Foreign exchange differences and other adjustments	(21,448)	(66,182)
Closing balance for the year	**(432,845)**	**(218,195)**

Amounts in thousand euros (Unless otherwise stated)

Available for sale reserve movement	**31 December 2010**	**31 December 2009**
Opening balance for the year	(157,762)	(162,414)
Gains/ (losses) from the valuation of bonds	(199,666)	(27,151)
Gains/ (losses) from the valuation of shares and mutual funds	(67,229)	22,562
Deferred income tax	49,574	6,607
Recycling of the accumulated fair value adjustment of disposed securities	480	(28)
Depreciation of accumulated impairment of tranferred bonds	20,289	-
Foreign exchange differences and other adjustments	11,600	2,663
Closing balance for the year	**(342,714)**	**(157,762)**

Retained earnings movement	**31 December 2010**	**31 December 2009**
Opening balance for the year	782,619	721,359
Premium on equity instrument	(67,805)	-
Profit/ (loss) after tax attributable to the owners of the parent entity	(20,474)	201,749
Prior year dividends of ordinary shares	-	(35,664)
Prior year dividends of preference shares	(18,006)	-
Profit/ (loss) from sales of treasury shares	29	(70,722)
Expenses on issuance of preference shares	-	(4,110)
Transfer to other reserves	8,249	(20,921)
Acquisitions, disposals, absorptions, liquidations and movement in subsidiaries holding	(11,822)	(7,935)
Other movements	(103)	(1,137)
Closing balance for the year	**672,687**	**782,619**

45 Dividend per share

Pursuant to article 1, parag. 3 of Law 3723/2008 on the Intensification of the Liquidity of the Economy, banks may, for as long as they are subject to said provisions, distribute dividends up to an amount which cannot exceed the 35% minimum permissible percentage, set by the provisions of article 3, parag. 1, Law 148/1967. In particular the Ministry of Finance clarified in its Circular no. 20708/B1175/23.4.2009 that the above distributable dividend amount may represent from 0 to 35% of profits. The Management of the Bank does not intend to propose to the Annual Ordinary General Meeting of Shareholders the distribution of dividends for the fiscal year 2010.

46 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of the following balances with less than 90 days maturity from the date of their acquisition.

	31 December 2010	**31 December 2009**
Cash and balances with central banks (note 18)	2,555,094	2,379,833
Loans and advances to credit institutions (note 19)	1,445,429	968,502
Trading securities (note 21)	34,406	40,690
	4,034,929	**3,389,025**

47 Related party transactions

Related parties include a) Members of the Bank's Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of Board of Directors members and key management personnel, c) Companies having transactions with Piraeus Bank Group, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds 20%.

	Board of Directors members and key management personnel	
	31 December 2010	**31 December 2009**
Loans	130,521	145,661
Deposits	40,025	36,516

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2010 are € 2.3 million (31/12/2009: € 1.5 million). The total income on loans to members of the Board of Directors and to key management personnel for the year 2010 is € 4.3 million (31/12/2009: € 5.0 million). The total expense on deposits of the prementioned related parties for the year 2010 is € 0.8 million (31/12/2009: € 0.5 million).

Loans and letters of guarantee issued to related parties represent an insignificant part of total loans and letters of guarantee issued by the Group, respectively. Loans and letters of guarantee have been issued to related parties in the normal course of business, within the approved credit policies and Group procedures, adequately collateralised. Loans to related parties are performing and no provision has been raised for their balances.

Amounts in thousand euros (Unless otherwise stated)

Director's Remuneration	31 December 2010	31 December 2009
Salaries and other remuneration	4,662	5,563
Termination benefits	3,491	7,377
	8,153	**12,940**

The aggregate provisions in respect of Members of the Board of Directors and key management personnel amount to € 31.6 million as at 31/12/2010 (31/12/2009: € 27.4 million). The full amount of the above provisions has been included in retirement benefit obligation (note 41).

	Associates	
	31 December 2010	31 December 2009
Deposits	49,347	90,726
Loans and advances to customers	58,564	53,490
Interest expense	(1,928)	(1,664)
Interest income	2,158	1,441

48 Changes in the portfolio of subsidiaries and associates

In the period from 1/1/2010 to 31/12/2010, the following changes took place in the Group's portfolio of subsidiaries and associates:

a) Increases of participation:

On 4/1/2010, Piraeus Bank Egypt Investment Company, subsidiary of Piraeus Bank Egypt S.A.E. with shareholding percentage of 99.80%, increased its shareholding to Integrated Storage System Co. from 54% to 59% with the amount of € 6.7 thousand. Group's shareholding percentage increased from 89.54% to 94.30%.

On 20/3/2010, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., increased its shareholding in Euroinvestment & Finance LTD with the amount of € 0.1 thousand, increasing Group's shareholding by 0.01% to 90.86%.

On 15/3/2010, Piraeus Bank Egypt S.A.E., subsidiary of Piraeus Bank with shareholding percentage of 95.37%, bought 1,407,028 shares, representing 2.19% of subsidiary's outstanding shares, with the amount of € 3.57 million. Therefore, Group's shareholding percentage to the company increased from 95.37% to 97.51%. On 16/09/2010 Piraeus Bank bought those shares with the amount of € 3.59 million. Thus, Group's shareholding percentage to Piraeus Bank Egypt S.A.E., including the participation in share capital increase as reported in paragraph (c) of the disclosure, increased to 98.03% resulting to an increase in Group's shareholding percentage to the following companies owned by Piraeus Bank Egypt S.A.E. and its subsidiaries: Piraeus-Egypt Asset Management Co (from 85.83% to 88.35%), Piraeus Egypt Leasing Co. (from 95.33% to 98.03%), Piraeus Egypt for Securities Brokerage Co. (from 95.17% to 98.02%), Piraeus Bank Egypt Investment Company (from 95.18% to 97.93%), Piraeus Insurance Brokerage Egypt (from 93.35% to 96.01%), Integrated Storage System Co. (from 94.30% to 96.99%), Alexandria for Development & Investment (from 20.98% to 21.57%), Nile Shoes Company (from 37.51% to 38.56%).

On 13/5/2010 and on 30/6/2010, Piraeus Bank S.A. bought respectively 669 and 2,945 shares of Marathon Banking Corporation, with the total amount of € 2.85 million, increasing its shareholding percentage from 91.03% to 93.94%.

On 27/09/2010 Piraeus Bank S.A. bought 181,427 shares of Olympic Commercial and Tourist Enterprises S.A. with the amount of € 28.99 million, increasing its shareholding percentage from 60.44% to 94.00%.

On 05/10/2010, Piraeus Bank S.A. has increased its participation in Marathon Banking Corporation through the purchase of 2,860 shares with the amount of € 2.03 million, increasing its shareholding percentage from 93.94% to 96.24%.

b) Acquisitions-Establishments:

On 16/2/2010, Piraeus Bank S.A. acquired 100% of Wrangle LTD with the amount of € 90 thousand. Wrangle LTD has been renamed as O.F. Investments LTD.

On 25/2/2010, R.E. Anodus LTD, subsidiary of Piraeus Bank S.A. with shareholding percentage of 99.99%, acquired 100% of Solum LTD Liability Co. with the amount of € 7.8 thousand.

On 1/3/2010, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., acquired 100% of Piraeus (Cyprus) Insurance Brokerage LTD with the amount of € 10 thousand.

ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., participated in the establishment of DI.VI.PA.KA. S.A., with the amount of € 73.53 thousand and a percentage of 92.94%. The Group's shareholding percentage at DI.VI.PA.KA. S.A. is 60.41%.

Piraeus Bank S.A. established Piraeus Equity Partners LTD, a 100% subsidiary, with the amount of € 1 thousand.

Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., acquired 100% of Piraeus Equity Advisors LTD with the amount of € 1 thousand.

Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A, acquired 100% of Piraeus Equity Investment Management LTD with the amount of € 1 thousand. Moreover, it proceeded to the establishment of Piraeus Master GP Holdings LTD and Piraeus FI Holdings LTD, by contributing to each company's share capital with the amount of € 1 thousand.

Piraeus Master GP Holdings LTD, 100% subsidiary of Piraeus Equity Partners Ltd, acquired 100% of Piraeus Clean Energy GP LTD, with the amount of € 1 thousand.

Piraeus Wealth Management A.E.P.E.Y., 65% subsidiary of Piraeus Bank S.A, participated with the percentage of 65% in the establishment of Piraeus Wealth Management (Switzerland) S.A., with the amount of € 469 thousand. Group's shareholding percentage to the company equals to 42.25%.

On 23/7/2010, Piraeus Bank S.A. acquired 100% of Curdart Holding Ltd with the amount of € 4.19 thousand.

c) Participation in share capital increases:

On 22/1/2010, Piraeus Bank S.A. fully covered the share capital increase of R.E. Anodus LTD with the amount of € 16 thousand, increasing in this way its shareholding to R.E. Anodus LTD from 99.90% to 99.99%.

On 25/2/2010, Lakkos Mikelli Real Estate LTD increased its share capital with the amount of € 102.6 thousand. Piraeus Bank S.A. and Philoktimatiki Public LTD participated in the increase with the amounts of € 41 thousand and € 20.5 thousand respectively without altering their shareholding to Lakkos Mikelli Real Estate LTD (40% and 20% respectively). Therefore, Group's shareholding percentage remained at 50.66%.

New Evolution S.A., 100% subsidiary of Piraeus Bank S.A., participated in share capital increase of PROSPECT N.E.P.A., which was completed on 29/6/2010, with the amount of € 50 thousand and € 120 thousand paid on 26/2/2010 and 9/6/2010 respectively, without altering its shareholding percentage of 100%.

On 1/3/2010 and 8/3/2010, Piraeus Bank S.A. participated partially in share capital increases of Olympic Commercial & Tourist Enterprises S.A. with the amounts of € 16.75 million and € 558 thousand respectively, reducing its shareholding from 74.90% to 59.79%. On 23/4/2010 Piraeus Bank S.A., bought 3,502 shares of Olympic Commercial and Tourist Enterprises S.A. with the amount of € 1.12 million, increasing its shareholding percentage from 59.79% to 60.44%.

On 4/3/2010, Piraeus Developer S.A., 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 4.5 million. The amount was fully covered by cash contribution from Piraeus Bank S.A..

On 4/3/2010, Piraeus Property S.A. 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 3.5 million. The amount was fully covered by cash contribution from Piraeus Bank S.A..

On 15/4/2010, Rebikat S.A., increased its share capital with the amount of € 175.1 thousand. Piraeus Bank S.A. participated with the amount of € 52.52 thousand without altering its shareholding of 30%.

On 15/4/2010, Abies S.A., increased its share capital with the amount of € 350 thousand. Piraeus Bank S.A. participated with the amount of € 105 thousand without altering its shareholding of 30%.

On 28/4/2010 Piraeus Bank S.A. participated in share capital increase of its subsidiary JSC Piraeus Bank ICB with the amount of € 22.03 million, increasing its shareholding from 99.96% to 99.97%.

On 1/6/2010 O.F. Investments LTD, 100% subsidiary of Piraeus Bank S.A. increased its share capital with the amount of € 50 thousand. The amount was fully covered by Piraeus Bank S.A..

On 29/6/2010 Piraeus Bank Beograd A.D., 100% subsidiary of Piraeus Bank S.A., fully covered Piraeus Leasing Doo Beograd's capital increase with the amount of € 750 thousand by acquiring direct participation of 27.27% in its share capital without altering Group's shareholding percentage of 100%.

On 23/8/2010 Piraeus Bank S.A. fully covered Piraeus Bank's Egypt share capital increase with the amount of € 32.94 million, increasing its shareholding from 97.51% to 97.99%.

On 24/8/2010 Piraeus Bank S.A. fully covered the share capital increase of Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., with the amount of € 1 million without altering its shareholding percentage.

On 24/8/2010 Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary, Piraeus Equity Advisors LTD with the amount of € 1 million without altering its shareholding percentage.

On 24/9/2010 Piraeus Bank S.A. participated in share capital increase of the listed in the Athens Stock Exchange company, Sciens International Investments & Holding S.A., which was carried out with contribution in kind, by taking 25,794,557 shares of total value € 14.44 million. Thus, Piraeus Bank's S.A shareholding percentage to the company reduced from 29.80% to 28.10%.

Piraeus Bank associate company, APE Investment Property S.A., has increased its share capital by € 2 million. On 04/10/2010 Piraeus Bank S.A. covered its shareholding ratio in the share capital increase through payment of € 0.54 million, without altering its shareholding percentage to the company (27.2%).

On 26/10/2010 Piraeus-Egypt Leasing Co., 98.03% Group's subsidiary, realized a share capital increase, through Piraeus Bank Egypt S.A.E., Integrated Services Systems Co. and Piraeus Insurance Brokerage-Egypt S.A.E.. This share capital increase was a result of a non-distributed profit capitalization (€1.12 million) and a payment in cash (€ 2.62 million) and was fully covered from the above companies without altering their shareholding percentages.

Both on 02/11/2010 and 23/11/2010 Piraeus Bank S.A. fully covered the share capital increase of its 99.97% subsidiary, JSC Piraeus Bank ICB, with the amount of € 9.07 million, thus increasing its shareholding percentage to 99.98%.

Amounts in thousand euros (Unless otherwise stated)

On 19/10/2010 Piraeus Bank S.A., fully covered the share capital increase of its subsidiary Piraeus Equity Partner's LTD, with the amount of € 8 million, without altering its shareholding percentage of 100%.

On 09/12/2010 Piraeus Equity Partners Ltd, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of Piraeus Equity Investment Management Ltd., amounting to € 49 thousand, Piraeus Master GP Holdings Ltd, amounting to € 164 thousand and Piraeus FI Holdings Ltd, amounting to € 14 thousand, without altering its shareholding percentage of 100% to each company.

On 09/12/2010 Piraeus Master GP Holdings LTD, 100% subsidiary of Piraeus Equity Partners Ltd, fully covered the share capital increase of Piraeus Clean Energy GP Ltd, with the amount of € 149 thousand, without altering its shareholding percentage of 100%. It is noted that Piraeus Equity Partners Ltd is a 100% subsidiary of Piraeus Bank S.A..

On 21/12/2010, Piraeus Bank S.A., fully covered the share capital increase of its 99.99% subsidiary company R.E. Anodus LTD, with the amount of € 20 thousand, increasing its shareholding percentage up to 100%. Moreover, the Group's shareholding percentage of Solum Ltd Liability Co, 100% subsidiary of R.E. Anodus LTD, increased from 99.99% to 100%.

d) Liquidation, tranfers and disposals:

On 26/02/2009 Piraeus Real Estate Consultants D.O.O., was set under liquidation upon decision of its only shareholder, Piraeus Real Estate S.A. On 21/04/2009 the decision of dissolution and liquidation of the company was registered in Serbia's Registry. Piraeus Real Estate Consultants D.O.O. is a 100% indirect participation of Piraeus Bank S.A..

On 23/10/2009, the decision of dissolution and liquidation of Multicollection S.A., subsidiary of Piraeus Bank S.A. with shareholding percentage of 51%, was registered in Societes Anonymes Registry of Prefecture of Athens. The Board of Directors' resolution was published in Gov. Gazette 12798 / 29/10/2009.

SSIF Piraeus Securities Romania S.A., 99.33% subsidiary of Piraeus Bank Group, was under liquidation after decision of the Extraordinary General meeting on 7/12/2009. The relevant decision was published at the Romanian Government press on 10/3/2010. The company was deleted with the decision 64610/22.06.2010 of Ministry of Justice, National Office of Trade Register, Trade Register Office of Bucharest Court of Justice.

On 1/4/2010 with a voting rights transferring contract, Piraeus BanK S.A. transferred 10% of its total voting rights at Exodus S.A., decreasing its voting rights from 50.10% to 40.10%. Exodus S.A. has become an associate company of Piraeus Bank S.A.

On 26/4/2010, Piraeus Bank S.A. sold 51,000 shares of ACT Services S.A. (former Piraeus ATFS S.A.) with an amount of € 200 thousand, decreasing its shareholding percentage from 100% to 49%. ACT Services S.A. (former Piraeus ATFS S.A.) has become an associate company of Piraeus Bank S.A.

On 24/09/2010, the companies Piraeus Property S.A. and Piraeus Developer S.A., 100% subsidiaries of Piraeus Bank S.A., were contributed with the amount of € 4.57 million and € 6.09 million respectively, in the line of participation of Piraeus Bank S.A. in the share capital increase, as a contribution in kind, of the listed in the Athens Stock Exchange company Sciens International Investments & Holding S.A..

On 01/03/2010, the decision of dissolution and liquidation of Piraeus Buildings S.A., 100% subsidiary of Piraeus Bank S.A., was registered in Societes Anonymes Registry of Prefecture of Athens. The Board of Directors' resolution was published in Gov. Gazette 1657 / 04.03.2010.

On 17/09/2010, the decision of dissolution and liquidation of Piraeus Bank associate company, Ekathariseis Aktoploias S.A. was registered in the Societes Anonymes Registry of Prefecture of Athens. The Board of Directors' resolution was published in Gov. Gazette 11098 / 24.09.2010.

On 28/12/2010 the associate company, Delphi Advanced Research Technologies Ltd was disposed with the amount of € 17 thousand. In the above company, Piraeus Bank Cyprus Ltd, 100% subsidiary of Piraeus Bank S.A., participated with a shareholding percentage of 25%.

e) Further Changes - Transfers:

Achaia Clauss Estate S.A. was transferred from assets held for sale portfolio to the subsidiaries portfolio of Piraeus Bank S.A.. The shareholding percentage of the Group to the company equals to 74.36% as at 31/12/2010.

f) Renames:

"OJSC Piraeus Bank ICB" has been renamed to "JSC Piraeus Bank ICB" .

"Piraeus ATFS S.A." has been renamed to "ACT Services S.A."

"Phoenix Kato Asset Management Co." has been renamed to "Piraeus-Egypt Asset Management Co".

Integrated Storage Systems Co., an indirect participation of Piraeus Bank S.A., was renamed to Integrated Services Systems Co..

The changes in subsidiaries companies shown in the above paragraphs are presented as follows:

	31 December 2010	**31 December 2009**
Participation in share capital increases	103,424	126,514
Incorporation of companies	545	-
Total participation in share capital increases and incorporation of companies	**103,969**	**126,514**

Amounts in thousand euros (Unless otherwise stated)

	31 December 2010	31 December 2009
Increase of shareholding percentage in Group subsidiaries	38,589	6,374
Acquisition of subsidiaries	116	220
Less: Cash and cash equivalents of subsidiaries acquired	-	(104)
Total net cash outflow from acquisition of subsidiaries and increase of shareholding percentage	**38,705**	**6,491**

During the year 2010, the goodwill raised from the acquisition of subsidiaries and the increase of shareholding in Group subsidiaries was € 35.8 million (2009: € 2,5 million).

49 Post Balance Sheet events

On January 17th 2011, the international credit agency Fitch Ratings downgraded the Long-term Issuer Default Ratings (IDR) of Piraeus Bank to BB+ from BBB- with negative outlook, following the downgrade of Greece's Long-term foreign and local currency issuer default ratings to BB+ from BBB-.

On 31st January 2011, Piraeus Bank's Rights Issue of € 807,054,045 has been completed successfully, 93,690 shareholders participated in the share capital increase and the total subscription amount was € 1,044,603,341, out of which € 784,053,107 corresponds to the exercise of pre-emption rights and € 260,550,234 to oversubscription requests.

The rights issue has been oversubscribed by 129%. The respective exercise ratio for pre-emption rights reached 97%, while applications for the exercise of oversubscription rights covered the 23,000,938 shares remaining unsubscribed by 11.3 times.

On 8th February 2011, the Athens Stock Exchange approved the admission to trading of the 807,054,045 new shares, resulted from the increase of share capital and trading commenced on the 10th of February 2011. The Bank's share capital amounts to € 712,997,968.38, divided to 1,143,326,564 ordinary registered shares with voting rights, at a nominal value of € 0.30 per share and 77,568,134 preference shares without voting rights according to Law 3723/2008, of nominal share value of € 4.77.

On February 9th 2011, Piraeus Bank announced that with a view to further enhance its liquidity issued € 1.25 billion of covered bonds (under Law 3601/2007, article 91, and Bank of Greece Governor's Act 2598/2007), of a 3-year tenor with an extension period of 10-years and coupon rate of 1month Euribor plus a margin of 100 bps. The transaction has been rated "A-" by Fitch while it has been issued under Piraeus Bank's € 3 billion covered bond programme.

On 17th February 2011 and in force of the Greek Government Liquidity Support Plan under Law 3723/2008, Piraeus Bank used the amount of € 0.95 billion of Pillar II, with regards to Greek Government Bond Guarantees.

On 7th March 2011, Moody's Investors Service downgraded Greece's government bond ratings by three notches to B1 from Ba1 with negative outlook. Moreover, on 8th of March 2011, Moody's revised the ratings of Greek Banks. For Piraeus Bank, long-term rating was downgraded to Ba3 from Ba1, with negative outlook.

On 18th of March 2011 a 2nd rating from S&P for AXIA I securitization was successfully accomplished. The rating "A" (negative outlook) was assigned to the Class A notes and represents the highest possible assessment from S&P for Greek securitizations. Additionally, on 22nd of March the process of ECB eligibility as acceptable collateral was completed.

Athens, March 23rd, 2011

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O.	CHIEF FINANCIAL OFFICER	ASSISTANT GENERAL MANAGER
MICHAEL G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

PIRAEUS BANK S.A.

Financial Statements

31 December 2010

In accordance with the International Financial Reporting Standards

The attached financial statements have been approved by Piraeus Bank S.A. Board of Directors on March 23rd, 2011 and they are available in the web site of Piraeus Bank at www.piraeusbank.gr

These financial statements have been translated from the original statutory financial statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will prevail over this document.

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Amounts in thousand euros (Unless otherwise stated)

INCOME STATEMENT

	Note	Year ended 31 December 2010	31 December 2009
Interest and similar income	6	2,071,117	2,149,833
Interest expense and similar charges	6	(1,257,911)	(1,366,120)
NET INTEREST INCOME		**813,207**	**783,713**
Fee and commission income	7	140,998	128,081
Fee and commission expense	7	(39,079)	(42,567)
NET FEE AND COMMISSION INCOME		**101,919**	**85,514**
Dividend income	8	40,837	43,907
Net trading income	9	(58,010)	45,982
Net income from financial instruments designated at fair value through profit or loss	10	(7,626)	(916)
Gains/ (Losses) from investment securities	11	(26,913)	13,654
Other operating income	12	34,207	41,914
TOTAL NET INCOME		**897,621**	**1,013,767**
Staff costs	13	(240,502)	(256,967)
Administrative expenses	14	(259,123)	(256,921)
Depreciation and amortisation	28, 29	(32,065)	(36,961)
Gains/ (Losses) from sale of assets		(824)	441
TOTAL OPERATING EXPENSE BEFORE PROVISIONS		**(532,514)**	**(550,408)**
PROFIT BEFORE PROVISIONS AND INCOME TAX		**365,108**	**463,358**
Impairment losses on loans and receivables	23	(359,667)	(262,584)
PROFIT BEFORE INCOME TAX		**5,441**	**200,774**
Income tax expense		7,821	(26,580)
Tax contribution		(16,882)	(28,256)
INCOME TAX	15	**(9,061)**	**(54,835)**
PROFIT/ (LOSS) AFTER TAX		**(3,620)**	**145,939**
Earnings/ (Losses) per share (in euros):			
- Basic	16	(0.0971)	0.3865
- Diluted	16	(0.0971)	0.3865
PROFIT AFTER TAX WITHOUT TAX CONTRIBUTION		**13,262**	**174,194**

The notes on pages 7 to 56 are integral part of these financial statements.

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2010	31 December 2009
ASSETS			
Cash and balances with Central Banks	18	1,523,902	1,747,045
Loans and advances to credit institutions	19	4,424,327	4,442,537
Derivative financial instruments - assets	20	142,258	170,606
Trading securities	21	184,259	1,041,535
Financial instruments at fair value through profit or loss	21	16,426	20,269
Reverse repos with customers	22	969,792	-
Loans and advances to customers (net of provisions)	23	31,189,760	31,245,446
Investment securities			
-Available for sale securities	24	1,764,783	2,186,728
-Held to maturity	24	4,954,598	3,305,687
Debt securities - receivables	26	2,430,342	898,794
Investments in subsidiaries	27	2,088,501	1,923,099
Investments in associated undertakings	27	179,968	161,424
Intangible assets	28	100,269	76,597
Property, plant and equipment	29	321,149	313,451
Investment property	30	188,010	121,221
Assets held for sale	31	1,326	84,144
Deferred tax assets	40	359,383	232,055
Inventories property	32	76,310	82,560
Other assets	32	870,994	868,804
TOTAL ASSETS		**51,786,358**	**48,922,004**
LIABILITIES			
Due to credit institutions	33	20,348,801	14,250,445
Liabilities at fair value through profit or loss	34	308,864	-
Derivative financial instruments - liabilities	20	182,219	160,575
Due to customers	35	24,051,885	25,729,695
Debt securities in issue	36	2,674,481	4,397,704
Hybrid capital and other borrowed funds	37	506,584	507,700
Retirement benefit obligations	41	177,735	173,271
Other provisions	39	10,665	10,665
Current income tax liabilities		66,489	38,023
Deferred tax liabilities	40	86,651	68,438
Other liabilities	38	415,005	347,334
TOTAL LIABILITIES		**48,829,379**	**45,683,850**
EQUITY			
Share Capital	43	470,882	1,974,020
Share premium	43	2,430,877	927,739
Other reserves	44	(271,164)	(78,316)
Retained earnings	44	326,384	414,711
TOTAL EQUITY		**2,956,979**	**3,238,154**
TOTAL LIABILITIES AND EQUITY		**51,786,358**	**48,922,004**

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Year ended 31 December 2010	Year ended 31 December 2009
PROFIT/ (LOSS) AFTER TAX (A)		**(3,620)**	**145,939**
Other comprehensive income			
Net change in available for sale investments	17, 44	(191,744)	1,299
Premium on equity instrument	17, 44	(67,805)	-
Other comprehensive income, net of tax (B)	17	**(259,549)**	**1,299**
Total comprehensive income, net of tax (A+B)		**(263,169)**	**147,237**

STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	TOTAL
Opening balance as at 1st January 2009		**1,571,923**	**927,775**	**(167,319)**	**(91,573)**	**383,022**	**2,623,827**
Other comprehensive income, net of tax	17, 44				1,299		1,299
Profit after tax for the year 2009	44				7,297	138,642	145,939
Total recognised income for the year 2009		**0**	**0**	**0**	**8,595**	**138,642**	**147,237**
Prior year dividends of ordinary shares	44					(35,664)	(35,664)
Share capital increase due to reinvestment of dividend	43	32,097	(36)				32,061
Issue of preference shares	43, 44	370,000				(4,110)	365,890
Purchases of treasury shares	43			(4,119)			(4,119)
Sale of treasury shares	43, 44			171,438		(70,722)	100,716
Absorptions	44				4,661	3,543	8,204
Balance as at 31st December 2009		**1,974,020**	**927,739**	**0**	**(78,317)**	**414,711**	**3,238,154**
Opening balance as at 1st January 2010		**1,974,020**	**927,739**	**(0)**	**(78,317)**	**414,711**	**3,238,154**
Other comprehensive income, net of tax	17, 44				(191,744)	(67,805)	(259,549)
Profit/ (Loss) after tax for the year 2010	44					(3,620)	(3,620)
Total recognised income for the year 2010		**0**	**0**	**0**	**(191,744)**	**(71,425)**	**(263,169)**
Prior year dividends of preference shares	44					(18,006)	(18,006)
Reduction of the nominal value of common shares	43	(1,503,138)	1,503,138				0
Tranfer between other reserves and retained earnings	44				(1,104)	1,104	0
Balance as at 31st December 2010		**470,882**	**2,430,877**	**0**	**(271,164)**	**326,384**	**2,956,980**

Amounts in thousand euros (unless otherwise stated)

CASH FLOW STATEMENT

	Note	Year ended 31 December 2010	31 December 2009
Cash flows from operating activities			
Profit before tax		5,441	200,774
Adjustments to profit before tax:			
Add: impairment for loans and advances	23	359,667	262,584
Add: depreciation and amortisation charge	28.29	32,065	36,961
Add: retirement benefits	41	26,615	22,786
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		(4,253)	(31,367)
(Gains)/ losses from investing activities		(35,957)	(88,463)
Cash flows from operating profits before changes in operating assets and liabilities		**383,578**	**403,275**
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		(6,028)	(374)
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		(75,645)	208,314
Net (increase)/ decrease in loans and advances to credit Institutions		(275,324)	(2,104,222)
Net (increase)/ decrease in loans and advances to customers		(311,560)	1,974,589
Net (increase)/ decrease in debt securities - receivables		(594,974)	(371,095)
Net (increase)/ decrease in reverse repos with customers		(969,792)	-
Net (increase)/ decrease in other assets		(52,854)	(3,434)
Net increase/ (decrease) in amounts due to credit institutions		6,098,356	(195,086)
Net increase/ (decrease) in liabilities at fair value through profit or loss		308,864	-
Net increase/ (decrease) in amounts due to customers		(1,677,810)	1,620,108
Net increase/ (decrease) in other liabilities		67,164	(509,261)
Net cash flow from operating activities before income tax payment		**2,893,975**	**1,022,813**
Income tax paid		(2,502)	(12,121)
Net cash inflow/ (outflow) from operating activities		**2,891,473**	**1,010,692**
Cash flows from investing activities			
Purchases of property, plant and equipment	29, 30	(52,164)	(80,322)
Sales of property, plant and equipment	29, 30	2,672	2,765
Purchases of intangible assets	28	(18,192)	(14,874)
Purchases of assets held for sale	31	-	(65,013)
Sales of assets held for sale	31	20,839	-
Purchases of investment securities	24	(2,776,439)	(1,595,187)
Disposals/ maturity of investment securities	24	1,240,435	124,786
Acquisition of subsidiaries and participation in share capital increases	27	(137,154)	(135,015)
Disposals of subsidiaries		12,056	8
Acquisition of associates and participation in share capital increases	27	(15,146)	(4,672)
Disposal of associates		-	71,267
Dividends from subsidiaries		30,458	32,097
Dividends from associates	8	2,373	2,412
Dividends from available for sale securities	8	4,006	5,629
Net cash inflow/ (outflow) from investing activities		**(1,686,257)**	**(1,656,120)**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(1,724,340)	(2,837,292)
Net proceeds from share capital increase due to reinvestment of dividends	43	-	32,061
Net proceeds from issue of preference shares-Greek State	43	-	365,890
Payment/ reinvestment of prior year dividends		(22,808)	(35,664)
Purchases of treasury shares	43	-	(4,119)
Sales of treasury shares		-	100,716
Net cash inflow/ (outflow) from financing activities		**(1,747,148)**	**(2,378,407)**
Effect of exchange rate changes on cash and cash equivalents		6,648	2,888
Net increase/ (decrease) in cash and cash equivalents		**(535,283)**	**(3,020,947)**
Cash and cash equivalents at beginning of year		**3,421,346**	**6,442,294**
Cash and cash equivalents at end of year	46	**2,886,063**	**3,421,346**

1. General Information about the Bank

Piraeus Bank S.A. is a banking institute operating in accordance with the provisions of Laws 2190/1920 on societés anonymes, 3601/2007 on credit institutions, and other relevant laws. According to article 2 of its Statute, the scope of the company is to execute, on its behalf or on behalf of third parties, any and every operation acknowledged or delegated by law to banks.

Piraeus Bank is incorporated and domiciled in Greece. The address of the registered office is 4 Amerikis st., Athens. Piraeus Bank operates in Greece and in London (U.K.). The Bank employs in total 4,871 people.

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices as well such as FTSE/ATHEX (Banks, 20, International), FTSE/ATHEX-CSE Banking Index, FTSE RAFI Index Series, FTSE Med 100, GT-30, MSCI (World Small Cap, Europe Small Cap, EMU Small Cap, EAFE Small Cap, Greece Small Cap), Euro Stoxx, Euro Stoxx Banks, S&P (Global BMI, Developed BMI) and FTSE4Good Index Series.

2. General accounting policies of the Bank

The principal accounting policies applied by Piraeus Bank in the preparation of the financial statements are set out below. These policies have been consistently applied to all the reporting periods presented.

2.1 Basis of presentation of the Bank's financial statements

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The financial statements of Piraeus Bank are prepared in euro. The amounts of the Financial Statements attached are expressed in thousand euros (unless otherwise stated) and roundings are performed in the nearest thousand.

The main principle for the preparation of the financial statements is the historical cost convention, as modified by the revaluation of the available for sale portfolio, financial assets and liabilities of the trading portfolio, derivative financial instruments, as well as investment property. The preparation of the financial statements in conformity with IFRS requires the use of estimates, accounting policies and assumptions which affect the reported assets and liabilities, the recognition of contingent liabilities, as well as the recognition of income and expenses in the financial statements.

(A) New IFRSs, interpretations and amendments that have been issued by the International Accounting Standards Board and adopted by E.C., which are effective from 1.1.2010:

- **IAS 27 (Revised), "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009).** According to the revised IAS 27, changes to the parent's ownership in a subsidiary that do not result in loss of control are accounted for as equity transactions. Also, on the loss of control of a subsidiary, any investment retained in the former subsidiary shall be accounted for in accordance with the relevant IFRS. If the control of a subsidiary is lost, the parent shall disclose the gain or loss attributable to the recognition of an investment at its fair value.

- **IAS 28 (Revised), "Investments in Associates" (effective for annual periods beginning on or after 1 July 2009).** Revised IAS 28 provides guidance on loss of significant influence of an associate. In such case, the entity shall measure at fair value any retained investment. The difference between the carrying amount of the investment and its fair value at the date of loss of significant influence shall be recognized in profit or loss. The fair value of the investment when it ceases to be an associate shall be regarded as its fair value on initial recognition as a financial asset with IAS 39.

- **IAS 31 (Revised), "Interests in joint ventures" (effective for annual periods beginning on or after 1 July 2009).** Concerns consequential changes due to IFRS 3 amendment "Business Combinations".

- **IAS 39 (Amendment relating to eligible hedged items), "Financial instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 July 2009).** The amendment provides clarifications for the application of hedge accounting. Specifically, in a fair value hedge or in a cash flow hedge the following can be designated as hedged items: a) The change in cash flows related to inflation, b) the increase or decrease of fair value or cash flow in relation to a specific reference value, and c) the partial change in cash flows or fair value.

- **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 July 2009).** The purpose of the amendment was to improve information. This amendment does not apply to the financial statements of the Bank.

- **IFRS 1 (Amendment), "Additional Exemptions for First Time Adopters" (effective for annual periods beginning on or after 1 January 2010).** The amendment relates to the first time adoption of IFRS by entities in the oil and gas industries. This amendment does not apply to the financial statements of the Bank.

- **IFRS 2 (Amendment – Group Cash-settled Share-based Payment Transactions), "Share-based payment" (effective for annual periods beginning on or after 1 January 2010).** According to IFRS 2, an entity that receives goods or services in a share based payment scheme shall recognize these goods or services regardless how the transaction is settled, that is in cash or in shares. The entity shall measure these goods or services as either an equity settled or a cash settled share based payment transaction assessed from its own point of view, which may not always be the same with the amount recognized by the Group.

- **IFRS 3 (Revised), "Business Combinations" (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).** The main changes include the following: (a) In case of partial acquisitions, non controlling interest are measured either at their proportionate interest in the net identifiable assets or at fair value; (b) acquisition related costs, that is costs incurred by the acquirer to effect a business combination, shall be accounted for as expenses in the periods in which they are incurred; (c) in case of step acquisitions and when control is obtained, goodwill is measured as the difference at acquisition date between the sum of the fair value of any previous investment in the business prior to acquisition and the consideration paid, and the net assets acquired; (d) changes in parent's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions; (e) contingent consideration must be recognized and measured at fair value at the acquisition date.

- **IFRS 5 (Amendment), "Non current Assets Held for Sale and Discontinued Operations" (effective for annual periods beginning on or after 1 July 2009).** The amendment specifies the disclosures required in respect of non current assets classified as held for sale or discontinued operations.

- **IFRIC Interpretation 17, "Distributions of Non-cash Assets to Owners" (effective for annual periods beginning on or after 1 July 2009).** The interpretation clarifies that a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. An entity shall measure the liability to distribute non cash assets to its owners at the fair value of the assets to be distributed. When the entity settles the dividend payable, it shall recognize the difference between the dividend paid and the carrying amount of the assets distributed in profit or loss. The interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation based on IFRS 5.

- **IFRIC Interpretation 18, "Transfers of Assets from Customers" (effective for transfers of assets from customers received on or after 1 July 2009).** IFRIC 18 clarifies that when an entity receives an item of property, plant and equipment from a customer in exchange for the provision of services, it shall measure this item at its fair value on initial recognition. Revenue shall be recognized in accordance with IAS 18.

Improvements to IFRSs (April 2009)

- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2010).** The amendment refers to the definition of Current Liabilities.

- **IAS 7 (Amendment), "Statement of Cash Flows" (effective for annual periods beginning on or after 1 January 2010).** The amendment refers to the classification of investing activities.

- **IAS 17 (Amendment), "Leases" (effective for annual periods beginning on or after 1 January 2010).** The amendment refers to the classification of leases as operating and finance leases.

- **IAS 36 (Amendment), "Impairment of Assets" (effective for annual periods beginning on or after 1 January 2010).** The amendment provides guidance for impairment testing purposes on the allocation of goodwill, which is acquired in a business combination, to cash generating units.

- **IAS 38 (Amendment), "Intangible Assets" (effective for annual periods beginning on or after 1 July 2009).** The amendment provides guidance on the measurement of the fair value of an intangible asset that is acquired in a business combination.

- **IFRS 2 (Amendment), "Share-based payment" (effective for annual periods beginning on or after 1 July 2009).** The amendment relates to the scope of this IFRS.

- **IFRS 5 (Amendment), "Non current Assets Held for Sale and Discontinued Operations" (effective for annual periods beginning on or after 1 January 2010).** The amendment relates to the scope of this IFRS.

- **IFRS 8 (Amendment), "Operating Segments" (effective for annual periods beginning on or after 1 January 2010).** The amendment refers to disclosure requirements.

- **IFRIC Interpretation 9 (Amendment), "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1 July 2009).** The amendment clarifies that IFRIC Interpretation 9 does not apply to embedded derivatives in contracts that were acquired in a business combination or in the formation of a joint venture.

- **IFRIC Interpretation 16 (Amendment), "Hedges of a Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 July 2009).** The amendment clarifies that the hedging instrument may be held by any entity within the Group as long as the designation, documentation and effectiveness requirements of IAS 39 are satisfied.

(B) The following new IFRSs, interpretations and amendments have been issued by the International Accounting Standards Board and endorsed by the E.U. up to 2010. They are not effective in 2010 and have not been early adopted by the Bank:

- **IAS 24 (Revised), "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011).** The changes introduced by IAS 24 relate mainly to the related party disclosure requirements in the financial statements of government related entities.

- **IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 February 2010).** The amendment refers to the accounting for rights issues (rights, options, warrants) that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, these rights issues are classified as equity regardless of the currency in which the exercise price is denominated. Prior to the amendment, such rights were accounted for as derivative liabilities.

- **IFRS 1 (Amendment), "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters" (effective for annual periods beginning on or after 1 July 2010).** The purpose of the amendment was to permit first-time adopters to use the same transition provisions permitted for existing preparers of financial statements according to IFRSs.

- **IFRIC Interpretation 14 (Amendment), "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2011).** The amendment to IFRIC 14 refers to the estimation of the economic benefit available as a reduction in future contributions in case where there is a minimum funding requirement and the entity has made a prepayment.

- **IFRIC Interpretation 19, "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).** IFRIC 19 provides guidance on the accounting treatment of “debt for equity swaps” transactions. When equity instruments are issued by the entity to extinguish all or part of a financial liability, then the equity instrument shall be recognized at its fair value. Any difference between the carrying amount of the financial liability and the consideration paid shall be recognized in profit or loss. It is noted that IFRIC 19 can be only applied when the terms of the contract are negotiated and not when the settlement of the financial liability through the issue of shares is provided for in the original contract.

The application of the above mentioned standards and interpretations is not expected to have a material effect on the Bank’s financial statements in the period of their initial application.

(C) The following new IFRSs, interpretations and amendments have been issued by the International Accounting Standards Board up to 2010 but they have not been endorsed by the E.U. and they have not been early adopted by the Bank:

- **IFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013).** IFRS 9 was published in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. According to IFRS 9, financial assets shall be classified at initial recognition at either amortized cost or at fair value. In addition, at initial recognition an entity may make an irrevocable election to present in equity subsequent changes in the fair value of an equity instrument that is not held for trading. IFRS 9 requires all financial assets to be (a) classified on the basis of the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial asset, (b) initially measured at the fair value plus transaction costs in case of financial assets other than those at fair value through profit or loss, and (c) subsequently measured at amortized cost or fair value.

- **IFRS 7 (Amendment), "Financial Instruments: Disclosures – Transfers of Financial Assets" (effective for annual periods beginning on or after 1 July 2011).** Amendments to IFRS 7 were published in October 2010. The amendments enhance existing required disclosures for transferred financial assets that are not derecognized and require additional disclosures on the entity’s continuing involvement in derecognized assets.

- **IFRS 9 (Amendment), "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IFRS 9 were issued to address financial liabilities. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value shall be presented in profit or loss, unless presentation of the fair value change in relation to the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. In such cases, the entire change in fair value shall be presented in profit or loss.

- **IAS 12 (Amendment), "Income Taxes" (effective for annual periods beginning on or after 1 January 2012).** Amendments to IAS 12 were issued to address the determination of deferred tax on a) investment property measured at fair value and b) property, plant and equipment measured using the revaluation model in IAS 16. In both cases, deferred tax is required to be determined using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale.

- **IFRS 1 (Amendment), "Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters" (effective for annual periods beginning on or after 1 July 2011).** The amendment applies to those entities that have been unable to present IFRS financial statements due to “severe hyperinflation”. Such entities can elect fair value as deemed cost for assets and liabilities affected by severe hyperinflation in their first IFRS financial statements. The amendment also provides relief from retrospective application of IAS 39.

Improvements to IFRS (May 2010)

- **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2011).** The amendment provides guidance in case of changes to the accounting policies in the first IFRS financial statements.

- **IFRS 3 (Amendment), "Business Combinations" (effective for annual periods beginning on or after 1 July 2010).** The amendment clarifies the measurement of non-controlling interests on the date of acquisition.

- **IFRS 7 (Amendment), "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2011).** The amendment clarifies the required level of disclosure in relation to credit risk and collateral held.

- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2011).** The amendment clarifies that the analysis of other comprehensive income by item may be presented either in the statement of changes in equity or in the notes to the financial statements.

- **IAS 27 (Amendment), "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2010).** The amendment clarifies that the amendments made to IAS 21 “The Effects of Changes in Foreign Rates”, IAS 28 “Investments in Associates” and IAS 31 “Interests in Joint Ventures” as a result of revised IAS 27 (2008) shall be applied prospectively.

- **IAS 34 (Amendment), "Interim Financial Reporting" (effective for annual periods beginning on or after 1 January 2011).** The amendment refers to the disclosure about significant events and transactions.

- **IFRIC Interpretation 13, "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 January 2011).** The amendment relates to the fair value estimation of award credits.

2.2 Foreign Currencies

(a) Functional and presentation currency

The financial statements are presented in euro, which is the Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.3 Derivative financial instruments

The Bank holds derivative financial instruments both for profit-making, hedging purposes, as well as the service of its clients needs. Derivative financial instruments held by Piraeus Bank include Interest Rate Swaps, Futures, Credit Derivatives, Options, Asset Swaps, Forward Rate Agreements and FX Forwards.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into (trade date) and are subsequently remeasured at fair values on a daily basis. At initiation, the fair value is usually small or nil. Fair values are obtained from quoted market prices in active markets and option pricing models, where market prices are not available. Changes in the fair values of derivative financial instruments are included in net trading income. Derivatives are presented in assets when fair value is positive and in liabilities when fair value is negative.

Derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

Hedge accounting

The Bank has adopted a hedge accounting policy according to the requirements of the revised IAS 39. The following, according to the requirements of the revised IAS 39, must be met in order for a hedge relationship to qualify for hedge accounting:

- The hedge should be effective at initiation.

- Ability to calculate the hedge effectiveness. The hedge effectiveness should be between 80%-125% at all times. Hedge effectiveness is always calculated; even when the terms of the hedging instrument and the hedged item are matched.

- Detailed documentation must be in place for all recognised hedging relationships (hedging instrument, hedged item, hedging strategy and scope of hedging relationship).

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Bank designates certain derivatives as either: (a) hedges of the fair value of recognised assets or liabilities or, (b) hedges of highly probable future cash flows attributable to a recognised asset or liability.

The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The Bank also controls both at hedge inception and on an ongoing basis the hedge effectiveness of the hedging transaction.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security is recorded in profit and loss accounts at its disposal.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods during which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss in equity at that time remains in equity and is recognised when the expected transaction is ultimately recognised in the income statement. When a future transaction is no longer expected to occur, the accumulated gain or loss in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of such derivative instruments are recognised immediately in the income statement.

2.4 Recognition of deferred day one profit and loss

The best evidence of fair value at initial recognition of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions for the same instrument or based on a valuation technique whose variables include only data from observable markets.

The Bank has entered into transactions where fair value is determined using valuation models including variables not all of which are prices or interest rates of the market. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss', is not recognised immediately in profit and loss.

The timing of recognition of ''deferred day one profit and loss'' is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the ''deferred day one profit and loss''. Subsequent changes in fair value are recognised immediately in the income statement without reversal of ''deferred day one profits and losses''.

2.5 Interest income and expense

Interest income and expense are recognised on an accrual basis in the income statement for all interest bearing balance sheet items according to the effective interest rate.

The effective interest rate exactly discounts any estimated future payment or proceeds throughout the life of a financial instrument or until the next date of interest reset, in order for the present value of all future cash flows to be equal to the carrying amount of the financial instrument, including any fees or transaction costs incurred.

Impaired loans are recorded at their recoverable amounts and therefore, interest income is recognised according to the effective interest rate used for the discounting of the cash flows for the impairment exercise.

2.6 Fees and commission income and expense

Commission income and expense is recognized on an accrual basis when the relevant services are provided to the Bank's clients or to the Bank.

Fees, either income or expense, relating to financial instruments at amortized cost, such as loans, are deferred and recognized in the Income Statement as interest income or expense throughout the life of the instrument using the effective interest rate method.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank retains no part on the loan package for itself or retains part at the same effective interest rate as well as the other participants. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party -such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses– are recognised on completion of the underlying transaction.

2.7 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.8 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss category comprise of:

(a) Trading securities which include financial instruments that are acquired for the purpose of selling in the near term or they form part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit making pattern and

(b) Financial assets designated at fair value through profit or loss at inception (e.g. asset swaps), when:

- this will reduce measurement inconsistencies that would otherwise arise if the underlying financial instruments were carried at amortised cost and the related derivatives were treated as held for trading or,
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or,
- they contain embedded derivatives that significantly affect the cash flows.

Financial assets at fair value through profit or loss are initially recognised at fair value and they are subsequently measured at fair value according to current market prices. Any transaction costs are expensed in the income statement.

All realised gains/ losses from the sale of trading securities, as well as the non–realised gains and losses from their measurement at fair value, are included in "Net trading income". All the realised gains/ losses from the sale of financial assets designated at fair value through profit or loss as well as the non–realised gains and losses from their measurement at fair value, are included in "Net income from financial instruments designated at fair value through profit or loss".

The purchases and sales of financial assets at fair value through profit or loss are recognized on a trade date basis that is the date on which the Bank is committed to the purchase or sale of those securities. The Bank derecognises the financial assets when the existence of the control of the contractual rights related to these financial assets ceases. The cessation of the control of the contractual rights occurs when the financial asset is sold, expires or written-off, or when all related cash flows are transferred to a third party. Interest income from the maintenance of trading securities is recorded to “Interest and similar income”. Dividends received are included in "Dividend Income".

2.9 Sale and repurchase agreements and securities lending

Securities sold subject to repurchase agreements (repos) are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks or due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos) are recorded as “Reverse repos with customers’’.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are presented in the financial statements as assets.

Securities borrowed are not recognized in the financial statements, unless these are sold to third parties. In that case, the gain or loss is included in net trading income. The obligation to return these securities is recorded at fair value.

2.10 Investment portfolio

The appropriate managing units of the Bank determine the classification of its securities on the date of their acquisition.

A. Held to maturity portfolio

The held to maturity portfolio is the portfolio that the Bank’s Management has the positive intent and ability to hold until maturity. Held to maturity investments are initially recognized at fair value (plus any transaction costs) and subsequently are carried at amortised cost using the effective interest rate method, less any provision for impairment. Moreover, held to maturity investments are reviewed for impairment, that is whether their carrying amount is greater than their estimated recoverable amount.

The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's initial effective interest rate. Impairment losses are recognised in the Income Statement. The objective evidence that a held to maturity investment has been impaired or it is non collectable is stated in section 2.12.

If part of the held to maturity portfolio is sold or reclassified before the maturity date, then the entire held to maturity portfolio must be reclassified to the available for sale portfolio (unless IAS 39 criteria are met) at its fair value. On such reclassification, the difference between the carrying amount and fair value shall be recorded in the available for sale reserve. In addition, the Bank will not be able to classify any financial assets as held to maturity for the next two years.

Under regular circumstances, purchases and sales of held to maturity securities are recognised on transaction date, meaning the date that the Bank commits to purchase or sale the asset. Held to maturity investments are derecognized when either the ability to receive cash flows has ceased or the Bank has transferred substantially the risks and rewards to third parties.

B. Available for sale portfolio

Available for sale portfolio includes those investments intended to be held for an indefinite period of time and which may be sold in response to needs of liquidity or changes in interest rates, exchange rates or equity prices. The classification of investments as available for sale is not binding and as a result the subsequent reclassification to the held to maturity portfolio is permitted.

Regular way purchases and sales of available for sale securities are recognised transaction date, meaning the date that the Bank commits to purchase or sale the asset.

Securities of the available for sale portfolio are initially recognised at fair value (plus transaction costs directly attributable to the acquisition of the financial asset) and subsequently carried at fair value according to current bid prices or valuation pricing models, in case the market prices are not available (in accordance with IAS 39 provisions). The non realised gains or losses arising from changes in the fair value of securities classified as available for sale, are recognised directly in equity (available for sale reserve). When securities of the available for sale portfolio are disposed of, all cumulative gains or losses previously recognised in equity are recognised in the Income Statement.

Securities of the available for sale portfolio are derecognised when the ability to receive cash flows has ceased or the Bank has transferred substantially all risks and rewards to third parties.

The Bank reviews at each reporting date whether there is an indication of permanent impairment (significant or prolonged decreases in fair value) for the available for sale securities based on several pricing models. For the shares of the available for sale portfolio, these models include the Price-to-Book Value ratio (P/BV) where a coefficient of 2.5 is used, the Price-to- Earnings per share ratio (P/E) where a coefficient of 15 is used or the deviation of 25% from market value for listed securities. In case that there is an indication of impairment, the Bank thoroughly examines the ability to recover the acquisition cost of the shares based on the historic volatility of each individual share.

When there is objective evidence that an available for sale asset is impaired, the cumulative loss that has been recognised directly in equity is recycled to profit or loss. This cumulative loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale cannot be reversed through profit or loss. Impairment losses for a debt instrument that is classified as available for sale, can be reversed in profit or loss when the increase in fair value of this debt instrument can be objectively related to an event that occurred after the initial recognition of the impairment loss in profit or loss.

2.11 Reclassification of financial assets

Reclassification of non-derivative financial assets out of the “Held for trading” category to “Held to maturity” portfolio or “Available-for-sale” portfolio is permitted only in rare circumstances, provided that the financial assets meet the definition of these portfolios at the date of reclassification and the financial assets are no longer held for sale in the foreseeable future.

Reclassification of financial assets out of the “Held for trading” portfolio or “Available-for-sale” portfolio to “Loans and receivables” portfolio is permitted, provided that the financial assets meet the definition of this portfolio at the date of reclassification and the Bank has the intention and ability to hold the financial assets for the foreseeable future or until maturity. The Bank has established the following guideline for what constitutes foreseeable future at the time of reclassification:

- the business plan should not be to profit from short term movements in prices,
- there should be no intent to dispose the asset within six months and
- there must be no internal or external restriction on the Bank’s ability to hold the asset.

Reclassification of financial assets out of the “Available-for-sale” portfolio to the “Held to maturity” portfolio is permitted, provided that the financial assets meet the definition of this portfolio at the date of reclassification and the Bank has the intention and ability to hold the financial assets until maturity.

For financial assets reclassified as described above (with the exception of the reclassification of financial assets out of the “Held for trading” portfolio to “Available-for-sale” portfolio), the fair value at the date of reclassification becomes the new amortized cost at that date. Any gain or loss recognised in profit or loss or the available-for-sale reserve until the date of reclassification shall not be reversed. The new effective interest rate of the financial assets reclassified to “Loans and receivables” portfolio and “held to maturity” portfolio is calculated based on the expected cash flows at the date of the reclassification

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held to maturity, it shall be reclassified as available for sale and remeasured at fair value, and the difference between its carrying amount and fair value shall be recorded in the available for sale reserve.

2.12 Loans and advances to customers

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

I. financial assets which are classified as held for trading, and those designated upon initial recognition as at fair value through profit or loss;

II. financial assets that the Bank upon initial recognition designates as available for sale;

III. financial assets for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans drown down by the Bank are initially recognized at fair value (plus any transaction costs) and measured subsequently at amortized cost using the effective interest rate method. Interest on loans is included in the consolidated income statement and is reported as “Interest and similar income”.

If there is objective evidence that the Bank will not be in a position to receive all payments due, as defined by the contract of the loan, an impairment loss is recognised. The amount of the accumulated impairment loss is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the loan.

A receivable is subject to impairment when its carrying amount is greater than the expected recoverable amount. The term "receivable" includes loans and advances, letters of guarantee and letters of credit.

The Bank assesses at each balance sheet date whether there is objective evidence that a loan or group of loans may be impaired. If such evidence exists, the recoverable amount of the loan or group of loans is estimated and an impairment loss is recognised. The amount of the loss is recognised in the Income Statement.

Objective evidence that a loan or group of loans is impaired or it is not collectable is the following events:

i. Significant financial difficulty of the issuer or the obligor.
ii. A breach of contract (i.e. default or delinquency in interest or principal payments).
iii. The Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider.
iv. It is becoming probable that the borrower will enter bankruptcy or financial reorganisation.
v. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

   - Adverse changes in the payment status of borrowers in the group (i.e. increase in the number of delayed payments due to sector problems), or
   - National or local economic conditions that correlate with defaults on the assets in the group (i.e. increase in the unemployment rate for a geographical area of borrowers, decrease in the value of property placed as guarantee for the same geographical area, or unfavourable changes in the operating conditions of a sector, which affect the borrowers of this specific group).

The Bank first assesses whether objective evidence of impairment exists individually for loans that are individually significant and collectively for loans that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment.

For the purpose of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets of the Bank and historical loss experience for assets with credit risk characteristics similar to those of the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of loans should reflect and be directionally consistent with changes in related data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses for the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank. When a loan is considered to be uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement of the debtor's credit rating), the previously recognized impairment loss is reduced and the difference is recognised in the Income Statement.

Loans and customer receivables are derecognized when either the ability to receive cash flows has ceased or the Bank has transferred substantially the risks and rewards to third parties.

Loans, whose terms have been renegotiated, are no longer considered to be past due and they are treated as performing loans for impairment test purposes.

2.13 Debt securities receivables

Debt securities receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

i. those that the Bank classifies as trading portfolio and those that the entity upon initial recognition designates at fair value through profit or loss;
ii. those that the Bank upon initial recognition designates as available for sale; and
iii. those for which the holder may not recover substantially all of its initial investment for reasons, other than credit deterioration.

Debt securities receivables are measured at amortised cost and tested for impairment.

2.14 Intangible Assets

2.14.1 Software

Costs associated with the acquisition of software programs, which will probably generate economic benefits to the Bank for more than one year, are recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

On the contrary, expenditure which enhances or extends the performance of computer software programmes beyond their original specifications or software upgrade expenses are added to the original cost of the software, as long as they can be measured reliably.

Computer software is amortised in most cases over a period of 3-4 years, except from software of core IT applications, for which the useful lives are examined on an individual basis. The useful lives of software are reviewed and adjusted, if appropriate, at each balance sheet date.

Software is reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than the carrying amount, software is impaired to its recoverable amount.

2.14.2 Other intangible assets

An intangible asset is recognized when it is expected that future economic benefits will be realized from its use. The cost of the intangible asset also includes every directly attributable cost which is required for the full implementation, production and asset's proper operation. Some examples of directly attributable costs are:

- The staff cost which is directly identified and attributed to a particular intangible asset,
- Payments to outside vendors and collaborators, which are attributed to the intangible asset.

Other intangible assets are amortised in a period of 5-10 years, depending on the useful life of each intangible asset. The useful lives of other intangible assets are reviewed and adjusted, if appropriate, at each financial year-end.

Other intangible assets are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than the carrying amount, other intangible assets are impaired to their recoverable amount.

2.15 Property, plant and equipment

The Bank holds property, plant and equipment for use in the supply of services and/ or for administrative purposes: land, own-use buildings, leasehold improvements, furniture and other equipment, and transportation means.

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

The Bank applies IAS 23 ''Borrowing costs'', according to which borrowing costs are capitalised as part of the cost of a qualifying asset, as long as the requirements of IAS 23 are fulfilled. Specifically, the requirements of IAS 23 state that a) the borrowing costs can be directly attributable to the acquisition, construction or production of a qualifying asset and b) the borrowing costs would have been avoided if the expenditure on the qualifying asset had not been made.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they incur.

Land is not depreciated. Depreciation on own property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Computer hardware: 3-5 years
- Leasehold improvements: the shorter of useful life and lease term
- Furniture and other equipment: 5-10 years
- Means of transportation: 6-9 years

- Own-use buildings: 25-50 years

Depreciation of an asset begins when it is available for use and ceases when the asset is derecognised. In the case where the asset is idle or retired from active use, it continues to be depreciated unless it has been fully depreciated.

The useful lives and the residual values of the tangible assets are reviewed and adjusted, if appropriate, at each financial year end. Gains and losses on disposals are determined by comparing proceeds with carrying amount and they are included in the income statement.

2.16 Investment property

Property that is held for long-term rental yields or for capital appreciation or both and is not occupied by the Bank is classified as investment property. Investment property includes freehold land, freehold buildings or parts of buildings, land and buildings held under operating lease as well as buildings held under finance lease.

A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if and only if the definition of investment property is met.

Investment property is measured initially at cost including related transaction costs. After initial recognition, investment property is carried at fair value, as this is estimated by an independent valuer. Fair value is based on active market prices adjusted, if necessary, for any difference in the nature, location and condition of the specific asset. If this information is not available, the following valuation methods are used:

i. Comparables method: According to this method, the value of the property to be evaluated is defined by comparing properties with similar characteristics.

ii. Residual value: This method is applied mainly for the estimation of the value of bare land which is to be developed or property requiring renovation. All the costs of achieving the completed development as well as the expected profit are deducted from an estimate of the value of that completed development to arrive at the value of the site. The result of this deduction is the residual value of the property. Finally, the present value derives by applying the discounting factor to the residual value of the estimated property.

iii. Depreciated replacement cost method: Valuations based on Depreciated Replacement Cost Method are based on an estimate of the market value for the existing use of the land and the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. The two estimates, that is the one for the market value of land and the one for the reproduction cost less allowances for physical deterioration, are summed-up, resulting in the current value of the property under valuation.

iv. Profit method: The purpose of this method is to estimate the annual income to which an investor is entitled and then capitalise it by using an appropriate unit rate.

These valuations are reviewed annually by external independent valuers. The fair value of investment property reflects, among others, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land and buildings classified as investment property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Changes in fair value are recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its new cost.

Investment property held for sale without redevelopment is classified as non-current assets held for sale according to IFRS 5.

2.17 Assets held for sale

Assets held for sale include non current assets a) are available for immediate sale at their present condition, b) their sale is highly probable, c) the appropriate level of management must be committed to a plan to sell and d) their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The sale of these non current assets must be completed within 12 months from their categorization in the "Non current assets held for sale and discontinued operations".

Assets held for sale, according to IFRS 5 "Non current assets held for sale and discontinued operations", are valued at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated. Gains/ losses from sale of these assets are recognized in the income statement.

2.18 Inventories property

Inventories property includes land and buildings acquired by the Bank through auctions for the full or partial recovery of its receivables (if the requirements of IAS 40 are not fulfilled). These properties are accounted according to IAS 2 as inventory and are stated at the lower of cost and net realisable value. The cost of the property is determined using the weighted average cost method. The net realisable value is the estimated selling price, less any expenses necessary to conclude the sale.

2.19 Leases

A. The Bank is the Lessee

Operating leases
Leases of fixed assets under which the lessor retains a significant portion of risks and rewards related to the leased assets, are recognised as operating leases. The lessee does not recognise the leased asset in its financial statements.

Lease payments under an operating lease, are recognised as an expense in the Income Statement of the lessee on a straight line basis over the lease term.

Finance leases
Leases where the Bank has substantially all the risks and rewards related to the asset are recognised as finance leases.

In case that the Bank is the lessee under a finance lease, fixed assets are recognised as assets (in the respective category) and the respective obligation for the lease payments to the lessor as a liability on the balance sheet.

At the inception of the lease, leased fixed assets are recognised on the balance sheet at amounts equal to the fair value of the leased property or, if lower, at the present value of the future lease payments. Leased assets are depreciated over their useful life, if it is longer than the lease term, only if it is expected that the ownership of the leased assets will pass to the Bank at the end of the lease term. Finance lease payments are apportioned between the capital element and the finance charge. The capital element is used as a reduction of the outstanding liability and the finance charge at the income statement is allocated to periods during the lease term.

B. The Bank is the Lessor

Operating leases
In case that the Bank is the lessor under an operating lease, the leased assets are stated and carried in the financial statements like the other –non leased assets- of similar nature. Lease income of the Bank is recognised over the term of the lease.

Finance leases

In case that the Bank is the lessor under a finance lease, the present value of the lease payments is recognised as a receivable in the balance sheet. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Rental receipts reduce the balance of the lease receivable and the finance income is recognised on an accrual basis.

C. Sale and leaseback transactions

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The accounting treatment of a sale and leaseback transaction depends upon the type of the lease involved.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is not immediately recognized as income by the seller-lessee but is deferred and amortized over the lease term.

If a sale and leaseback transaction results in an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. If the sale price of the asset is different than its fair value, any profit or loss is recognized immediately. Exceptions to the rule include cases where the future lease payments are differentiated. So, if the resulting loss is compensated by lower future lease payments compared to market prices, then the loss is amortised over the period the asset is expected to be used. If the sale price is above fair value, the excess over fair value (profit) is deferred and amortized over the period the asset is expected to be used.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition such as: cash, cash and balances with Central Banks, trading bonds and loans and advances to credit institutions. Mandatory reserves with the Central Bank are not available for everyday use by the Bank; therefore they are not included in balances with less than 3 months maturity.

2.21 Provisions

Provisions for restructuring costs and legal claims are recognised when: (a) the Bank has a present legal or constructive obligation as a result of past events, (b) it is more likely than not, that an outflow of resources will be required to settle the obligation, and (c) the amount of the obligation can be reliably estimated. If these conditions are not met, no provision is recognised.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The amount of the provisions raised is reassessed at each reporting date.

2.22 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss that incurs because a specified debtor failed to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given by banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured a) at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the accrued fee income earned on a straight line basis over the life of the guarantee and b) the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management.

Any change in the liability relating to guarantees is taken to the income statement.

2.23 Employee benefits

A. Funded post employment benefit plans

The pension schemes adopted by Piraeus Bank are funded through payments to insurance companies or social security foundations.

The Bank's pension obligations relate both to defined contribution plans as well as defined benefit plans.

For defined contribution plans, the Bank pays contributions to publicly administered pension insurance funds (i.e. Social Security Foundation) and insurance companies; therefore the Bank has no legal or constructive obligation to pay further contributions if the fund or the insurance companies do not hold sufficient assets to pay all employees the related benefits. The regular employee's contributions constitute net periodic costs for the year in which they are due and as such they are included in line 'staff costs' of the Income Statement.

Defined benefit plans are pension plans that define an amount of benefits to be provided, usually as a function of one or more factors such as years of service, age and compensation. The difference between the defined contribution plans and the defined benefit plans is that in the defined benefit plans the employer is liable for the payment of the agreed benefits to the employee in case that the insurance funds - organizations can not undertake this obligation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the obligation at the balance sheet date less the fair value of plan assets, together with adjustments for possible unrecognised actuarial gains or losses and past service costs that have not been recognised yet.

The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

Actuarial gains and losses

The Bank has elected to use the "10% corridor" approach for gains/ losses and recognise the net cumulative actuarial gains/ losses which exceeded the greater of a) 10% of the net present value of the defined benefit obligation and b) 10% of the fair value of the plan assets.

Actuarial gains and losses are debited or credited at the income statement based on the average remaining working lives of employees.

Past service costs

The Bank chose to debit/ credit the past service cost in the income statement during the average period until the benefits become vested.

B. Non funded post employment benefit plans

The Bank provides non funded benefit plans to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for funded defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

C. Share based compensation

The fair value of the employee services received in exchange for the grant of the options under a share option scheme is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Bank revises its estimates of the number of options that are expected to become exercisable. At each balance sheet date, the Bank revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates is recognised, if any in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received from the issue of new shares, net of any directly attributable transaction cost, increase share capital and share premium when the options are exercised.

2.24 Income tax and deferred tax

Income tax payable on profits, based on the applicable tax rate, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset, when it is probable that future taxable profits will be available so that these tax losses can be utilised against. The Bank offsets deferred tax assets against deferred tax liabilities only when the relevant requirements of IAS 12 are fulfilled.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, recognition of commission according to the effective interest rate, securities' valuation differences between the accounting and the tax base, revaluation of certain assets (such as investment property), impairment of receivables and retirement benefit obligations according to IAS 19. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available.

Deferred tax that arises from the valuation of available for sale investments to fair value as well as from cash flow hedges, is initially charged or credited directly to equity. Subsequently, deferred tax is recycled from the available for sale reserve to the income statement along with the profit or loss.

2.25 Share capital

Incremental costs directly attributable to the issue of share capital decrease equity.
Dividends on ordinary shares are recognized as a liability during the period in which they are approved by the Annual General Meeting of the Bank's Shareholders. Interim dividends are recognised as a deduction in the Bank's equity when approved by the Board of Directors.

The cost of acquisition of treasury shares (including any attributable incremental transaction costs) is presented as a reduction in equity, until the treasury shares are cancelled or disposed of. The gains or losses from the sale of treasury shares are charged directly in equity. The number of treasury shares held by the Bank does not reduce the number of shares issued. Treasury shares held by the Bank are not eligible to receive cash dividends.

Non-voting preference shares, issued according to article 1 of Law 3723/2008 for the "Reinforcement of the Greek economy's liquidity", were recognized in equity based on the issuance terms and the requirements of IAS 32. The distribution of dividend to holders of preference shares is recognized as a liability when the dividend becomes payable.

2.26 Debt securities in issue and other borrowed funds

Liabilities from the issuance of the debt securities, hybrid capital and other borrowed funds are recognised initially, according to the requirements of IAS 39, at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Bank's borrowed funds include: euro medium term note (EMTN), euro commercial paper (ECP), ETBA bonds, securitisation of mortgage, consumer and corporate loans, hybrid capital, subordinated loans and other securities.

Preference shares, which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder, are classified as financial liabilities and presented in other borrowed funds. The dividends on these preference shares are recognised in the income statement as interest expense on an amortised cost basis using the effective interest method.

The fair value of the liability portion of a convertible bond into shares is determined using a market interest rate for an equivalent non - convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

If the Bank purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in net trading income.

2.27 Other financial liabilities measured at amortised cost

Other financial liabilities which are measured at fair value upon initial recognition are subsequently measured at amortised cost and include deposits from banks and from customers.

2.28 Related party transactions

Related parties include: a) members of the Bank's Board of Directors and key management personnel of the Bank, b) close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel and c) companies having transactions with Piraeus Bank, when the total cumulative participating interest in them (of members of Board of Directors and key management personnel as well as their dependants or first degree relatives) exceeds 20%. Transactions of similar nature are disclosed together. The terms of the Bank's transactions with related parties are those that prevail in arm's length transactions and according to the financial procedures and policies of the Bank.

2.29 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Executive Committee which is Bank's operating decision-maker, allocates resources to and assesses the performance of the operating segments. All transactions between business segments are conducted on an arm's length basis.

In accordance with IFRS 8, the Bank operates in four main business segments: Retail Banking, Corporate Banking, Investment Banking, and Asset Management & Treasury. Income and expenses directly associated with each segment are included in determining business segment performance.

2.30 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is recognised in the Statement of Financial Position when there is a contractual right to offset the recognised amounts and there is an intention to settle on a net basis after the offsetting or realise the asset and settle the liability simultaneously.

2.31 Comparatives and roundings

Where necessary, the comparative figures of the previous year's financial statements have been adjusted in order to become comparable to the corresponding figures of the current year.

Any differences, between the amounts of the financial statements and the relevant amounts presented in the notes, are due to roundings.

3 Financial Risk Management

Financial risk management is intertwined with the Bank's business activity. Management, aiming to maintain the stability and continuity of its operations, places high priority on the goal of implementing and continuously improving an effective risk management framework to minimize potential negative effects on the Bank's financial results.

The Bank's Board of Directors has full responsibility for the development and supervision of the risk management framework. In order to coordinate and timely address all risks, a Risk Management Committee has been established at the Board level, responsible for the implementation and supervision of the financial risk management policy and principles. The Board Risk Management Committee convenes at least on a quarterly basis and reports to the Board of Directors on its activities.

Both the principles and the existing risk management policy have been created for timely identifying and analyzing the risks assumed by the Bank, establishing the appropriate limits and control systems, as well as systematically monitoring risks and ensuring compliance with established limits. The Bank re-examines the adequacy and effectiveness of the risk management framework annually in order to ensure it keeps pace with market dynamics, changes in the banking products offered, and international best practices.

In Piraeus Bank, the Group Risk Management Division is entrusted with the executive responsibility for the planning and the implementation of the risk management framework, according to the directions of the Board Risk Management Committee. The Group Risk Management consists of the Group Credit Risk & Capital Management Division as well as the Group Market Risk & Operational Risk Management Division. Its activities are supervised by Group Internal Audit, which evaluates the effectiveness and efficiency of the risk management procedures applied.

The Bank systematically monitors the under mentioned risks resulting from the use of financial instruments: credit risk, market risk, liquidity risk, and operational risk.

3.1 Credit risk

3.1.1 Credit Risk Management Strategies & Procedures

Banking activity and the Bank's profits are closely related to credit risk undertaking. Credit risk is the risk of financial loss for the Bank that results when the debtors are in no position to fulfil their contractual/ transactional obligations. Credit risk is considered the most significant for the Bank, and its efficient monitoring and management constitutes a top priority for Management. The Bank's overall exposure to credit risk mainly results from approved credit limits and financing of corporate and retail credit, from the Bank's investment and transaction activities, from trading activities in the derivative markets, as well as from the settlement of transactions. The level of risk associated with any credit exposure depends on various factors, including the general economic and market conditions prevailing, the debtors' financial condition, the amount, the type, and duration of the exposure, as well as the presence of any collateral/security (guarantees).

The implementation of the credit policy, that describes the principles of credit risk management at the Bank, ensures effective and uniform credit risk monitoring and control. Piraeus Bank applies a uniform policy and practice with respect to the credit assessment, approval, renewal and monitoring procedures. All credit limits are reviewed and/ or renewed at least once annually and the responsible approval authorities are determined, based on the size and the category of the total credit risk exposure assumed by the Bank for each debtor or group of interrelated debtors (one obligor principle).

The Bank's Board of Directors has assigned the executive responsibility for credit risk management to the Board's Group Risk Management Committee that monitors and evaluates the credit risk arising from the Group's everyday activities, while supervising the proper application and functionality of credit risk management policies.

Under the Group Risk Management Division, a separate Credit Risk Management and Capital Management Division operates with its mission the continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises, individuals, banks and central governments.

3.1.2 Credit risk measurement & reporting systems

Reliable credit risk measurement is of top priority within the Bank's risk management framework. The continuous development of infrastructure, systems, and methodologies aimed at quantifying and evaluating credit risk is an essential precondition in order to timely and efficiently support management and the business units in relation to decision making, policy formulation and the fulfilment of supervisory requirements.

a) Loans and advances
For credit risk measurement purposes involved in the Bank's loans and advances at a counterparty level:
(i) a customer's creditworthiness and the probability of defaulting on their contractual obligations is systematically assessed, (ii) the Bank's exposure to credit risk arising from the claim is monitored and (iii) the Bank's probability of potential recovery, in the event of the debtor defaulting on its obligations is estimated, based on existing collateral and security - guarantees provided. All these three credit risk measurement parameters are incorporated into the Bank's day to day operations.

i) Systematic evaluation of the customers' creditworthiness and assessment of the probability of defaulting on their contractual obligations
The Bank assesses the creditworthiness of its borrowers and estimates the probability of defaulting on their obligations by applying credit rating models appropriate for their special characteristics and features. These models have been developed internally and combine financial and statistical analysis together with the expert advice of responsible officers. Whenever possible, these models are tested by benchmarking them against externally available information.

According to the Bank's policy, each borrower is rated when their credit limit is initially determined and thereafter, they are systematically re-rated on at least an annual basis. The ratings are also updated in cases when there is updated available information that may have a significant impact on the level of credit risk. The bank regularly tests the predictive capability of the creditworthiness evaluation and rating models used both for Corporate and Retail Credit, thus ensuring its potential of accurately depicting any credit risk and allowing for the timely implementation of measures addressing potential problems.

Corporate Credit

As far as Corporate Credit is concerned, the credit rating models applied depend on the type of operations and size of the enterprise. For large and medium-sized enterprises Piraeus Bank applies the Moody's Risk Advisor borrower credit rating system, whereas for small to medium-sized enterprises an internally developed rating system, as well as scoring systems are applied. In accordance to the mandates of the new supervisory framework (Basel II), separate credit rating models have been developed and are implemented for specialized lending.

As part of efforts to continuously improve its credit rating systems, the Bank has optimised the existing Moody's Risk Advisor (MRA) borrower credit rating model for all Bank corporate customers that keep "C" category accounting books and have a turnover > €2.5 million and has introduced a new credit rating model for all Bank corporate customers having "C" category accounting books and turnover <= €2.5 million.

All Corporate Credit customers are assigned to credit rating grades, which correspond to different levels of credit risk and relate to different default probabilities. Each rating grade is associated with a specific customer relationship policy.

Retail Credit

As far as retail credit is concerned, the Bank, focusing on the application of modern credit risk measurement methods, evaluates applicants using application scoring models, while it has already implemented models for the evaluation of existing customers' transactional behavior (behavior scoring) for each product but also at the borrower level.

In addition, Piraeus Bank uses the credit bureau scoring model of Teiresias S.A., that takes into account the total of borrower exposures in the Greek market. The usage of the particular model has improved the performance of the existing models. All credit scoring models are validated at least semiannually.

(ii) Monitoring credit risk exposure

The Bank monitors the credit risk exposure of its loans and advances to customers, based on their notional amount.

(iii) Recovery based on existing collateral, security and guarantees

Along with the rating of the counterparties' creditworthiness, the Bank estimates during the setting/ review of credit limits, the recovery rate related to the exposure, in the event the debtors default on their contractual obligations. The estimation of the recovery rate is based on the type of credit and the existence and quality of any collateral/ security. According to standard practice, the lower the rating of a borrower, the greater the collateral / security required, so that the recovery rate is as large as possible in case of borrowers default on their contractual obligations to the Bank.

b) Securities and other bills

For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used, such as Moody's, Standard & Poor's or Fitch. The amount of the Bank's exposure to credit risk from debt securities and other bills is measured according to the relevant IFRS provisions per portfolio category.

c) Stress Testing Exercises

Stress testing exercises constitute an integral part of the Bank's credit risk measurement and quantification, providing estimates of the size of financial losses that could occur under extreme financial/ market conditions. Piraeus Bank systematically runs credit risk stress testing exercises in accordance with the instructions issued by the Bank of Greece (Governor of the Bank of Greece's Decree 2577/ 9.3.2006) the results of which are presented to and evaluated by the Board Risk Management Committee.

These stress tests are performed by the Group Credit Risk and Capital Management Division. The methodology and stress scenarios applied use as a basis the requirements of exercises performed by the International Monetary Fund for the Greek banking system under the Financial Sector Assessment Program (FSAP), and are further enhanced with internally developed scenarios and models adapted to the particular risk characteristics of the Bank. Within this stress testing framework, loans and claims of the Bank to borrowers located in Greece and abroad are examined, as well as bond market credit exposures. Additional stress-testing scenarios are examined for portfolios vulnerable to economic conditions, such as the shipping, construction and real estate management portfolios.

In 2010, the Bank participated successfully in the pan-european stress-test (2010 EU Wide Stress Testing exercise of European Banks) conducted by the Committee of European Bank Supervisors (CEBS) in cooperation with the European Central Bank and under the supervision of the Bank of Greece.

3.1.3 Credit limits management and risk mitigation techniques

Piraeus Bank applies credit limits in order to manage and control its credit risk exposure and concentration. Credit limits define the maximum acceptable risk per counterparty, per group of counterparties, per credit rating, per product, per sector of economic activity and per country. Additionally, limits are set and applied against exposures to financial institutions. The Bank's total exposure to borrower credit risk, including financial institutions, is further controlled by the application of sublimits that address on and off-balance sheet exposures.

In order to set customer limits, the Bank takes into consideration any collateral or security which reduce the level of risk assumed. The Bank categorizes the risk of credits into risk classes, based on the type of collateral / security associated and their potential liquidation. The maximum credit limits that may be approved per risk class are determined by the Board of Directors. In Piraeus Bank, no credit is approved by one sole person, since the procedure regularly requires the approval of a minimum of three authorized officers, with the exception of consumer loans and credit cards, if the criteria that are set under the credit policy are met. Approval authorities are designated based on the level of risk exposure in and their role in contributing to the quality of the Bank's total credit portfolio is particularly significant.

Credit limits are set with an effective duration of up to twelve months and they are subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a shorter duration than twelve months. The outstanding balances along with their corresponding limits are monitored on a daily basis, and any limit excesses are timely reported and dealt with accordingly.

The following paragraphs describe further techniques applied by the Bank for credit risk control and mitigation.

a) Collateral / Security

The Bank obtains collateral/ security against its credit to customers, minimizing thus the overall credit risk and ensuring the timely repayment of its debt claims. To this end, the Bank has established categories of acceptable collateral and has incorporated them in its credit policy, the main types being the following:

- Pledged deposits and cheques
- Bank letters of guarantee
- Greek government guarantees
- Guarantees by the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME)
- Pledged financial instruments such as stocks, bonds, bills or mutual fund shares
- Mortgages on real estate property
- Ship mortgages
- Receivables

The collateral/ security associated with a credit is initially evaluated during the credit approval process, based on their current or fair value, and re-evaluated at regular intervals. In general, no collateral/security is required against exposures to financial institutions, unless it has to do with resale agreements (reverse repos) or other similar bond activities.

b) Derivatives

The Bank systematically monitors and controls the exposure and duration of its net open positions in the derivative markets. On any given moment, the overall credit risk exposure of the Bank to derivative products corresponds to the positive market value of its open positions and any potential future exposure. Credit exposures arising from derivatives transactions are part of the overall credit limits set for any counterparty and are taken into consideration during the approval procedure. Usually, no guarantees or securities are taken against exposures in derivative products, except when the Bank demands the application of a safety margin from a counterparty.

Piraeus Bank sets and systematically monitors, for every counterparty daily settlement limits.

c) Netting arrangements

In cases where there is the legal right and the expressed intention to net the amounts owed to the Bank by a counterparty, the Bank is entitled to proceed in netting a claim along with an associated obligation.

d) Credit - related commitments

The Bank uses credit-related commitments to provide customers with funds as required. These credit-related commitments entail the same risk as the Bank’s loans and advances and mainly concern letters of credit and letters of guarantee. The remaining duration of credit-related commitments is systematically analyzed and monitored, since in general, commitments with longer duration entail greater risk compared to those with shorter duration.

3.1.4 Impairment and provisioning policy

Piraeus Bank systematically examines whether there is solid and objective evidence that a claim’s value has been impaired. To this end, as of the date of each published financial statement, it conducts an impairment test concerning the value of its loans, according to the general principles and methodology described in the International Accounting Standards, and proceeds with assuming the respective provisions.

A claim is considered impaired when its book value exceeds its anticipated recoverable amount. The recoverable amount is estimated by the sum of the present value of future cash flows from anticipated repayments and the present value of the liquidation of any collateral/ guarantees in case the borrower fails to service the loan. In the event that there are indications that the Bank will not be able to receive all payments due, a specific provision is made for the impaired amount associated with the loan. The amount of the provision is set as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate of the loan.

The Bank, according to IAS 39, considers the criteria stated in section 2.12 as reliable and objective evidence that a loan or group of loans has been impaired.

The estimation concerning the existence of impairment and any resulting provisioning is conducted individually at loan level (for both retail and corporate portfolios) for those considered by the Bank as significant, and collectively on a loan group level for those considered less significant. The estimation of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics, which are not considered significant on an individual basis. Also collective assessment includes loans that have been tested individually for impairment but no impairment has occurred.

For impairment estimation on a collective basis, financial assets are grouped according to their similar credit risk characteristics (e.g. according to assessment criteria of the Bank which take into consideration the nature of each asset, the sector where it belongs, the geographical area, the type of security and other such factors). These characteristics are correlated to the estimation of future cash flow for such groups of assets, indicating the debtor’s ability to pay amounts due, according to the contractual terms of the financial assets under evaluation.

Amounts in thousand euros (Unless otherwise stated)

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reduced and the difference is recognised in the Income Statement.

Write-offs

The Bank by resolution of the Board of Directors or its authorized committees, proceeds with write-offs of non performing loans and bad debts against their respective provisions, after all potential collection processes have been exhausted and, thus, it is highly expected that the aforementioned will not be collected. The Bank continues monitoring loans written off in case that they may become collectable.

3.1.5 Maximum credit risk exposure before collateral held or other credit enhancements

The following table presents the Bank's maximum credit risk exposure on 31/12/2010 and 31/12/2009, without including collateral held or other credit enhancements. For on-balance sheet items, credit exposures are based on their carrying amounts as reported on the balance sheet.

	Maximum exposure	
Credit risk exposures relating to on-balance sheet assets	**31 December 2010**	**31 December 2009**
Loans and advances to credit institutions	4,424,327	4,442,537
Derivative financial instruments - assets	142,258	170,606
Bonds of trading portfolio	184,259	1,041,535
Bonds at fair value through Profit or Loss	12,805	16,247
Loans and advances to customers (net of provisions)		
Loans to individuals:		
- Mortgages	6,141,844	5,977,720
- Consumer/ personal loans	1,885,304	2,198,927
- Credit cards	631,223	682,366
Loans to corporate entities		
- Small/ medium entities	14,269,173	14,356,705
- Large corporate entities	8,262,217	8,029,728
Debt securities - receivables	2,430,342	898,794
Reverse repos with customers	969,792	-
Bonds of investment portfolio	6,325,213	5,301,632
Other assets	870,994	868,804
Credit risk exposures relating to off-balance sheet assets		
Letters of guarantee	2,887,278	2,932,263
Letters of credit	93,491	44,466
Commitments to extent credit	3,764,703	3,774,726
As at 31 December	**53,295,222**	**50,737,055**

3.1.6 Loans and advances

Loans and advances to customers and to credit institutions are summarised as follows:

	31 December 2010			31 December 2009	
	Loans and advances to customers	Loans and advances to credit institutions	Reverse repos with customers	Loans and advances to customers	Loans and advances to credit institutions
Loans neither past due or impaired	23,444,773	4,424,327	969,792	25,381,667	4,442,537
Past due but not impaired	6,871,298	-	-	5,348,122	-
Impaired	1,749,854	-	-	1,126,829	-
Gross	**32,065,925**	**4,424,327**	**969,792**	**31,856,619**	**4,442,537**
Less: Allowance for impairment	(876,165)	-	-	(611,173)	-
Net	**31,189,760**	**4,424,327**	**969,792**	**31,245,446**	**4,442,537**

a) Loans neither past due or impaired:

Loans and advances to customers

31 December 2010	Loans to individuals			Loans to corporate entities		
Grades	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Standard monitoring	486,748	1,316,575	4,376,771	6,603,894	5,343,998	18,127,987
Special monitoring	-	-	-	3,304,326	2,012,460	5,316,787
Total	**486,748**	**1,316,575**	**4,376,771**	**9,908,221**	**7,356,458**	**23,444,773**

Amounts in thousand euros (Unless otherwise stated)

31 December 2009	**Loans to individuals**			**Loans to corporate entities**		
Grades	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Standard monitoring	565,516	1,684,854	4,718,474	9,153,616	6,149,557	22,272,017
Special monitoring	-	-	-	2,179,931	929,719	3,109,650
Total	**565,516**	**1,684,854**	**4,718,474**	**11,333,547**	**7,079,276**	**25,381,667**

Loans and advances to credit institutions

Grades	**31 December 2010**	**31 December 2009**
Investment grade	679,516	1,292,203
Standard monitoring	3,739,377	3,141,598
Special monitoring	5,435	8,735
Total	**4,424,327**	**4,442,537**

Reverse repos with customers

Grades	**31 December 2010**
Standard monitoring	969,792
Total	**969,792**

b) Loans and advances past due but not impaired:

31 December 2010	**Loans to individuals**			**Loans to corporate entities**		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances**
Past due 1 - 90 days	96,574	442,462	1,283,053	3,487,685	604,079	5,913,854
Past due 91 - 180 days	26,465	61,375	140,835	114,747	306	343,728
Past due > 180 days	-	-	173,873	389,548	50,295	613,716
Total	**123,038**	**503,838**	**1,597,761**	**3,991,980**	**654,680**	**6,871,298**
Fair value of collateral	-	71,740	1,504,735	2,103,598	195,003	**3,875,075**

The fair value of physical collaterals reflects the liquidation value of these collaterals, after the application of the haircuts provided in the Group credit policy.

With respect to mortgage loans the reported fair value of collateral takes into account only properties on which the Bank holds a first lien mortgage. In cases that the property value exceeds the remaining balance of the loan, the reported fair value of collateral takes into account the property value up to the amount of the remaining balance of the loan.

31 December 2009	**Loans to individuals**			**Loans to corporate entities**		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances**
Past due 1 - 90 days	86,020	426,872	1,001,152	2,591,563	714,325	4,819,932
Past due 91 - 180 days	24,542	50,266	43,866	51,211	5,433	175,319
Past due > 180 days	-	-	93,987	231,958	26,926	352,871
Total	**110,562**	**477,138**	**1,139,005**	**2,874,733**	**746,684**	**5,348,122**
Fair value of collateral	-	44,371	1,036,974	1,547,171	214,187	**2,842,702**

c) Loans and advances impaired:

31 December 2010	**Loans to individuals**			**Loans to corporate entities**		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Impaired loans	164,572	299,699	222,924	708,801	353,857	**1,749,854**
Fair value of collateral	-	22,711	180,405	314,321	129,910	**647,346**

The amount of loans with impairment as of 31/12/2010 includes loans of € 550.9 million which are not past due over 90 days. The respective amount as of 31/12/2009 is € 314 million.

31 December 2009	**Loans to individuals**			**Loans to corporate entities**		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Impaired loans	90,338	221,867	154,713	390,662	269,250	**1,126,829**
Fair value of collateral	-	11,140	122,355	190,503	135,943	**459,942**

Amounts in thousand euros (Unless otherwise stated)

d) Loans and advances renegotiated:

Loans and advances include loans and advances that had been overdue or partially overdue and which further were renegotiated. One year after the renegotiation date and provided that the loan is performing regularly, the loan is upgraded - after relevant approval - and treated as performing loans and advances, as far as their management is concerned.

	31 December 2010	31 December 2009
Loans to individuals	215,012	27,043
Loans to corporate entities	222,053	257,734
	437,065	**284,777**

3.1.7 Debt securities and other eligible bills

The table below presents an analysis of trading portfolio, investment securities, financial instruments at fair value through profit or loss and debt securities - receivables by rating as at 31 December 2010, based on Standard & Poor's ratings or their equivalent:

31 December 2010	Trading securities	Financial instruments at fair value through Profit or Loss	Investment securities	Debt securities - receivables	Total
AAA	-	-	-	-	0
AA- to AA+	335	-	45,213	-	45,548
A- to A+	11,127	-	24,126	-	35,253
BBB- to BBB+	164,518	12,805	6,236,779	2,232,689	8,646,791
BB- to BB+	8,278	-	8,102	-	16,380
Lower than BB-	-	-	9,550	19,557	29,108
Unrated	-	-	1,442	178,096	179,538
Total	**184,259**	**12,805**	**6,325,213**	**2,430,342**	**8,952,618**

3.1.8 Repossessed collateral

During the year 2010, the Bank obtained assets after taking possession of collateral held as security for its receivables:

Nature of assets	31 December 2010	31 December 2009
Property	29,762	35,808
	29,762	**35,808**

Assets acquired from an auction process are held by the Bank temporarily for liquidation, for in full or partial repayment of related loans from customers. Repossessed collaterals are included in the statement of financial position either in "Inventories - property" or "Investment property" categories.

3.1.9 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by geographical region as at 31 December 2010.

	Greece	United Kingdom	Total
Loans and advances to credit institutions	4,397,346	26,981	4,424,327
Derivative financial instruments - assets	142,258	-	142,258
Bonds & Treasury Bills of Trading Portfolio	184,259	-	184,259
Debt securities - receivables	2,410,785	19,557	2,430,342
Reverse repos with customers	969,792	-	969,792
Bonds at fair value through profit or loss	12,805	-	12,805
Loans and advances to customers (net of provisions)	26,990,830	4,198,930	31,189,760
Loans to individuals	8,497,294	161,076	8,658,370
- Mortgages	6,072,396	69,448	6,141,844
- Consumer - personal loans	1,793,676	91,628	1,885,304
- Credit cards	631,223	-	631,223
Loans to corporate entities	18,493,536	4,037,854	22,531,390
Bonds & Treasury Bills of Investment Portfolio	6,306,611	18,601	6,325,213
Other assets	857,390	13,604	870,994
As at 31 December 2010	**42,272,076**	**4,277,674**	**46,549,750**
As at 31 December 2009	**39,635,963**	**4,349,637**	**43,985,600**

b) Industry sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorised by industrial sector as at 31 December 2010. The Bank has allocated exposure to sectors based on the industry sector of counterparties.

	Financial institutions	Manufactoring/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Loans and advances to credit institutions	4.424.327													**4.424.327**
Derivative financial instruments - assets	68.764	1.357	-	2.758	45.192	1.169	-	19.887	-	-	-	3.131	-	**142.258**
Bonds of Trading portfolio	3.551	-	-	-	-	-	180.668	-	-	-	-	39	-	**184.259**
Bonds at fair value through profit or loss	-	-	-	-	-	-	12.805	-	-	-	-	-	-	**12.805**
Loans and advances to customers														
(net of provisions)														**31.189.760**
Loans to individuals (retail customers)														**8.658.370**
- Mortgages													6.141.844	**6.141.844**
- Consumer - personal loans													1.885.304	**1.885.304**
- Credit cards													631.223	**631.223**
Loans to corporate entities	1.364.090	3.851.551	2.099.453	1.316.348	1.989.439	3.007.733	573.788	1.384.485	1.427.781	424.981	1.211.909	3.879.829	-	**22.531.390**
Debt securities-receivables	14.876	4.681	-	-	-	-	2.232.689	-	-	-	-	178.096	-	**2.430.342**
Reverse repos with customers	14.423	12.623	24.387	-	802	-	203.339		1.705	230	20.592	23.090	668.599	**969.792**
Bonds of Investment portfolio	205.839	-	-	-	-	-	6.066.957	-	-	-	-	52.417	-	**6.325.213**
Other assets	7.183	3.537	2.306	7.458	-	-	282.535	-	-	-	-	474.517	93.458	**870.994**
Balance at 31st December 2010	**6.103.054**	**3.873.749**	**2.126.146**	**1.326.564**	**2.035.433**	**3.008.903**	**9.552.780**	**1.404.372**	**1.429.486**	**425.211**	**1.232.502**	**4.611.120**	**9.420.428**	**46.549.750**
Balance at 31st December 2009	**6.818.319**	**4.056.026**	**2.284.630**	**1.293.665**	**1.862.131**	**3.357.649**	**7.409.052**	**1.232.653**	**1.428.355**	**438.449**	**1.290.540**	**3.455.200**	**9.058.931**	**43.985.600**

3.2 Market risk

Market risk is the risk of loss due to adverse changes in the level or the volatility of market prices and rates, including interest rates, equity prices and foreign exchange rates.

The Board of the Directors of the Bank has approved a market risk management policy that applies to the Bank since the beginning of 2003. This policy outlines the basic definitions of market risk management and defines the roles and responsibilities of the units and executives involved.

Piraeus Bank applies up to date, generally accepted techniques for the measurement of market risk. Specifically, sensitivity indicators such as PV100 (adverse impact to the net present value of all balance sheet items for a 100 basis points parallel move in the yield curve for all currencies), as well as Value-at-Risk (VaR incorporates all risk factors), are calculated.

For every activity that bears market risk Piraeus Bank has assigned adequate market risk limits, and these are monitored systematically. Market risk management is not confined to trading book activities, but covers the balance sheet as a whole.

The Value-at-Risk measure is an estimate of the potential loss in the net present value of a portfolio, over a specified period and with a specified confidence level. Piraeus Bank implements the following three methods for the calculation of Value at Risk:

a) the parametric Value-at-Risk methodology, assuming a one-day holding period and utilizing a 99% confidence level, with historic observations of two years and equal weighting between observations
b) the parametric Value-at-Risk methodology, using market data that give more weight to recent observations (exponentially weighted moving average volatilities and correlations)
c) the parametric Value-at-Risk methodology using volatilities and correlations gathered during a crisis period (Stressed Value-at-Risk), while the estimate is assessed on current positions

As the Value-at-Risk methodology does not evaluate risk attributable to extraordinary financial or other occurrences, the risk assessment process includes a number of stress scenarios. The stress scenarios are based on the primary risk factors that can change the value of the balance sheet's figures.

The Bank tests the validity of the Value-at-Risk estimates, by conducting a back-testing program on the Piraeus Bank trading book VaR. The Value-at-Risk estimate is compared on a daily basis against the actual change in the value of the portfolio, due to the changes in market prices.

The Value-at-Risk estimate for the Bank's Trading Book at 31/12/2010, was € 3.66 million. This estimate consists of € 0.86 million for interest rate risk, € 3.08 million for equity risk, € 2.14 million for foreign exchange risk and € 0.16 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 2.58 million due to the diversification effect in the portfolio. During 2010 there was a decrease in the Bank's Trading Book VaR due to a reduction in Greek Government Bond positions.

The Value-at-Risk estimate for the Bank's Trading Book at 31/12/2009, was € 9.21 million. This estimate consists of € 6.4 million for interest rate risk, € 5.44 million for equity risk, € 3.27 million for foreign exchange risk and € 0.13 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 6.03 million due to the diversification effect in the portfolio. The above are summarized as follows (amounts in million euro):

million €	Piraeus Bank Trading Book Total VaR	VaR – Interest Rate Risk	VaR - Equity Risk	VaR - Foreign Exchange Risk	VaR - Commodities Risk	Diversification Effect
31/12/2010	3.66	0.86	3.08	2.14	0.16	-2.58
31/12/2009	9.21	6.40	5.44	3.27	0.13	-6.03

The lower VaR, as mentioned above, is attributed to the reduction in Fixed Income exposures in the Trading Portfolio. The reduction is accompanied by an increase in exposures in the Available for Sale portfolio with a VaR figure of € 15.53 million on 31.12.2010 against a figure of € 4.9 million on 31.12.2009.

3.3 Currency risk

The Bank is exposed to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Management sets limits on the level of exposure by currency, which are monitored daily. The table below summarises the Bank's exposure to foreign currency exchange rate risk as at 31/12/2010. The table includes the Bank's assets and liabilities at carrying amounts categorised by currency, and for the year 2010 the positions in derivatives which reduce significantly the undertaken risk:

	EUR	USD	GBP	JPY	CHF	Other currencies	Total
At 31 December 2010							
Foreign exchange risk of assets							
Cash and balances with central Banks	1,470,288	32,648	3,709	2,578	3,009	11,669	1,523,902
Loans and advances to credit institutions	3,797,922	277,382	1,743	8,258	81,888	257,134	4,424,327
Derivative financial instruments - assets	120,301	21,957	-	-	-	-	142,258
Trading securities	183,439	820	-	-	-	-	184,259
Debt securities - receivables	2,410,785	19,557	-	-	-	-	2,430,342
Financial instruments at fair value through Profit or Loss	3,622	-	-	12,805	-	-	16,426
Reverse repos with customers	969,792	-	-	-	-	-	969,792
Loans and advances to customers (net of provisions)	26,606,471	2,169,020	101,184	170,788	2,141,687	610	31,189,760
Investment securities	6,631,984	86,646	-	-	-	752	6,719,382
Other assets	862,593	7,799	(3,705)	2,794	1,206	307	870,994
Total financial assets (A)	**43,057,197**	**2,615,829**	**102,930**	**197,223**	**2,227,791**	**270,472**	**48,471,442**

Amounts in thousand euros (Unless otherwise stated)

	EUR	USD	GBP	JPY	CHF	Other currencies	Total
At 31 December 2010							
Foreign exchange risk of liabilities							
Due to credit institutions	19,455,119	763,106	84,719	135	5,669	40,052	20,348,801
Liabilities at fair value through profit or loss	308,864	-	-	-	-	-	308,864
Derivative financial instruments - liabilities	147,012	31,397	-	3,754	56	-	182,219
Due to customers	21,690,467	1,445,912	103,625	717,544	14,747	79,590	24,051,885
Debt securities in issue	2,627,606	46,875	-	-	-	-	2,674,481
Hybrid capital and other borrowed funds	506,584	-	-	-	-	-	506,584
Other liabilities	301,751	16,011	1,062	1,220	1,709	2,838	324,591
Total financial liabilities (B)	**45,037,404**	**2,303,300**	**189,407**	**722,653**	**22,181**	**122,481**	**48,397,426**
Net on-balance sheet financial position (A-B)	**(1,980,207)**	**312,529**	**(86,476)**	**(525,430)**	**2,205,610**	**147,991**	**74,016**
Net position of non financial assets - liabilities and off balance sheet items	**(2,127,835)**	**497,927**	**(84,857)**	**(545,687)**	**2,194,089**	**114,611**	**48,248**
Currency position	**147,628**	**(185,398)**	**(1,619)**	**20,257**	**11,521**	**33,380**	**25,768**

At 31 December 2009	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	40,490,932	2,702,419	99,314	165,255	2,193,214	276,318	45,927,451
Total financial liabiities	40,932,013	2,965,916	376,038	944,572	24,821	108,887	45,352,247
Net on-balance sheet financial position	**(441,082)**	**(263,497)**	**(276,724)**	**(779,317)**	**2,168,393**	**167,431**	**575,204**

3.4 Interest rate risk

Interest rate risk is the risk of loss to the bank due to adverse movements in interest rates. Changes in interest rates affect the Bank's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the Bank's assets and liabilities because the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change.

Piraeus Bank applies an Interest Rate Risk Management Policy, which provides for a variety of valuation techniques that rely on simple maturity and repricing schedule (Interest Rate Gap analysis).

Interest Rate Gap is a maturity/repricing schedule that distributes interest-sensitive assets and liabilities, into a certain number of predefined time bands, according to their maturity (fixed-rate instruments) or time remaining to their next repricing (floating-rate instruments).

The table below summarises the Bank's exposure to interest rate risk according to an Interest Rate Gap Analysis. Those assets and liabilities lacking definitive repricing intervals (e.g. sight deposits or savings accounts) or actual maturities (e.g. Open Accounts) are assigned to the time band up to one month.

In particular, the sight deposits, savings and current accounts assigned to the time band up to one month.

In the table, assets and liabilities in foreign currency are converted into EUR using the FX rates as of 31/12/2010.

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
At 31 December 2010							
Assets							
Cash and balances with central Banks	1,523,901	-	-	-	-	-	1,523,901
Loans and advances to credit institutions	3,073,275	1,262,335	22,839	28,460	37,420	-	4,424,327
Trading securities	5,103	34,752	74,206	17,542	52,656	-	184,259
Financial instruments at fair value through Profit or Loss	-	-	-	-	16,426	-	16,426
Loans and advances to customers (net of provisions)	17,589,694	8,460,890	3,400,220	764,983	973,974	-	31,189,760
Debt securities - receivables	-	740,900	562,165	692,787	434,490	-	2,430,342
Reverse repos with customers	576,771	202,833	190,187	-	-	-	969,792
Investment securities	530,908	351,751	3,293,332	2,100,442	50,000	392,949	6,719,382
Other assets	-	-	-	-	-	870,994	870,994
Total financial assets	**23,299,651**	**11,053,460**	**7,542,949**	**3,604,213**	**1,564,966**	**1,263,943**	**48,329,184**
Liabilities							
Due to credit institutions	19,783,745	504,318	60,738	-	-	-	20,348,801
Liabilities at fair value through profit or loss	79,068	13,638	3,239	208,921	3,999	-	308,864
Due to customers	16,423,667	5,150,192	2,010,535	391,707	-	75,784	24,051,885
Debt securities in issue	802,881	714,478	606,486	550,636	-	-	2,674,481
Hybrid capital and other borrowed funds	506,584	-	-	-	-	-	506,584
Other liabilities	-	-	-	-	-	415,005	415,005
Total financial liabilities	**37,595,945**	**6,382,626**	**2,680,999**	**1,151,264**	**3,999**	**490,789**	**48,305,621**
Net notional amounts of derivative financial instruments	(114,600)	1,758,144	(38,775)	(424,087)	(1,295,248)	142,258	**27,691**
Total interest rate gap	**(14,410,894)**	**6,428,978**	**4,823,175**	**2,028,862**	**265,719**	**915,412**	**51,254**

Amounts in thousand euros (Unless otherwise stated)

The off balance sheet derivatives line that appears at the bottom of the table, includes the gap that arises from derivative transactions that are held for assets - liabilities management purposes or trading or hedging purposes without necessarily using hedge accounting.

The table below presents comparative figures:

At 31 December 2009	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Total financial assets	24,663,068	9,258,099	7,311,510	3,176,592	895,139	452,437	45,756,845
Total financial liabiities	25,140,136	8,976,047	9,370,571	1,230,505	33,323	482,295	45,232,878
Net notional amounts of derivative financial instruments	523,287	990,671	180,796	(717,901)	(1,036,704)	-	(59,851)
Total interest rate gap	**46,219**	**1,272,722**	**(1,878,265)**	**1,228,186**	**(174,888)**	**(29,858)**	**464,116**

In addition, Piraeus Bank calculates the change in the net present value of balance-sheet items in response to a change in interest rates, assuming parallel yield curve shifts (PV100).

Interest Rate Gap analysis enables the evaluation of interest rate risk using the ‘Earnings-at-Risk’ measure, which denotes the negative effect on the expected annual interest income, as a result of a parallel shift in interest rates for all currencies considered.

For PV100 the Bank has assigned adequate limits, which are monitored on a daily basis.

In particular, a parallel shift of 100bp in yield curves would have a negative impact on the Bank’s net present value by €89 million (2009: €11 million).

The Bank also assesses on a regular basis, the impact of a change in the credit spread, for issuers of government and corporate debt, for the group’s bond portfolio.

Piraeus Bank also evaluates potential losses under stressful market conditions. Possible stress scenarios include abrupt changes in the level of interest rates, changes in the slope and the shape of the yield curves, or changes in the volatility of market rates.

3.5 Liquidity risk

Piraeus Bank acknowledges that, in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage Liquidity risk.

Liquidity risk is the risk that a financial institution that will not be able to meet its obligations as they become due, because of a lack of the required liquidity.

A liquidity risk management policy has been applied in all Bank units since the end of 2003. This policy is adjusted to internationally applied practices and regulatory environments and adapted to the specific activities and organisational structure of Piraeus Bank.

The policy specifies the principal liquidity risk assessment definitions and methods, defines the roles and responsibilities of the units and staff involved and sets out the guidelines for liquidity crisis management. The policy is focused on the liquidity needs expected to emerge, in a week's or month's time, on the basis of hypothetical liquidity crisis scenarios.

Furthermore, the policy defines a contingency funding plan to be used in the case of a liquidity crisis. Such a crisis can take place either due to a Piraeus Bank specific event or a general market event. Triggers and warning signals serve as indicators of when the contingency plan should be put into operation.

In addition, Piraeus Bank calculates and monitors the Liquidity ratios, “Liquid Assets/Total Liabilities” and “Net Current Assets/Total Liabilities”, as they are defined in the Bank of Greece Governor's Act 2614/07.04.2009, which refers to the supervision framework of banks’ liquidity adequacy by the Bank of Greece.

The Liquidity ratios are calculated on a solo, as well as, on a consolidated basis. Consolidation includes only the credit institutions of the group.

The levels of these particular ratios are daily communicated to the responsible business units and comments ,as well as respective assessments of the Group Market & Operational Risk Management Division, are included in the reporting package to the members of Asset-Liability Committee (ALCO). The levels of the ratios are also disclosed, on a monthly basis, to the Financial Services Authority (F.S.A.), of Great Britain.

In addition, Piraeus Bank applies liquidity crisis scenarios (Stress Testing) and estimates their impact on the Liquidity Ratios.

Means as the maintenance of liquid securities portfolios, the expansion of diversified core deposits (i.e saving accounts) and competitive term deposits, were taken in order to mitigate liquidity risk.

Finally, in accordance with the provisions of law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis", the Bank has received Guarantees (Pillar II) and Special Bonds (Pillar III) from the Greek State, that are eligible for ECB refinancing operations, of € 9,438 million.

In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, the Bank is comfortably placed to meet all its payment obligations as they fall due. Liquidity Gap Analysis provides an overview of the expected cash flows, which arise from all balance sheet items. The cash flows are assigned and aggregated to time-bands according to when they occur.

The assumptions made are that scheduled payments to the Bank are honoured in full and on time and in addition, all contractual payments are discharged in full (e.g. that depositors will withdraw their money rather than roll it over on maturity). Those assets and liabilities lacking actual maturities (e.g. open accounts, sight deposits, or savings accounts) are assigned to the time band up to one month.

Amounts in thousand euros (Unless otherwise stated)

a) Non derivative cash flows

The table below presents, at the balance sheet date, the cash flows payable by the Bank under non-derivative financial liabilities by the remaining contractual maturities. The amounts mentioned are the contractual undiscounted cash flows. The Bank manages liquidity risk according to the estimated undiscounted cash flows. Liabilities in foreign currency have been translated into euro based on the current foreign currency exchange rates.

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	19,804,957	305,502	263,179	-	-	20,373,638
Liabilities at fair value through profit or loss	80,129	15,627	12,171	226,082	7,703	341,712
Due to customers	16,549,811	5,220,837	2,057,145	433,793	-	24,261,587
Debt securities in issue	50,278	41,075	1,122,773	1,653,906	-	2,868,033
Other borrowed funds	1,419	-	5,231	44,576	358,446	409,672
Hybrid capital	930	-	3,279	176,745	-	180,954
Other liabilities	-	-	-	-	415,004	415,004
Total liabilities (contractual maturity dates)	**36,487,525**	**5,583,041**	**3,463,778**	**2,535,102**	**781,154**	**48,850,600**
Total assets (expected maturity dates)	**8,331,054**	**3,095,672**	**6,874,992**	**20,656,545**	**18,669,720**	**57,627,984**

At 31 December 2009	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	5,916,885	1,121,174	6,943,537	262,840	130,271	14,374,707
Due to customers	17,844,360	5,064,915	2,785,541	148,004	-	25,842,820
Debt securities in issue	268,612	134,643	1,325,224	3,019,063	-	4,747,542
Other borrowed funds	1,268	-	4,900	54,245	378,708	439,121
Hybrid capital	805	-	2,980	268,125	-	271,910
Other liabilities	-	-	-	-	347,334	347,334
Total liabilities (contractual maturity dates)	**24,031,930**	**6,320,732**	**11,062,182**	**3,752,277**	**856,312**	**46,023,433**
Total assets (expected maturity dates)	**9,734,280**	**4,457,370**	**3,759,898**	**17,668,204**	**18,950,697**	**54,570,449**

b) Derivative cash flows

bi) Derivatives settled on a net basis

The Bank's derivatives that will be settled on a net basis include: a) foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, exchange traded currency options; and b) interest rate derivatives: interest rate swaps, forward rate agreements, OTC interest rate options, other interest rate contracts, exchange traded interest rate futures and exchange traded interest rate options.

The table below analyses, at the balance sheet date, the contractual undiscounted cash flows of derivative financial assets and liabilities of the Bank that will be settled on a net basis, based on their remaining period according to the contract.

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	(8,606)	6,684	(15,270)	(11,279)	14,804	(13,666)
Derivatives held for fair value hedging						
-Interest rate derivatives	417	7,009	(25,741)	(30,776)	(2,258)	(51,349)
Total	**(8,188)**	**13,693**	**(41,011)**	**(42,055)**	**12,546**	**(65,015)**

At 31 December 2009	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	(10,348)	6,546	(17,519)	(17,525)	6,407	(32,439)
Derivatives held for fair value hedging						
-Interest rate derivatives	(159)	(1,041)	(26,269)	(34,661)	(3,043)	(65,173)
Total	**(10,507)**	**5,505**	**(43,788)**	**(52,186)**	**3,364**	**(97,612)**

bii) Derivatives settled on a gross basis

The Bank's derivatives that are settled on a gross basis include: a) foreign exchange derivatives: currency forward, currency swaps, b) interest rate derivatives: cross currency interest rate swaps and c) options.

The table below analyses, at balance sheet date, the derivative financial instruments (both derivative assets and derivative liabilities) that will be settled on a gross basis based on their remaining period according to the contract.The total pay leg (outflow) and receive leg (inflow) for each type of derivative and for each maturity group are disclosed at their contractual undiscounted amounts.

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(4,447,951)	(1,206,758)	(228,125)	(10,459)	-	**(5,893,294)**
Inflow	4,354,862	1,195,266	223,179	10,243	-	**5,783,551**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2009	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(1,861,717)	(2,743,695)	(418,839)	(82,691)	-	**(5,106,942)**
Inflow	1,857,016	2,695,944	411,029	82,500	-	**5,046,489**

On 31 December 2010, Piraeus Bank Group's total exposure in European Central Bank (ECB) amounted to €17.2 billion (2009: € 6.75 billion). The observed increase during 2010, stemming from weekly ECB market operations, displayed the decreased overall liquidity within the Greek banking system. The latter was attributed to deposits' outflows and the non-renewed funding from global markets (interbank and wholesale money markets) which were affected by the downgrades in the country's ratings by the international credit agencies.

In the Third Review Under the Stand-By Arrangement for Greece, the International Monetary Fund mentioned that the Greek banking system is stable but referred to its dependency on the Eurosystem and to the priority to support banks' efforts to deleverage funding dependency by seeking alternative ways of refinancing. In this context, Bank of Greece has requested Greek banks to prepare and present until April 2011, their draft exercises of their medium-term plans to reduce their ECB funding. ECB has also pointed out, that any change in the existing liquidity measures should be gradually implemented in order not to have any adverse effect on the stability of the banking system. In this respect and in order to tackle potential liquidity pressures on the banks, the Greek government is expected to activate a supplementary tranche of € 30 billion government guarantees, to which banks may recourse, if necessary to enhance their liquidity.

3.6 Fair values of financial assets and liabilities

A) Financial assets and liabilities not held at fair value

The following table summarises the fair values and the carrying amounts of those financial assets and liabilities not presented on the Bank's balance sheet at fair value.

	Carrying amounts		Fair value	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Financial assets				
Loans and advances to credit Institutions	4,424,327	4,442,537	4,424,327	4,515,030
Loans and advances to customers (net of provisions)	31,189,760	31,245,446	31,189,760	32,437,892
-Loans to individuals	8,658,370	8,859,013	8,658,370	9,532,681
-Loans to corporate entities	22,531,390	22,386,432	22,531,390	22,905,211
Reverse repos with customers	969,792	-	969,792	-
Held to maturity investment securities	4,954,598	3,305,687	3,408,874	2,869,786
Debt securities - receivables	2,430,342	898,794	1,884,194	897,841
Financial liabilities				
Due to credit institutions	20,348,801	14,250,445	20,348,801	14,253,248
Due to customers	24,051,885	25,729,695	24,051,885	25,768,885
-Current and sight deposits	3,678,240	4,688,320	3,678,240	4,688,320
-Savings account	3,383,593	4,040,112	3,383,593	4,040,112
-Term deposits	16,809,971	16,757,973	16,809,971	16,797,163
-Other accounts	173,881	228,021	173,881	228,021
-Repurchase agreements	6,200	15,268	6,200	15,268
Debt securities in issue	2,674,481	4,397,704	2,503,927	4,438,906
Hybrid capital and other borrowed funds	506,584	507,700	370,752	385,677

The fair value for the year 2010 of loans and advances to credit institutions, loans and advances to customers (net of provisions), repurchase agreements, due to credit institutions and due to customers which are measured at amortized cost, are not materially different from the respective carrying values since they bear mainly floating interest rates and as a result being re-priced at regular time periods.

Fair value for held to maturity items is estimated using quoted market prices. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, or by discounting cash flows.

The fair value of debt securities in issue is calculated based on quoted prices. Where quoted market prices are not available, the estimated fair value is based on other debt securities with similar credit, yield and maturity characteristics or by discounting cash flows.

The fair value of other borrowed funds and hybrid capital is based on quoted market prices. When quoted market prices are not reliable, the fair value is estimated by discounting cash flows with appropriate yield curves.

B) Financial assets and liabilities held at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

• Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed shares and bonds on exchanges and exchanges traded derivatives like futures.
• Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes OTC derivatives and bonds. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).
• Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes shares with significant unobservable components.

Amounts in thousand euros (Unless otherwise stated)

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

The following tables present financial assets and liabilities measured at fair value, categorized in the three levels mentioned above, reconciliation of level 3 items for the year 2010 and sensitivity analysis:

	Level 1	Level 2	Level 3	Sum
'Financial Assets & Liabilities measured at FV				
Financial Assets				
Derivative financial instruments - assets	-	142,258	-	**142,258**
Trading portfolio				
-Trading Bonds & Other fixed income securities	170,745	-	-	**170,745**
-Trading Treasury bills & Other eligible bills	13,513	-	-	**13,513**
Financial Assets at FV through PL				
-Asset Swap Bonds	12,805	-	-	**12,805**
-Shares at FV	3,622	-	-	**3,622**
Available for Sale Securities				
-Bonds & Other Fixed Income Securities	797,611	18,601	-	**816,213**
-Available for sale Treasury bills	554,402	-	-	**554,402**
-Shares & Other variable income securities	69,101	-	325,068	**394,169**
Financial Liabilities				
Derivative financial instruments - liabilities	-	182,219	-	**182,219**
Liabilities at fair value through profit or loss	308,864	-	-	**308,864**

Reconciliation of Level 3 items	**Shares & Other variable Income securities**
Opening Balance	82,485
Purchases	272,006
Valuation at fair value	(17,837)
Impairment	(3,457)
Settlements	(8,437)
Transfer to level 1	(13)
Foreign exchange differences	321
Total	**325,068**

Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:

	Favourable changes	**Unfavourable changes**
Equity Statement		
Available for Sale Shares	25,134	(30,188)

3.7 Fiduciary activities

The Bank provides custody services to third parties for a wide range of financial instruments. These services include safekeeping of securities, clearing and settlement of securities transactions in the Greek market and abroad, execution of corporate actions, income collection etc, on behalf of individuals, companies and institutional investors. Those assets and income arising thereon are not included in the Bank's financial statements. The above mentioned services give rise only to operational risk.

3.8 Capital adequacy

Being compliant with the Greek law (3601/2007), Piraeus Bank has implemented the new regulatory framework Basel II since January 2008. The aforementioned regulatory framework introduced capital requirement for operational risk as well and results to significant changes to the calculation of capital requirements against credit risk.

As the importance to maintain and enhance the capital base has been acknowledged for the Piraeus Bank's growth, capital adequacy is frequently monitored by the Bank's responsible department and submitted in a quarterly basis to the supervisory authority, Bank of Greece.

Bank of Greece requires from each Banking Institution to maintain a minimum level of regulatory capital related to the undertaken risks.

Capital Adequacy Ratio is specified as the regulatory capital to the total risk weighted assets and off balance sheet items. The new legislative and regulatory capital framework defines that capital adequacy ratio should be above 8%.

The main Piraeus Bank objectives related to the capital adequacy management are the following:

- To comply with the regulatory requirements against the undertaken risks according to Greek regulatory framework.

- Preserve the Bank's ability to continue unhindered its operations, thus to continue providing returns and benefits to its shareholders.

- To retain a sound and stable capital base in order to support the Bank's management business plans.

The regulatory capital of the Bank, as defined by Bank of Greece is comprised of Tier I and Tier II capital.

For the calculation of regulatory capital, own share capital must undergo some regulatory adjustments, such as the deduction of intangible assets and goodwill, the deduction of the revaluation gain of investment property, the deduction of part of the available of sale reserve, the deduction of the proposed distribution of dividend etc.

Amounts in thousand euros (Unless otherwise stated)

Tier I capital	**31 December 2010**	**31 December 2009**
Ordinary Shares	100,882	1,604,020
Share premium	2,430,877	927,739
Preference Shares	370,000	370,000
Available for sale reserve	(340,159)	(148,415)
Legal reserve and other reserves	68,995	70,099
Retained earnings	326,384	414,711
Less: intangible assets	(100,269)	(76,597)
Total regulatory adjustments on Tier I capital	156,424	(8,187)
Total Tier I capital	**3,013,134**	**3,153,370**
Tier II Capital		
Subordinated debt	506,584	507,700
Total regulatory adjustments on Tier II capital	(8,639)	(72,291)
Total Tier II Capital	**497,945**	**435,409**
Regulatory capital	**3,511,080**	**3,588,779**
Total risk weighted assets (on and off- balance sheet items**)**	**31,363,559**	**30,543,171**
Tier I ratio	**9.6%**	**10.3%**
Capital Adequacy ratio	**11.2%**	**11.7%**

It should be noted that the disclosure, as regulatory requirement, regarding capital adequacy and risk management information, imposed by Bank of Greece Directive 2592/20.8.2007 in relation to Pillar III, will be released at the Bank's website.

Following the completion of the Bank's share capital increase on January 31st 2011, Bank's capital adequacy ratios were strengthened by more than 200 basis points. The aforementioned Bank's share capital increase is disclosed in note 48.

4 Critical accounting estimates and judgements

The Bank's accounting estimates and judgments affect the reported amounts of assets and liabilities within the next financial year. Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most important areas where the Bank uses accounting estimates and judgments, in applying the Bank's accounting policies, are as follows:

1. Impairment losses on loans and advances

The Bank examines, at every reporting period, whether trigger for impairment exists for its loans or loan portfolios. If such triggers exist, the recoverable amount of the loan portfolio is calculated and the relevant provision for this impairment is raised. The provision is recorded in the income statement. The estimates, methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

2. Fair value of derivative financial instruments

The fair values of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. All models use observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management's estimates. Assumptions and estimates that affect the reported fair values of financial instruments are examined regularly.

3. Impairment of Available for-sale portfolio

The available for sale portfolio is recorded at fair value and any changes in fair value are recorded in the available for sale reserve. Available for sale investments are impaired when there is significant or prolonged decline (judgement is required) in the fair value below cost. When this occurs, the relevant portion of the available for sale reserve is recycled to the income statement. Judgement is also required for the estimation of the fair value of investments that are not traded in a market. For these investments, the fair value computation through financial models takes also into account evidence of deterioration in the financial health of the investee, as well as industry and sector performance and changes in technology.

4. Held to maturity investments

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class to the available for sale portfolio. The investments would therefore be remeasured at fair value.

5. Income taxes

The Bank is subject to income taxes in the countries in which it operates. This requires estimates in determining the provision for income taxes and therefore the final income tax determination is uncertain during the fiscal year. Where the final income tax expense is different from the amounts initially recorded, differences will impact the income tax and deferred tax assets/ liabilities in the period in which the tax computation is finalised.

Amounts in thousand euros (Unless otherwise stated)

5 Segment analysis

a) By Business segment

Piraeus Bank has defined the following business segments:

Retail Banking - This segment includes the retail banking facilities of the Bank, which are addressed to retail customers, as well as to small - medium companies (deposits, loans, working capital, imports – exports, letters of guarantees, etc.)

Corporate Banking - This segment includes facilities related to corporate banking addressed to large and maritime companies, which due to their specific needs are serviced by the headquarters (deposits, loans, syndicated loans, project financing, working capital, imports – exports, letters of guarantees, etc.).

Investment Banking - This segment includes activities related to investment banking facilities of the Bank (investment and advisory services, underwriting services and public listings, stock exchange services, etc.).

Asset Management and Treasury – This segment includes asset management facilities for clients and for the Bank (wealth management facilities, mutual funds management, treasury).

Other – Includes other facilities of the Bank that are not included in the above segments (Bank's administration, etc.).

According to IFRS 8, the identification of the business segments results from the internal reports that are regularly reviewed by the Executive Board in order to monitor each segment's performance. Critical elements are the progress of figures and results per Segment.

An analysis of income and other financial figures per business segment of the Bank is presented below:

1/1-31/12/2010	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	619,401	248,927	(15)	147,643	(202,750)	813,207
Net fee and commission income	88,327	19,613	2,773	1,194	(9,988)	101,919
Net income	731,886	283,959	1,820	58,024	(178,069)	897,621
Segment results	(68,607)	49,702	806	23,540	-	5,441
Profit before tax						**5,441**
Income tax expense (included tax contribution)						(9,061)
Profit after tax						**(3,620)**
Other segment items						
Capital expenditure	21,742	963	-	2,493	45,159	70,356
Depreciation	12,490	116	3	443	19,013	32,065
Impairment charge - loans and advances	317,722	41,945	-	-	-	359,667

1/1-31/12/2009	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	610,642	187,579	(5)	97,143	(111,645)	783,713
Net fee and commission income	66,762	11,419	2,430	5,884	(981)	85,514
Net income	677,380	198,493	2,374	151,895	(16,376)	1,013,767
Segment results	54,179	64,437	610	81,548	-	200,774
Profit before tax						**200,774**
Income tax expense (included tax contribution)						(54,835)
Profit after tax						**145,939**
Other segment items						
Capital expenditure	18,071	3,356	926	1,730	71,114	95,196
Depreciation	15,568	145	6	482	20,760	36,961
Impairment charge - loans and advances	247,363	15,222	-	-	-	262,584
At 31 December 2010						
Segment assets	22,953,961	9,900,969	(10)	16,067,594	2,863,844	**51,786,358**
Segment liabilities	21,083,800	1,444,082	362	25,828,531	472,603	**48,829,379**
At 31 December 2009						
Segment assets	23,454,946	10,691,999	(5)	12,577,032	2,198,032	**48,922,004**
Segment liabilities	24,619,372	1,188,795	402	19,132,676	742,605	**45,683,850**

Capital expenditure includes additions of intangible and tangible assets that took place in the year by each business segment.

Amounts in thousand euros (Unless otherwise stated)

b) By Geographical segment

The Bank operates in 4 main business segments and in 2 countries. Greece is the main country of operations of Piraeus Bank. In Greece the areas of operation include all the primary business segments, while in the United Kingdom, the main business segments of operation are Corporate Banking, Investment Banking and Asset Management and Treasury.

The following table incorporates geographical concentrations of non current assets and net revenues of the Bank, as required by IFRS 8.

As at 31 December 2010	Non Current Assets	Net Revenues
Greece	608,488	800,951
United Kingdom	940	96,670
Total	**609,428**	**897,621**

As at 31 December 2009	Non Current Assets	Net Revenues
Greece	510,223	924,590
United Kingdom	1,046	89,177
Total	**511,269**	**1,013,767**

The cost of issuing debt securities, subordinated loans and hybrid capital are included in Greece's net revenues.

6 Net Interest income

	1/1-31/12/2010	1/1-31/12/2009
Interest income		
Interest on fixed income securities	408,349	429,869
Interest income on loans and advances to customers and reverse repos	1,462,405	1,409,583
Interest on loans and advances to credit institutions	193,189	302,492
Other interest income	7,175	7,888
Total interest income	**2,071,117**	**2,149,833**
Interest expense		
Interest on customer deposits and repos	(554,292)	(577,611)
Interest on debt securities in issue and on other borrowed funds	(113,870)	(159,257)
Interest on due to credit institutions	(453,771)	(499,798)
Other interest expense	(135,978)	(129,453)
Total interest expense	**(1,257,911)**	**(1,366,120)**
Net Interest Income	**813,207**	**783,713**

7 Net fees and commission income

	1/1-31/12/2010	1/1-31/12/2009
Fees and commission income		
Commercial banking	126,806	104,796
Investment banking	9,500	15,932
Asset management	4,693	7,352
Total fees and commission income	**140,998**	**128,081**
Fees and commission expense		
Commercial banking	(32,694)	(35,991)
Investment banking	(981)	(1,029)
Asset management	(5,404)	(5,547)
Total fees and commission expense	**(39,079)**	**(42,567)**
Net fees and commission income	**101,919**	**85,514**

8 Dividend income

	1/1-31/12/2010	1/1-31/12/2009
Dividend from subsidiaries	34,458	35,097
Dividend from associates	2,373	2,412
Dividend from AFS securities	4,006	6,398
	40,837	**43,907**

9 Net trading income

	1/1-31/12/2010	1/1-31/12/2009
Gains less losses on FX	(8,370)	9,353
Gains less losses on derivatives	(57,731)	(28,688)
Gains less losses on bonds	8,091	65,317
	(58,010)	**45,982**

Amounts in thousand euros (Unless otherwise stated)

10 Net income from financial instruments designated at fair value through profit or loss

	1/1-31/12/2010	1/1-31/12/2009
Gains less losses on shares at fair value through profit or loss	(401)	1,602
Gains less losses on other financial assets at fair value through profit or loss	(7,225)	(2,519)
	(7,626)	**(916)**

11 Gains less losses from investment securities

	1/1-31/12/2010	1/1-31/12/2009
Gains less losses on AFS - shares and mutual funds (note 44)	(5,580)	735
Gains less losses on AFS - bonds (note 44)	233	(527)
Gains less losses from sales of subsidiaries and associates	(12,269)	46,457
Impairment of available for sale portfolio (note 24)	(3,325)	(3,500)
Impairment of subsidiaries and associates (note 27)	(5,971)	(29,511)
	(26,913)	**13,654**

12 Other operating income

	1/1-31/12/2010	1/1-31/12/2009
Rental income	2,796	2,541
Gains less losses from valuation of investment property	22,857	31,248
Other operating income from banking activities	4,900	2,188
Other operating income	3,653	5,937
	34,207	**41,914**

13 Staff costs

	1/1-31/12/2010	1/1-31/12/2009
Wages & salaries	(163,898)	(183,169)
Social insurance contributions	(39,824)	(41,886)
Other staff costs	(10,165)	(9,126)
Retirement benefit charges (note 41)	(26,615)	(22,786)
	(240,502)	**(256,967)**

The number of staff employed by Piraeus Bank as at 31 December 2010 was 4,871 compared to 5,070 at the end of 2009. The average number of staff employed by the Bank during the year 2010 is 4,971.

14 Administrative expenses

	1/1-31/12/2010	1/1-31/12/2009
Rental expense	(46,361)	(46,114)
Taxes & duties	(39,299)	(37,569)
Promotion and advertising expenses	(29,356)	(27,251)
Servicing - promotion of banking products	(41,776)	(44,577)
Fees and third parties expenses	(28,188)	(30,124)
Security & maintenance of fixed assets	(13,197)	(13,791)
Telecommunication & electricity expenses	(11,034)	(10,900)
Other administrative expenses	(49,911)	(46,596)
	(259,123)	**(256,921)**

Other administrative expenses include rental expense for equipment, insurance expenses, donations, subscriptions, travel expenses and consumables.

15 Income tax expense

	1/1-31/12/2010	1/1-31/12/2009
Current Tax	(46,099)	(16,116)
Deferred Tax (note 40)	53,920	(7,866)
Tax provisions	-	(2,597)
Tax Contribution	(16,882)	(28,256)
	(9,061)	**(54,835)**

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2008 have been finalized. For the unaudited tax years, the required provisions have been raised according to International Financial Reporting Standards (IFRS).

The tax rate for Greek legal entities, in accordance with the provisions of article 109 par.1 of Law 2238/1994, as amended by Law 3697/2008, is 24% for the year 2010 and 25% for the year 2009. Further, article 109 par. 1 of Law 2238/1994 was amended by article 13 par. 7 of Law 3842/2010 (Government Gazette A΄ 58/23-4-2010) and it is provided that for the year 2010 non-distributed profits of legal entities will be taxed at 24%, whereas distributed profits will be taxed at 40%.

Amounts in thousand euros (Unless otherwise stated)

Based on article 5 of Law 3845/6.5.2010 “Measures for the application of the support mechanism for the Greek economy by euro area Member States and the International Monetary Fund”, a one-off tax contribution of social responsibility was imposed on the total 2009 net income of legal entities of article 2 par. 4 and 101 par. 1 of Income Tax Code (Law 2238/1994), provided that it exceeds € 100 thousand. The tax contribution for the Bank finanlly amounted to € 16.9 million. According to the provisions of IAS 12, as well as the No. 0002/2010 decision of the Accounting Standards and Audit Committee, the above tax contribution is recognized as a tax expense in the 2010 financial statements.

The tax on the Bank’s profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Bank as follows:

	2010	2009
Profit before tax	5,441	200,774
Tax calculated (24%)	(1,306)	(50,194)
Income not subject to tax (corresponding tax)	21,655	24,812
Non deductible expenses (corresponding tax) and provisions for unaudited fiscal years	(869)	(2,984)
Impact on deferred tax from the future legally approved change of tax rate	(29,863)	1,898
Deferred tax on Impairment of securities	18,325	-
Supplementary tax 3% on real estate income	(121)	(113)
Tax Contribution	(16,882)	(28,255)
Income Tax	**(9,061)**	**(54,835)**

16 Earnings/ (Losses) per share

Basic earnings/ (losses) per share is calculated by dividing the profit/ (loss) after tax attributable to common shareholders for the year by the weighted average number of common shares in issue during the year, excluding the average number of common shares purchased by Piraeus Bank and held as treasury shares.

	1/1-31/12/2010	1/1-31/12/2009
Basic earnings/ (losses) per share		
Profit/ (loss) after tax	(3,620)	145,939
Less: Accrued dividends of preference shares after tax	(29,045)	(18,006)
Profit/ (loss) attributable to common shareholders	(32,665)	127,933
Weighted average number of shares in issue	336,272,519	330,983,341
Basic earnings/ (losses) per share (in euros)	(0.0971)	0.3865

17 Analysis of other comprehensive income

1/1 - 31/12/2010	Before- Tax amount	Tax	Net-of-Tax amount
Net change in available for sale investments	(242,136)	50,392	(191,744)
Premium on equity instrument	(67,805)	-	(67,805)
Other comprehensive income	**(309,940)**	**50,392**	**(259,549)**

1/1 - 31/12/2009	Before- Tax amount	Tax	Net-of-Tax amount
Net change in available for sale investments	(6,071)	7,370	1,299
Other comprehensive income	**(6,071)**	**7,370**	**1,299**

18 Cash and balances with the Central Bank

	31 December 2010	31 December 2009
Cash in hand	212,844	268,414
Nostros and sight accounts with other banks	400,550	113,666
Balances with Central Bank	701,900	932,210
Cheques clearing system - Central Bank	202,205	432,382
Included in cash and cash equivalents less than 90 days (note 46)	**1,517,500**	**1,746,671**
Mandatory reserves with Central Bank	6,402	374
	1,523,902	**1,747,045**

The interest rates for nostros and sight accounts are floating.

Amounts in thousand euros (Unless otherwise stated)

19 Loans and advances to credit institutions

	31 December 2010	31 December 2009
Placements with banks	1,043,923	1,482,131
Reverse repurchase agreements	320,305	175,630
Included in cash and cash equivalents less than 90 days (note 46)	**1,364,228**	**1,657,762**
Placements with banks over 90 days	3,060,099	2,784,775
	4,424,327	**4,442,537**
Current loans and advances to credit institutions (up to 1 year)	1,861,840	1,975,505
Non current loans and advances to credit institutions (more than 1 year)	2,562,487	2,467,031
	4,424,327	**4,442,537**

The interest rates for total loans and advances to credit institutions are floating.

20 Derivative financial instruments

Derivative financial instruments held by the Bank include Currency Forwards, Interest Rate Futures, Interest rate or/ and Currency Swaps, Call/ Put Options on interest or/ and currency or/and shares, which are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured on a daily basis at their fair value. Fair values are obtained from quoted markets prices in active markets and option pricing models as appropriate. Derivative financial instruments with positive fair values are recognised as assets and derivative financial instruments with negative fair values are recognised as liabilities.

Swaps are contractual agreements between two parties (over the counter) to exchange cash flows due to movements in interest rates, foreign exchange, equity indices, commodity prices (e.g. fuel prices) and in the case of credit default swaps to make payments with respect to defined credit events based on notional amounts.

Forwards are contractual agreements between two parties (over the counter) to purchase a currency against another or to exchange interest rate cash flows at a specified price and date in the future.

Futures are contractual obligations to receive or pay a net amount based on changes in the price/ rate of the underlying financial instrument. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margin requirements.

Options are contractual agreements that convey the right but not the obligation for the purchaser to buy or sell a specified amount of a financial instrument or a currency, at a fixed price or rate, at a future date. Options can be either exchange traded or over the counter (OTC).

The notional amounts of derivative financial instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the underlying instruments and therefore do not indicate the Bank's exposure to credit, market or liquidity risk. The notional amount is the amount of the derivative's underlying instrument and is the basis for the measurement of derivative fair values. Fair value changes are determined by fluctuations in the price or the rate of the underlying instrument and reflect the amount to be paid (liability) or received (asset). The notional amounts and the fair values of derivative instruments held as at year end are set out below:

At 31 December 2010	**Contract/ Notional Amount**	**Fair values**	
		Assets	**Liabilities**
Derivatives held for trading			
Futures	43,900	-	-
Asset swaps	15,739	86	3,754
Interest rate swaps	6,756,592	141,166	132,888
Currency swaps	5,559,851	-	-
FX forwards	333,425	-	12
Options and other derivative instruments	14,968	756	5
		142,008	**136,659**
Embedded equity derivatives			
Customer deposits/ loans linked to options	45,208	250	182
Derivatives held for fair value hedging			
Interest rate swaps	719,298	-	45,378
Futures	764,000	-	-
Total recognised derivative assets/ liabilities		**142,258**	**182,219**

At 31 December 2009	**Contract/Notional Amount**	**Fair values**	
		Assets	**Liabilities**
Derivatives held for trading			
Futures	329,200	-	166
Asset swaps	12,842	100	3,390
Interest rate swaps	7,515,633	87,728	98,969
Currency swaps	4,680,402	-	-
FX forwards	414,713	677	-
Options and other derivative instruments	220,834	78,424	7,377
		166,929	**109,902**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2009

	Contract/Notional Amount	Fair values	
Embedded equity derivatives		**Assets**	**Liabilities**
Customer deposits/ loans linked to options	126,890	3,614	3,172
Derivatives held for fair value hedging			
Interest rate swaps	812,891	63	47,500
Total recognised derivative assets/ liabilities		**170,606**	**160,574**

Interest rate swaps held for trading purposes mainly include interest rate swaps with customers and their opposite contracts with other banks in order to reduce the Bank's exposure (back to back contracts).

Piraeus Bank undertakes most of its transactions in foreign exchange and interest rate contracts with other financial institutions. Especially for the interest rate swaps, almost 73.8% of the transactions are conducted with other financial institutions (notional amount). The top four counterparties account for 77.7% of the total outstanding notional amount of interest rate swaps. The remaining 22.3% is executed through a number of counterparties. The ratio of the fair value of all derivatives (assets) to loans and advances to credit institutions is 3.2%.

The Bank uses derivatives for hedging purposes in order to reduce its exposure to market risk. This is achieved by hedging specific financial instruments or portfolios. The hedging practices and accounting treatment are disclosed in note 2.3.

The Bank hedges part of its interest rate risk, which results from potential decrease in the fair value of fixed rate bonds included in the "Available-for-sale" portfolio and in the "Debt securities - receivables". The Bank also hedges the interest rate risk which results from potential decrease in the fair value of fixed rate loans originated by the Bank in local and foreign currencies. Hedging is achieved by using interest rate swaps and future agreements.

The net fair value of these interest rate swaps as at 31/12/2010 was € 45.4 million liability (2009: € 47.4 million liability). The losses on the hedging instruments were € 26 million (2009: € 16.2 million loss). The gains on the hedged item attributable to the hedged risk were € 25.9 million (2009: € 16.2 million gain).

21 Financial assets at fair value through Profit or Loss

Trading securities	**31 December 2010**	**31 December 2009**
Greek Government bonds/ treasury bills	4,335	16,914
Included in cash and cash equivalents less than 90 days (note 46)	**4,335**	**16,914**
Greek Government bonds	147,976	598,749
Greek Government treasury bills	9,178	303,971
Foreign Government bonds	11,127	63
Corporate entities bonds	11,586	87,645
Bank Bonds	56	34,192
	179,924	**1,024,622**
Total trading securities	**184,259**	**1,041,535**
Other financial assets at fair value through profit or loss	**16,426**	**20,269**

From the above mentioned bonds of trading securities as at 31/12/2010, amount of € 100.8 million relates to fixed income securities (2009: € 902.0 million), amount of € 15.0 million relates to floating rate securities (2009: € 139.0 million) and amount of € 68.5 million relates to zero - coupon bonds (2009:€ 0).

Other financial assets at fair value through profit or loss include mainly asset swap bonds. The initial classification in the specific portfolio took place in order to decrease the fluctuation in the income statement that would appear had these financial instruments had been recognized at their purchase cost and the related interest rate swap derivatives as derivatives held for trading. The interest rates for other financial assets at fair value through profit or loss are fixed.

Securities pledged are presented in note 42.

22 Reverse repos with customers

	31 December 2010	**31 December 2009**
Reverse Repos with customers - individuals	668,599	-
Reverse Repos with customers - corporate entities	301,192	-
Total reverse repos with customers	**969,792**	**0**

The Bank enters into agreements for the resale of securities (reverse repos), either with retail clients or corporate entities, collateralised mainly with securities issued by the Greek State.

23 Loans and advances to customers

Loans to individuals	**31 December 2010**	**31 December 2009**
Mortgages	6,197,457	6,012,192
Consumer/ personal loans	2,120,112	2,383,860
Credit cards	774,359	766,416
	9,091,927	**9,162,468**
Loans to corporate entities	**22,973,998**	**22,694,151**
Total loans and advances to customers	**32,065,925**	**31,856,619**
Less: Allowance for losses (impairment) on loans and advances to customers	(876,165)	(611,173)
Total loans and advances to customers (after allowance for losses)	**31,189,760**	**31,245,446**

Amounts in thousand euros (Unless otherwise stated)

	31 December 2010	31 December 2009
Current loans and advances to customers (up to 1 year)	11,513,280	12,492,409
Non current loans and advances to customers (more than 1 year)	19,676,481	18,753,037
Total	**31,189,760**	**31,245,446**

Out of total loans and advances to customers (before allowances for losses) fixed rate loans amount to € 2,452 million (2009: € 3,137 million) and floating rate loans amount to € 29,614 million (2009: € 28,720 million).

Movement in allowance (impairment) for losses on loans and advances to customers:

	Loans to individuals	Loans to corporate entities	Total
Balance at 1 January 2009	**200,446**	**281,488**	**481,935**
Charge for the year	180,321	82,263	262,584
Loans written-off	(77,311)	(56,035)	(133,346)
Balance at 31 December 2009	**303,456**	**307,716**	**611,173**
Balance at 1 January 2010	**303,456**	**307,716**	**611,173**
Charge for the year	191,291	168,376	359,667
Loans written-off	(61,189)	(41,065)	(102,254)
Foreign exchange differences	-	7,579	7,579
Balance at 31 December 2010	**433,559**	**442,605**	**876,165**

Allowance for losses on loans and advances	31 December 2010	31 December 2009
Individually impaired	357,923	235,993
Collective allowance	518,242	375,180
Total	**876,165**	**611,173**

24 Investment securities

	31 December 2010	31 December 2009
Available for sale securities		
Bonds and other fixed income securities		
Greek Government bonds	542,591	1,668,495
Foreign Government bonds	15,366	-
Greek Government Treasury Bills	554,402	-
Corporate entities bonds	221,248	279,971
Bank bonds	37,007	47,479
	1,370,614	**1,995,945**
Shares and other variable income securities		
Listed shares	64,031	102,972
Unlisted shares	141,710	78,985
Mutual funds	188,428	8,828
	394,169	**190,784**
Total available for sale securities	**1,764,783**	**2,186,728**

As at 31/12/2010, amount of € 671 million relates to investment portfolio bonds with fixed rates (2009: € 1,413 million) , amount of € 146 million relates to floating rate bonds (2009: € 583 million) and amount of € 554 million relates to zero coupon bonds (2009:€ 0).

The movement for the available for sale portfolio is as follows:

	31 December 2010	31 December 2009
Opening balance	**2,186,728**	**792,700**
Additions	1,465,743	1,552,594
Disposals	(1,181,243)	(124,786)
Transfers from trading portfolio (note 25)	890,444	-
Transfers to debt securities receivables (note 25)	(936,575)	-
Transfers to assets held for sale (note 31)	-	(19,131)
Changes in fair value	(258,712)	(7,816)
Transfers to held to maturity (note 25)	(397,407)	-
Impairment of available for sale portfolio (note 11)	(3,325)	(3,500)
Foreign exchange differences	(870)	(3,333)
Closing balance	**1,764,783**	**2,186,728**

Amounts in thousand euros (Unless otherwise stated)

Held to maturity	31 December 2010	31 December 2009
Greek government bonds	4,954,598	3,305,687
Total held to maturity	**4,954,598**	**3,305,687**

As at 31/12/2010, amount of € 1,648.7 million relates to held to maturity portfolio bonds with fixed rates and amount of € 3,305.9 million relates to floating rate bonds. As at 31/12/2009 the total of held to maturity amount related to floating rate bonds.

Movement of the held to maturity securities	31 December 2010	31 December 2009
Opening balance	3,305,687	3,263,095
Additions	1,310,696	42,593
Transfers from AFS portfolio (note 25)	397,407	-
Sale of securities	(59,192)	-
Closing balance	**4,954,598**	**3,305,687**

From «Sales of securities», as presented in the above table, an amount of € 59.2 million refers to a security which was close to maturity, sold at a price close to nominal value and therefore its sale meets IAS 39 rules.

	31 December 2010	31 December 2009
Current investment securities (up to 1 year)	740,697	105,202
Non current investment securities (more than 1 year)	5,584,516	5,196,431
Total	**6,325,213**	**5,301,632**

25 Reclassification of financial assets

In the 2nd quarter of 2010, due to adverse conditions in financial markets and more specifically in the Greek Government bond market due to the decline of the Greek public financials, bonds with fair value of € 890.4 million were reclassified from the “Trading securities” portfolio into the “Available for sale securities” portfolio. Of these, in the “Available for sale securities” portfolio as at 31/12/2010 remained bonds with fair value of € 185.3 million, as € 339.5 million matured at par during the 2nd semester of 2010 and € 352.1 million were sold during the 2nd semester of 2010. A revaluation loss of € 11.1 million, for the remaining bonds, from the reclassification date to 31/12/2010 has been recognized in the “Available for Sale reserve”. Profit of € 0.2 million from the sale of reclassified bonds has been recognized in the Income Statement of 2010. A revaluation loss of € 12.7 million for the period from 1/1/2010 to the reclassification date is still recognized in the Income Statement for the period.

Moreover, in the 2nd quarter of 2010, bonds with fair value of € 936.6 million were reclassified from the “Available for sale securities” portfolio to the “Debt securities - receivables” portfolio as these bonds met, at the date of reclassification all the conditions of IAS 39 in order to be classified as Loans and Receivables. The fair value of the above mentioned bonds as at 31/12/2010 was € 736.8 million (amortized cost € 927.6 million). The revaluation reserve as at the reclassification date (revaluation loss of € 73.6 million) will be amortized through Profit or Loss over the remaining life of the bonds using the effective interest rate method. If these bonds had not been reclassified, a revaluation loss of € 176.9 million would have been recognized in the “Available for sale reserve” on 31/12/2010. Interest on reclassified securities will be calculated based on the effective interest rate method and will not differentiate significantly from the interest based on the nominal interest rate. Consequently, the future cash flows of securities are expected to be in the level of their nominal value and future interest.

Also during the 2nd quarter of 2010, bonds with fair value of € 397.4 million were reclassified from the “Available for sale securities” portfolio to the “Held to Maturity” portfolio. The bank has the intention and the ability to hold these bonds until maturity.

Investment portfolio on 31/12/2010 includes shares and bonds, which have been reclassified on 1/7/2008 and on 1/10/2008 respectively, in accordance with the amendments of IAS 39 and IFRS 7. Specifically, the “Available for sale securities” portfolio as at 31/12/2010 includes shares and mutual funds with fair value of € 20.2 million, which were reclassified from the “Trading securities” portfolio on 1/7/2008. The revaluation loss of € 9.5 million of 2010 has been recognized in the “Available for sale reserve”. “Available for sale” portfolio on 31/12/2010 includes bonds with fair value of € 132.5 million, which were reclassified on 1/10/2008 from the “Trading securities” portfolio. The revaluation loss of € 34.1 million of 2010 has been recognized in the “Available for sale reserve”. Losses of € 0.3 million from the sale of reclassified bonds and shares have been recognized in the Income Statement for 2010.

“Held to Maturity” portfolio as at 31/12/2010 includes bonds with fair value of € 335.6 million (amortized cost € 593.5 million), which were reclassified on 1/10/2008 from “Trading securities” portfolio. If these bonds had not been reclassified, a revaluation loss of € 173.4 million would have been recognized in the “Net trading Income” of 2010.

“Debt securities – receivables” portfolio as at 31/12/2010 includes corporate bonds with fair value of € 19.0 million (amortized cost of € 19.6 million) and “Loans and advances to credit institutions” portfolio includes bank bonds with fair value of € 22.2 million (amortized cost € 19.8 million), which were reclassified on 1/10/2008 from the “Available for sale securities” portfolio. If these bonds had not been reclassified the “Available for sale reserve” of 2010 would have been benefited by € 2.8 million.

26 Debt securities - receivables

	31 December 2010	31 December 2009
Corporate Entities Debt securities - receivables	197,653	210,702
Greek Government bonds Debt securities - receivables	2,232,689	688,092
Total debt securities - receivables	**2,430,342**	**898,794**

Debt securities - receivables as at 31/12/2010 and 31/12/2009 include Greek Government Bonds of nominal value € 370 million, which were transferred to Piraeus Bank in 2009, according to the requirements of Law 3723/2008 “Enhancement of the Greek economy’s liquidity in response to the impact of international financial crisis” in order to cover equal ammount issuance of Piraeus Bank's preference shares (note 43) to the Greek State.

Amounts in thousand euros (Unless otherwise stated)

	31 December 2010	31 December 2009
Current debt securities - receivables (up to 1 year)	163,097	-
Non current debt securities - receivables (more than 1 year)	2,267,245	898,794
Total	**2,430,342**	**898,794**

27 Investments in subsidiaries and associate companies

The investments of Piraeus Bank in subsidiaries and associates are:

A) Subsidiaries companies

a/a	Companies	Activity	% holding	Country
1.	Marathon Banking Corporation	Banking activities	96.24%	U.S.A.
2.	Tirana Bank I.B.C. S.A.	Banking activities	96.71%	Albania
3.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania
4.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia
5.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria
6.	Piraeus Bank Egypt S.A.E.	Banking activities	98.03%	Egypt
7.	JSC Piraeus Bank ICB (former OJSC Piraeus Bank ICB)	Banking activities	99.98%	Ukraine
8.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus
9.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
10.	Piraeus Leases S.A.	Finance leases	100.00%	Greece
11.	Piraeus Leasing Romania S.R.L.	Finance leases	99.85%	Romania
12.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece
13.	Tirana Leasing S.A.	Finance leases	100.00%	Albania
14.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece
15.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom
16.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria
17.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom
18.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece
19.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece
20.	Piraeus Multifin S.A.	Motor vehicles trading	100.00%	Greece
21.	Picar S.A.	City Link areas management	100.00%	Greece
22.	Bulfina S.A.	Property management	100.00%	Bulgaria
23.	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece
24.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece
25.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece
26.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece
27.	ND Development S.A.	Property management	100.00%	Greece
28.	Property Horizon S.A.	Property management	100.00%	Greece
29.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece
30.	Piraeus Development S.A.	Property management	100.00%	Greece
31.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece
32.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
33.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.85%	Cyprus
34.	Lakkos Mikelli Real Estate LTD	Property management	40.00%	Cyprus
35.	Philoktimatiki Public LTD	Land and property development	6.39%	Cyprus
36.	New Evolution S.A.	Property, tourism & development company	100.00%	Greece
37.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
38.	Piraeus Cards S.A.	Financial services and consultancy	59.16%	Greece
39.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
40.	Maples Invest & Holding S.A.	Investment company	100.00%	British Virgin Islands
41.	Margetson Invest & Finance S.A.	Investment company	100.00%	British Virgin Islands
42.	Vitria Investments S.A.	Investment company	100.00%	Panama
43.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
44.	Piraeus Insurance - Reinsurance Broker Romania S.R.L.	Insurance and reinsurance Brokerage	95.00%	Romania
45.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases - rent-a-car and long term rental of vehicles	94.00%	Greece
46.	Piraeus Rent Doo Beograd	Operating leasing	100.00%	Serbia
47.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
48.	Piraeus Leasing Doo Beograd	Financial leasing	72.73%	Serbia
49.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece
50.	Estia Mortgage Finance III PLC	SPE for securitization of mortgage loans	-	United Kingdom
51.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	0.17%	Greece
52.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
53.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	65.00%	Greece
54.	Axia Finance II PLC	SPE for securitization of corporate loans	-	United Kingdom
55.	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
56.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
57.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
58.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
59.	Axia III APC LTD	SPE for securitization of corporate loans	-	United Kingdom

Amounts in thousand euros (Unless otherwise stated)

a/a	Companies	Activity	% holding	Country
60.	Praxis II APC LTD	SPE for securitization of consumer loans	-	United Kingdom
61.	R.E. Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus
62.	O.F. Investments Ltd	Investment company	100.00%	Cyprus
63.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus
64.	Achaia Clauss Estate S.A.	Property management	74.36%	Greece
65.	Curdart Holding Ltd	Holding company	100.00%	Cyprus

Companies numbered 32, 47, 50, 52, 54, 55 and 57-60 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 34, 35 and 51, which are consolidated with ownership percentage of less than 50% are bank's subsidiaries due to existence of control.

The company numbered 54 is under liquidation because the second securitisation of corporate loans was called back (note 36) in October 2010. In addition the company numbered 18 is under liquidation as at 31/12/2010.

B) Associate companies

a/a	Companies	Activity	% holding	Country
1.	Crete Scient. &Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece
2.	"Evros" Development Company S.A.	European community programs management	30.00%	Greece
3.	Project on Line S.A.	Information technology & software	40.00%	Greece
4.	APE Commercial Property Real Estate Tourist & Development S.A.	Real estate, development/ tourist services	27.80%	Greece
5.	APE Fixed Assets Real Estate Tourist & Development S.A.	Real estate, development/ tourist services	27.80%	Greece
6.	Trieris Real Estate LTD	Property Management	22.80%	British Virgin Islands
7.	European Reliance Gen. Insurance Co. S.A.	General and life insurance and reinsurance	30.23%	Greece
8.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece
9.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece
10.	Sciens International Investments & Holding S.A.	Holding Company	28.10%	Greece
11.	Ekathariseis Aktoploias S.A.	Ticket Settlements	49.00%	Greece
12.	Euroterra S.A.	Property Management	29.22%	Greece
13.	Rebikat S.A.	Property Management	30.00%	Greece
14.	Abies S.A.	Property Management	30.00%	Greece
15.	ACT SERVICES S.A. (former Piraeus ATFS S.A.)	Accounting and tax consulting	49.00%	Greece
16.	Exodus S.A.	Information technology & software	50.10%	Greece

The company numbered 16 is included in the associate companies' portfolio, as Piraeus Bank S.A. owns 40.10% of the voting rights. The company numbered 11 is under liquidation as at 31/12/2010.

The movement for investments in subsidiaries is analysed as follows:

	31 December 2010	31 December 2009
Opening Balance	1,923,099	1,815,391
Additions	38,671	6,434
Participation in share capital increases of subsidiaries	98,484	128,532
Acquisition of direct shareholding due to absorption	-	164,754
Cancellation of participation due to absorption	-	(162,473)
Disposals	(24,482)	(73)
Transfers to associates	(3,497)	-
Impairment charge (note 11)	(5,871)	(29,511)
Transfers from held for sale portfolio (note 31)	61,979	-
Foreign exchange differences	119	46
Closing balance	**2,088,501**	**1,923,099**

The movement for investments in associates is analysed as follows:

	31 December 2010	31 December 2009
Opening Balance	161,424	181,497
Participation in share capital increases of associates	15,146	4,672
Transfers from subsidiaries	3,497	-
Disposals	-	(24,745)
Impairment charge (note 11)	(100)	-
Closing balance	**179,968**	**161,424**

28 Intangible assets

2009	Software	Other intangible	Total
Cost			
Opening balance as at 1 January 2009	94,197	3,527	97,724
Additions	14,874	-	14,874
Write-Offs	(956)	-	(956)
Transfers	33,399	2,645	36,044
Balance as at 31 December 2009	**141,514**	**6,172**	**147,686**

Amounts in thousand euros (Unless otherwise stated)

Accumulated depreciation	**Software**	**Other intangible**	**Total**
Opening balance as at 1 January 2009	(58,050)	(1,881)	(59,930)
Charge for the year	(10,748)	(578)	(11,326)
Write-Offs	167	-	167
Accumulated depreciation at 31 December 2009	**(68,630)**	**(2,459)**	**(71,089)**
Net book value as at 31 December 2009	**72,884**	**3,714**	**76,597**

2010	**Software**	**Other intangible**	**Total**
Cost			
Opening balance as at 1 January 2010	141,514	6,172	147,686
Additions	18,192	-	18,192
Write-Offs	(912)	(31)	(943)
Transfers	20,257	1,038	21,295
Balance as at 31 December 2010	**179,051**	**7,179**	**186,230**

Accumulated depreciation	**Software**	**Other intangible**	**Total**
Opening balance as at 1 January 2010	(68,630)	(2,459)	(71,089)
Charge for the year	(14,915)	(735)	(15,650)
Write-Offs	746	31	777
Accumulated depreciation at 31 December 2010	**(82,799)**	**(3,163)**	**(85,962)**
Net book value as at 31 December 2010	**96,253**	**4,017**	**100,269**

29 Property, plant and equipment

2009	**Land and buildings**	**Furniture, electronic and other equipment**	**Assets under construction**	**Other tangible assets**	**Leasehold improvements**	**Total**
Cost						
Opening balance as at 1 January 2009	76,733	211,435	63,345	6,707	192,579	550,799
Additions	8,201	7,573	32,570	417	9,769	58,530
Transfers	910	215	(37,596)	-	426	(36,044)
Disposals	-	(255)	-	(167)	(294)	(716)
Write - offs/ impairment	-	-	(325)	-	-	(325)
Balance as at 31 December 2009	**85,844**	**218,969**	**57,994**	**6,957**	**202,480**	**572,244**
Accumulated depreciation						
Opening balance as at 1 January 2009	(7,039)	(151,606)	-	(5,925)	(68,963)	(233,534)
Charge for the year	(1,971)	(14,330)	-	(126)	(9,208)	(25,635)
Transfers	(71)	-	-	-	71	0
Disposals	-	221	-	153	-	374
Accumulated depreciation as at 31 December 2009	**(9,081)**	**(165,715)**	**0**	**(5,898)**	**(78,100)**	**(258,794)**
Net book value as at 31 December 2009	**76,763**	**53,255**	**57,994**	**1,059**	**124,380**	**313,450**

2010	**Land and buildings**	**Furniture, electronic and other equipment**	**Assets under construction**	**Other tangible assets**	**Leasehold improvements**	**Total**
Cost						
Opening balance as at 1 January 2010	85,844	218,969	57,994	6,957	202,480	572,244
Additions	158	6,180	35,273	140	5,484	47,235
Transfers	156	3	(21,295)	(3)	-	(21,139)
Disposals	(846)	(397)	(106)	(183)	-	(1,532)
Write - offs/ impairment	-	-	(90)	-	(4,092)	(4,182)
Balance as at 31 December 2010	**85,312**	**224,754**	**71,775**	**6,912**	**203,872**	**592,626**
Accumulated depreciation						
Opening balance as at 1 January 2010	(9,081)	(165,715)	-	(5,898)	(78,100)	(258,794)
Charge for the year	(982)	(10,849)	-	(123)	(4,460)	(16,413)
Transfers	-	(2)	-	2	-	0
Disposals	97	350	-	171	-	617
Write - offs/ impairment	-	-	-	-	3,113	3,113
Accumulated depreciation as at 31 December 2010	**(9,966)**	**(176,215)**	**0**	**(5,848)**	**(79,448)**	**(271,477)**
Net book value as at 31 December 2010	**75,346**	**48,539**	**71,775**	**1,064**	**124,425**	**321,149**

Amounts in thousand euros (Unless otherwise stated)

30 Investment property

	31 December 2010	31 December 2009
Opening balance	121,221	42,675
Additions	4,929	21,792
Revaluation	26,363	31,248
Transfers	36,844	27,164
Disposals	(1,348)	(1,658)
Closing balance	**188,010**	**121,221**

In 2010 the Bank proceeded to a more efficient exploitation and management of its real estate property. Among other actions taken, an amount of € 36,844 thousand was transfered to “Investment Property” which in the current year meets all relevant conditions and criteria set out in IAS 40.

31 Assets held for sale

	31 December 2010	31 December 2009
Opening balance	**84,144**	**-**
Additions	-	65,013
Transfers from investment securities (note 24)	-	19,131
Transfers to subsidiaries (note 27)	(61,979)	-
Disposals	(20,839)	-
Closing balance	**1,326**	**84,144**

Within 2010, a real estate company that had initially been classified in the “Assets held for sale” portfolio was transferred to the subsidiaries portfolio as the criteria specified by IFRS 5 are no longer met. Following the above mentioned transfer, the remaining balance as at 31/12/2010 relates to the carrying amount of a real estate company for which the sale procedure is in progress.

32 Other assets

	31 December 2010	31 December 2009
Inventory property	76,310	82,560
	76,310	**82,560**
Prepaid expenses and accrued income	99,446	98,151
Prepaid taxes & taxes withheld	84,948	111,158
Claims from tax authorities and the Greek State	197,564	119,837
Dividends receivable	4,373	3,371
Credit cards	53,769	87,848
Receivables from subsidiaries	203,796	165,382
Other items	227,097	283,056
Other receivables	**870,994**	**868,804**
Other assets	**947,304**	**951,364**

Other items mainly comprise of other accounts that relate to the ordinary activity of the Bank.

The Bank has timely filed a recourse for the years 2008 and 2009 before the competent administrative courts, the arguments of which are adequately strong and legitimate (taking also into consideration the relevant opinion of the Legal Advisor), against the negative view of the Greek Tax Authorities for the utilization of or the return of credit balances (€ 28.4 million and € 52.6 million respectively) which arose from specially taxed income (interest on bonds etc) issued domestically or abroad.

	31 December 2010	31 December 2009
Current other assets (up to 1 year)	497,471	499,068
Non current other assets (more than 1 year)	449,833	452,296
Total	**947,304**	**951,364**

33 Due to credit institutions

	31 December 2010	31 December 2009
Due to the Central Bank	17,200,000	6,750,000
Deposits from other banks	2,359,057	4,510,005
Repurchase agreement - credit institutions	587,265	1,977,698
Other obligations to banks	202,479	1,012,742
	20,348,801	**14,250,445**
Current due to banks (up to 1 year)	20,348,801	13,900,445
Non current due to banks (more than 1 year)	-	350,000
	20,348,801	**14,250,445**

Balances due to credit institutions bear floating rates.

Other obligations to Banks include the balance of the Schuldschein loan. The outstanding balance of the Schuldschein loan as at 31/12/2010 amounts to € 200 million against € 500 million as at 31/12/2009.

The Hellenic Republic’s credit rating downgrades from 2009 year-end and onwards, along with the subsequent negative impact to the rating of Greek banks (including Piraeus Bank), led to difficulty in accessing international interbank market ("Due to Credit Institutions" and "Interbank Repos"). These were substituted by "Due to European Central Bank" through Main Refinancing Operations with collaterals (MRO).

Amounts in thousand euros (Unless otherwise stated)

34 Liabilities at fair value through profit or loss

As at 31/12/2010, the open short positions for bonds had a fair value of € 309 million. The open short positions result from the trading activity in the secondary market, with short term nature, within the scope of managing the Group's positions.

35 Due to customers

	31 December 2010	31 December 2009
Current and sight deposits	3,678,240	4,688,320
Savings account	3,383,593	4,040,112
Term deposits	16,809,971	16,757,973
Other accounts	173,881	228,021
Repurchase agreements	6,200	15,268
	24,051,885	**25,729,695**

	31 December 2010	31 December 2009
Current due to customers (up to 1 year)	23,660,178	25,586,532
Non current due to customers (more than 1 year)	391,707	143,163
	24,051,885	**25,729,695**

Other accounts include cheques payable of € 76 million (2009: € 135 million). Customer deposits (corporate and retail) with floating rates are € 7,154 million (2009: € 8,808 million) and with fixed rate are € 16,815 million (2009: € 16,772 million).

36 Debt securities in issue

	Currency	Average interest rate (%) 2010	Average interest rate (%) 2009	31 December 2010	31 December 2009
ETBA bonds	EUR	3.40%	5.22%	**124,355**	**153,057**
Euro Commercial Paper (Short term securities)	EUR	3.51%	3.32%	17,025	212,129
	USD	3.45%	2.34%	46,875	175,203
	GBP	2.20%	3.56%	-	15,162
				63,900	**402,494**

Euro Medium Term Note	**Interest rate (%)**		
€ 700 m. floating rate notes due 2010	Euribor + 0.30%	-	447,371
€ 60 m. floating rate notes due 2015	Variable	60,000	60,000
€ 10 m. floating rate notes due 2013	Euribor + 0.30%	-	9,987
€ 650 m. floating rate notes due 2011	Euribor + 0.25%	421,490	423,083
€ 5.05 m. floating rate notes due 2011	Variable	3,750	3,750
€ 50 m. floating rate notes due 2010	Euribor + 0.225%	-	50,000
€ 750 m. floating rate notes due 2010	Euribor + 0.20%	-	687,700
€ 20 m. floating rate notes due 2012	Euribor + 0.20%	19,964	19,964
€ 10 m. fixed/ floating rate notes due 2010	Fixed/ Euribor + 0.35%	-	3,212
€ 500 m. fixed rate notes due 2011	Fixed 4.5%	487,351	492,398
€ 500 m. fixed rate notes due 2012	Fixed 4.0%	468,789	469,593
€ 200 m. fixed rate notes due 2012	Fixed 4.0%	54,136	-
€ 200 m. fixed rate notes due 2013	Fixed 4.5%	26,462	-
Accrued interest and other expenses		23,131	19,724
		1,565,073	**2,686,782**

Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 m. floating rate notes due 2040	Euribor + 0.18%	242,601	283,300
€ 1,250 m. floating rate notes due 2054	Euribor + 0.18%	678,553	872,072
		921,154	**1,155,372**
Total debt securities in issue		**2,674,481**	**4,397,704**

	31 December 2010	31 December 2009
Current debt securities in issue (up to 1 year)	1,096,764	1,620,868
Non current debt securities in issue (more than 1 year)	1,577,717	2,776,837
	2,674,481	**4,397,704**

Issuance under the Euro Commercial Paper and Euro Medium Term Note programs is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group. Information concerning the new issues of debt securities during the year 2010, which have been mainly retained by the Bank, are presented below:

Amounts in thousand euros (Unless otherwise stated)

In February 2010 Piraeus Bank issued a € 200 million 2-year fixed rate senior bond. The bond was issued under Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a 4.0% fixed coupon and is listed on the Luxembourg Stock Exchange. The bond has been retained mainly by Piraeus Bank.

In February 2010 Piraeus Bank issued a € 200 million 3-year fixed rate senior bond. The bond was issued under Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a 4.5% fixed coupon and is listed on the Luxembourg Stock Exchange. The bond has been retained mainly by Piraeus Bank.

In April 2010 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 2,370 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 400bps. The bond has been retained by Piraeus Bank.

In June 2010 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 2,206.5 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 500bps. The bond has been retained by Piraeus Bank.

In December 2010 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 3,572.1 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 850bps. The bond has been retained by Piraeus Bank.

It should be noted that the third securitisation of mortgage loans in the amount of € 800 million, the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively, continue to be retained by Piraeus Bank. The second securitisation of corporate loans in the amount of € 900 million was called back in October 2010.

37 Hybrid capital and other borrowed funds

Hybrid Capital (Tier I)	**Interest rate (%)**	**31 December 2010**	**31 December 2009**
€ 200 m. floating rate notes	Euribor + 1.25%	158,636	159,036
Accrued interest and other expenses		803	716
		159,439	**159,752**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	Euribor + 0.55%	346,028	347,011
Accrued interest and other expenses		1,117	937
		347,145	**347,948**
Total hybrid capital and other borrowed funds		**506,584**	**507,700**

Accrued interest on hybrid capital and other borrowed funds is included in the respective amounts of hybrid capital and other borrowed funds. The Bank is not in default of any payments of principal, interest or redemption amounts of the aforementioned hybrid capital and other borrowed funds.

38 Other liabilities

	31 December 2010	**31 December 2009**
Prepaid income and accrued expenses	84,504	111,096
Withheld tax and contributions	31,715	30,086
Transactions with Interbank Systems (DIAS)	18,905	15,875
Creditors	45,688	49,833
Other liability accounts	234,192	140,443
	415,005	**347,334**
Current other liabilities (up to 1 year)	402,514	347,334
Non current other liabilities (more than 1 year)	12,490	-
	415,005	**347,334**

Other liability accounts include credit balances that result from the daily transactions of the Bank. As at 31/12/2010 and 31/12/2009, there are no obligations arising from finance leasing.

39 Other provisions

Other provisions are € 10,665 thousand during the year 2010, as well as during 2009.

Amounts in thousand euros (Unless otherwise stated)

40 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using the applying for Piraeus Bank nominal tax rate. Deferred income tax assets and liabilites are attributable to the following items:

Deferred tax liabilities	**31 December 2010**	**31 December 2009**
Adjustment for depreciation of property, plant and equipment	13,456	4,663
Other loans' receivables	10,309	8,426
Securities valuation	369	5,999
Valuation of investment property	16,211	13,101
Intangible assets	34,207	27,409
Deferred tax of merged company	-	2,639
Recognition of commision according to effective interest rate calculation	1,983	-
Other deferred tax liabilities	10,116	6,200
	86,651	**68,438**

Deferred tax assets	**31 December 2010**	**31 December 2009**
Pensions and other post retirement benefits	34,917	36,177
Intangible assets derecognition	2,077	2,774
Derivative financial instruments valuation	10,670	12,504
Securities valuation	197,997	138,720
Impairment of loans	105,013	32,649
Recognition of commision according to effective interest rate calculation	8,709	9,232
	359,383	**232,055**
Net deferred tax asset	**272,732**	**163,618**

The movement of the net deferred tax asset is as follows:

	31 December 2010	**31 December 2009**
Net deferred tax asset as at 1 January	**163,618**	**166,751**
Effect of deferred tax on profit or loss	53,920	(7,866)
Valuation of the available for sale portfolio securities (note 44)	50,392	7,370
Deferred tax on return on preference shares	4,802	-
Deferred tax of merged company	-	(2,639)
Net deferred tax asset as at 31 December	**272,732**	**163,618**

The deferred tax charge in the Income Statement is analysed as follows:

Deferred tax (Income Statement)	**1/1-31/12/2010**	**1/1-31/12/2009**
Pensions and other post retirement benefits	(1,259)	2,274
Impairment of loans	72,367	12,120
Other loans' receivables	(1,883)	1,780
Recognition of commision according to effective interest rate calculation	(2,508)	946
Derivative financial instruments valuation	(1,836)	(8,122)
Adjustment of depreciation of property, plant and equipment	(8,793)	(1,749)
Valuation of investment property	(3,109)	(7,347)
Intangible assets	(7,494)	(11,257)
Securities valuation	14,516	2,421
Other deferred tax charges	(6,081)	1,068
	53,920	**(7,866)**

During the year 2010, a) an amount of deferred tax of € 50,392 thousands relating to valuation of the available for sale securities did not affect the profit and loss for the year, but instead was included in the available for sale reserve (note 44) according to the relevant IFRS requirements and b) an amount of € 4,802 thousands regarding return on preference shares of Piraeus Bank amounting to € 22,808 thousands, did not affect the profit and loss for the year, but instead affected retained earnings upon by the approval of reimbursement of dividends by the General Meeting of the Shareholders of the Bank on 19/5/2010.

41 Retirement benefit obligations

The defined benefit obligation is calculated based on legal advisors opinions and independent actuaries using the 'projected unit credit method', according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

Amounts recognised in the balance sheet	**31 December 2010**	**31 December 2009**
Pension schemes-funded	58,948	65,286
Other post retirement benefits - not funded	118,628	107,826
	177,576	**173,112**
Provisions due to mergers	159	159
Total obligation	**177,735**	**173,271**

Amounts in thousand euros (Unless otherwise stated)

Income statement	**1/1-31/12/2010**	**1/1-31/12/2009**
Pension schemes-funded	(3,443)	(7,981)
Other post retirement benefits - not funded	(23,172)	(14,805)
	(26,615)	**(22,786)**

A) Pension schemes - funded

The amounts recognised in the balance sheet are determined as follows:

	31 December 2010	**31 December 2009**
Present value of funded obligations	72,362	94,758
Fair value of plan assets	(13,060)	(17,537)
	59,303	**77,221**
Unrecognised actuarial (losses)/ gains	(5,750)	(11,935)
Unrecognised past - services cost	5,396	-
Liability in the balance sheet	**58,948**	**65,286**

Although TEAPETE is no longer among funded benefits, it is featured as part of funded benefits for comparison purposes. The Bank applied under Law 3371/2005 in order to transfer the insured and the retired of TEAPETE into the Special Auxiliary Pension Fund for the Salaried (ETEAM) and the Pension Fund for Bank Employees (ETAT). The total cost was initially specified at € 59.6 million (€ 9.7 million to ETEAM and € 49.9 million to ETAT) on the basis of a special financial study stipulated by law and was ratified by the Parliament with Law 3455/2006, article 26 (Official Gazette 84, bulletin A' 18/4/2006). This amount was agreed to be paid in 10 equal installments of € 7.1 million each. Out of these instalments, the 6 installments were paid until 31/12/2010. The obligation, which is the present value of the other 4 installments, amounts to € 23.2 million as at 31/12/2010.

Pension schemes - Income statement	**1/1-31/12/2010**	**1/1-31/12/2009**
Current service cost	(2,786)	(3,933)
Interest cost	(3,759)	(4,512)
Expected return on plan assets	777	630
Net actuarial gains/ (losses) recognised in year	1,971	(165)
Past service cost	354	-
Total included in staff costs	**(3,443)**	**(7,981)**

The movement of the defined benefit obligation for the years 2010 and 2009 is analysed as follows:

	31 December 2010	**31 December 2009**
Beginning of year	**94,758**	**88,903**
Current service cost	2,786	3,933
Interest cost	3,759	4,512
Contributions by plan participants	1,610	1,612
Benefits paid from the fund	(6,814)	(2,031)
Benefits paid directly by the employer	(7,134)	(7,134)
Expenses	-	(71)
Past- Services Cost	(5,749)	-
Net actuarial (gains)/ losses recognised in year	(10,854)	5,034
End of year	**72,362**	**94,758**

The movement of the fair value of plan assets of the years 2010 and 2009 is analysed as follows:

	31 December 2010	**31 December 2009**
Opening balance	**17,537**	**15,410**
Expected return on plan assets	777	630
Employer contributions	2,647	2,333
Employee contributions	1,610	1,612
Benefits paid	(6,814)	(2,031)
Expenses	-	(71)
Assets gains/ (losses)	(2,698)	(346)
End of year	**13,059**	**17,537**

The movement of the liability recognized in the balance sheet is analysed as follows:

	31 December 2010	**31 December 2009**
Opening balance	**65,286**	**66,772**
Movement for the year	3,443	7,981
Contributions paid by the employer	(2,647)	(2,333)
Benefits paid directly by the employer	(7,134)	(7,134)
Closing balance	**58,948**	**65,286**

B) Other post retirement benefits - not funded

The amounts recognised in the balance sheet are as follows:

	31 December 2010	**31 December 2009**
Present value of unfunded obligations	137,546	158,749
Unrecognised actuarial (losses)/ gains	6,407	(17,403)
Unrecognized past service cost	(25,325)	(33,520)
Liability in the balance sheet	**118,628**	**107,826**

Amounts in thousand euros (Unless otherwise stated)

The movement in the defined benefit obligation for the years 2010 and 2009 is analysed as follows:

	31 December 2010	31 December 2009
Opening balance	**158,749**	**160,265**
Current service cost	8,283	9,784
Interest cost	5,457	6,676
Benefits paid by the employer	(12,370)	(12,985)
Additional (gains)/ cost	2,053	1,656
Past service cost	85	(16,124)
Actuarial (gains)/ losses recognised in year	(24,711)	9,477
Closing balance	**137,545**	**158,749**

The amounts recognised in the income statements of 2010 and 2009 are as follows:

Income statement	**1/1-31/12/2010**	**1/1-31/12/2009**
Current service cost	(8,283)	(9,784)
Interest cost	(5,457)	(6,676)
Net actuarial gains/ (losses) recognised in year	16	(214)
Past service cost recognized	(8,280)	3,150
Additional gains/ (cost)	(1,168)	(1,281)
Total included in staff costs	**(23,172)**	**(14,805)**

The movement in the liability recognised in the balance sheet is as follows:

	31 December 2010	31 December 2009
Opening balance	**107,826**	**106,006**
Movement for the year	23,172	14,805
Benefits paid by the employer	(12,370)	(12,985)
Closing balance	**118,628**	**107,826**

The main actuarial assumptions used for the funded and not funded benefits are as follows:

	31 December 2010	31 December 2009
Discount rate	5.00%	5.00%
Expected return on plan assets	5.00%	4.50%
Future increase of salaries	2.50%	4.00%

In 2010 the estimates for the expected future salary increases have been adjusted in order to reflect the new economic conditions in the Greek environment.

42 Contingent liabilities and commitments

A) Legal procedures

The legal proceedings outstanding against the Bank as at 31/12/2010, are not expected to have any significant impact on the financial statements of the Bank, according to the opinion of the legal affairs division of the Bank.

B) Credit commitments

As at 31/12/2010 the Bank had the following capital commitments:

	31 December 2010	31 December 2009
Letters of guarantee	2,887,278	2,932,263
Letters of credit	93,491	44,466
Commitments to extent credit	3,764,703	3,774,726
	6,745,472	**6,751,455**

C) Assets pledged

	31 December 2010	31 December 2009
Trading securities	149,014	586,367
Investment securities	5,890,859	2,088,041
Debt securities held by the Bank own issue	13,152,339	3,323,305
Loans and advances to customers	3,923,447	865,000
Debt securities - receivables	2,410,200	761,966
	25,525,858	**7,624,680**

In the “Debt securities held by the Bank own issue” category, an amount of € 8,189 million refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic and an amount of € 4,963 million refers to securities derived from the securitization of mortgage, consumer and corporate bank loans. The prementioned securities are not included in assets.

D) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are analysed as follows:

	31 December 2010	31 December 2009
Up to 1 year	45,488	50,346
From 1 to 5 years	191,692	210,496
More than 5 years	388,987	447,631
	626,167	**708,473**

Amounts in thousand euros (Unless otherwise stated)

43 Share capital

	Share capital	Share premium	Treasury shares	Total
At 1 January 2009	**1,571,923**	**927,775**	**(167,319)**	**2,332,378**
Share capital increase due to reinvestment of dividend	32,097	(36)	-	32,061
Issue of preference shares	370,000	-	-	370,000
Purchases of treasury shares	-	-	(4,119)	(4,119)
Sales of treasury shares	-	-	171,438	171,438
At 31 December 2009	**1,974,020**	**927,739**	**0**	**2,901,758**

	Share capital	Share premium	Treasury shares	Total
At 1 January 2010	**1,974,020**	**927,739**	**0**	**2,901,758**
Reduction of the nominal value of common shares	(1,503,138)	1,503,138	-	0
At 31 December 2010	**470,882**	**2,430,877**	**0**	**2,901,758**

Changes to the number of Bank's shares are analysed in the table below:

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1st January 2009	**329,543,528**	**(12,523,754)**	**317,019,774**
Share capital increase due to reinvestment of dividend	6,728,991	-	6,728,991
Issue of preference shares	77,568,134	-	77,568,134
Purchases of treasury shares	-	(757,222)	(757,222)
Sales of treasury shares	-	13,280,976	13,280,976
Balance at 31st December 2009	**413,840,653**	**0**	**413,840,653**
Balance at 31st December 2010	**413,840,653**	**0**	**413,840,653**

On 1.1.2010 the Bank's share capital amounted to € 1,974,019,914.81, divided to 336,272,519 ordinary registered shares with voting rights and 77,568,134 preference shares of Law 3723/2008 without voting rights, all of them of a nominal value € 4.77 each.

The Second Iterative General Meeting of Shareholders on 20th December 2010 resolved upon the reduction of the Bank's share capital by an amount of 1,503,138,159.93 euros, according to article 4 paragraph 4a of Codified Law 2190/1920. The reduction of the Bank's share capital was effected by a corresponding reduction of the nominal value of ordinary shares from € 4.77 to € 0.30 and the prementioned special reserve was included in "Share premium".

After this reduction, the Bank's share capital as of 31.12.2010 amounts to € 470,881,754.88 divided into 336,272,519 ordinary registered shares each with a nominal value of € 0.30 and 77,568,134 preference shares without voting rights L.3723/2008, each with a nominal value of € 4.77.

The terms of the 77,568,134 preference shares, which were issued within the framework of article 1 of Law 3723/2008 “Liquidity Support of the Economy for mitigating the consequences of the international financial and credit crisis”, are described in the annual financial statements of the year 2009.

Pursuant to the provisions of article 28, Law 3756/2009 (Gov. Gazette A’ 53/31.3.2009) the acquisition of treasury shares is not permitted for so long as the Bank is subject to the provisions of the above mentioned Law 3723/2008. Nevertheless, it is noted that the Ordinary Shareholders General Meeting of the Bank on 3/4/2008 had resolved upon the acquisition by the Bank of up to 33,000,000 treasury shares through the Athens Stock Exchange, in accordance with the provisions of article 16, Cod Law 2190/1920, with an acquisition value per share ranging from € 4 (minimum) to € 40 (maximum). The aforementioned resolution lapsed on 3/4/2010.

The Shareholders General Meeting, which took place on 19/5/2010, resolved not to distribute any dividends to the common shareholders for the year 2009, according to the provisions (article 1 of Law 3723/2008 as in force, in conjunction with 20708/B/1175/23.4.2009 explanatory circular of Ministry of Finance) for the credit institutions participating in the Greek economy liquidity support programme. The General Meeting also resolved upon the payment to the Greek State of the yield for the preference shares for the year 2009, which amounted to € 22.8 million and was paid on June 2010. The after tax yield of the preference shares for the year 2009 that amounts to € 18.0 million, has been deducted from equity as at 31/12/2010.

The accrued dividend of preference shares for the year 2010 amounts to € 37.0 million. The after tax yield of the preference share for the year 2010, amounts to € 29.0 million.

3rd Share option plan

The 3rd share option plan, which had started in 2006 expired in December 2010 and no rights were exercised during the year 2010.

Amounts in thousand euros (Unless otherwise stated)

44 Other reserves and retained earnings

	31 December 2010	31 December 2009
Legal reserve	68,995	68,995
Available for sale reserve	(340,159)	(148,415)
Other reserves	-	1,104
Total other reserves	**(271,164)**	**(78,316)**
Retained earnings	326,384	414,711
Total other reserves and retained earnings	**55,220**	**336,395**

Movements in reserves for the year were as follows:

Legal reserve	31 December 2010	31 December 2009
Opening balance for the year	68,995	57,038
Transfer from retained earnings	-	7,296
Absorptions	-	4,661
Closing balance for the year	**68,995**	**68,995**

Available for sale reserve	31 December 2010	31 December 2009
Opening balance for the year	(148,415)	(149,715)
Gains/ (losses) from the valuation of bonds	(198,592)	(28,940)
Gains/ (losses) from the valuation of shares and mutual funds	(68,842)	21,124
Deferred income tax (note 40)	50,392	7,370
Recycling of the accumulated fair value adjustment of disposed securities (note 11)	5,347	(208)
Depreciation of accumulated impairment of tranferred bonds	20,289	-
Foreign exchange differences and other adjustments	(338)	1,953
Closing balance for the year	**(340,159)**	**(148,415)**

Profit of € 8.7 million, attributable to the valuation of the interest rate risk of hedged available for sale bonds, has been recognized directly in the income statement of the year.

Retained earnings	31 December 2010	31 December 2009
Opening balance for the year	414,711	383,021
Premium on equity instrument	(67,805)	-
Tranfer between other reserves and retained earnings	1,104	-
Profit/ (loss) after tax for the year	(3,620)	145,939
Transfer to legal reserve	-	(7,296)
Prior year dividends of ordinary shares	-	(35,664)
Prior year dividends of preference shares	(18,006)	-
Profit/ (loss) from sales of treasury shares	-	(70,722)
Expenses on issuance of preference shares	-	(4,110)
Absorptions	-	3,543
Closing balance for the year	**326,384**	**414,711**

45 Dividend per share

Pursuant to article 1 para. 3 of Law 3723/2008 on the Intensification of the Liquidity of the Economy, banks may, for as long as they are subject to said provisions, distribute dividends up to an amount which cannot exceed the 35% minimum permissible percentage, set by the provisions of article 3, para. 1, Law 148/1967. In particular the Ministry of Finance clarified in its Circular no. 20708/B/1175/23.4.2009 that the above distributable dividend amount may represent from 0 to 35% of profits. The Management of the Bank does not intend to propose to the Annual Ordinary General Meeting of Shareholders the distribution of dividends for the fiscal year 2010.

46 Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of the following balances with less than 90 days maturity from the date of their acquisition.

	31 December 2010	31 December 2009
Cash and balances with Central Banks (note 18)	1,517,500	1,746,671
Loans and advances to credit institutions (note 19)	1,364,228	1,657,762
Trading securities (note 21)	4,335	16,914
	2,886,063	**3,421,346**

Amounts in thousand euros (Unless otherwise stated)

47 Related parties transactions

Related parties include a) Members of the Bank Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of Board of Directors members and key management personnel, c) Companies having transactions with Piraeus Bank, when the total cumulative participating interest in them (of members of Board of Directors, key management personnel and their dependants / close family) exceeds 20%.

	Board of Directors members and key management personnel	
	31 December 2010	31 December 2009
Loans	129,455	144,230
Deposits	39,064	36,502

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2010 are € 2.3 million (31/12/2009: € 1.5 million). Letters of guarantee to subsidiaries as at 31/12/2010 are € 267.0 million (31/12/2009: € 91.3 million). The total income on loans to members of the Board of Directors and the key management personnel for the year 2010 is € 4.3 million (31/12/2009: € 4.9 million). The total expense on deposits of the prementioned related parties for the year 2010 is € 0.8 million (31/12/2009: € 0.5 million).

Loans and letters of guarantee issued to related parties represent an insignificant part of total loans and letters of guarantee issued by the Bank, respectively. Loans and letters of guarantee have been issued to related parties in the normal course of business, within the approved credit policies and Bank procedures, adequately collateralized. Loans to related parties are performing and no provision has been raised for their balances.

Director's remuneration

	31 December 2010	31 December 2009
Salaries and other remuneration	4,662	5,563
Termination benefits	3,491	7,377
	8,153	**12,940**

The aggregate provisions in respect of Members of the Board of Directors and key management personnel amount to € 31.6 million as at 31/12/2010 (31/12/2009: € 27.4 million). The full amount of the above provisions has been included in retirement benefit obligations (note 41).

Bank's balances from transactions to subsidiaries and associates and the relevant results are as follows:

I. Subsidiaries	31 December 2010	31 December 2009
Assets		
Cash and Balances with Central Bank	17,348	2,480
Loans and advances to credit institutions	3,593,024	3,618,214
Loans and advances to customers	719,303	830,081
Reverse repos with customers	14,391	-
Other assets	214,340	168,932
Total	**4,558,407**	**4,619,707**

Liabilities	31 December 2010	31 December 2009
Due to credit institutions	1,121,783	482,809
Due to customers	241,567	652,605
Debt securities in issue	2,490,787	4,085,526
Hybrid capital and other borrowed funds	506,585	507,700
Other liabilities	32,268	33,643
Total	**4,392,990**	**5,762,282**

Revenues	31 December 2010	31 December 2009
Interest and similar income	173,469	203,864
Fee and commission income	14,116	17,117
Other operating income	6,171	1,699
Total	**193,756**	**222,681**

Expenses	31 December 2010	31 December 2009
Interest expense and similar charges	(196,890)	(189,259)
Fee and commission expense	(21,059)	(24,461)
Administrative expenses	(43,885)	(46,774)
Total	**(261,834)**	**(260,494)**

Amounts in thousand euros (Unless otherwise stated)

II. Associates

	31 December 2010	31 December 2009
Deposits	44,619	88,137
Loans and advances to customers	58,446	53,299
Interest/ expense	(1,782)	(1,163)
Interest/ income	2,137	1,415

48 Post Balance Sheet events

On January 17th 2011, the international credit agency Fitch Ratings downgraded the Long-term Issuer Default Ratings (IDR) of Piraeus Bank to BB+ from BBB- with negative outlook, following the downgrade of Greece's Long-term foreign and local currency issuer default ratings to BB+ from BBB-.

On 31st January 2011, Piraeus Bank's Rights Issue of € 807,054,045 has been completed successfully, 93,690 shareholders participated in the share capital increase and the total subscription amount was € 1,044,603,341, out of which € 784,053,107 corresponds to the exercise of pre-emption rights and € 260,550,234 to oversubscription requests.The rights issue has been oversubscribed by 129%. The respective exercise ratio for pre-emption rights reached 97%, while applications for the exercise of oversubscription rights covered the 23,000,938 shares remaining unsubscribed by 11.3 times.

On 8th February 2011, the Athens Stock Exchange approved the admission to trading of the 807,054,045 new shares, resulted from the increase of share capital and trading commenced on the 10th of February 2011. The Bank's share capital amounts to € 712,997,968.38, divided to 1,143,326,564 ordinary registered shares with voting rights, at a nominal value of € 0.30 per share and 77,568,134 preference shares without voting rights according to Law 3723/2008, of nominal share value of € 4.77.

On February 9th 2011, Piraeus Bank announced that with a view to further enhance its liquidity issued € 1.25 billion of covered bonds (under Law 3601/2007, article 91, and Bank of Greece Governor's Act 2598/2007), of a 3-year tenor with an extension period of 10-years and coupon rate of 1month Euribor plus a margin of 100 bps. The transaction has been rated "A-" by Fitch while it has been issued under Piraeus Bank's € 3 billion covered bond programme.

On 17th February 2011 and in force of the Greek Government Liquidity Support Plan under Law 3723/2008, Piraeus Bank used the amount of € 0.95 billion of Pillar II, with regards to Greek Government Bond Guarantees.

On 7th March 2011, Moody's Investors Service downgraded Greece's government bond ratings by three notches to B1 from Ba1 with negative outlook. Moreover, on 8th of March 2011, Moody's revised the ratings of Greek Banks. For Piraeus Bank, long-term rating was downgraded to Ba3 from Ba1, with negative outlook.

On 18th of March 2011 a 2nd rating from S&P for AXIA I securitization was successfully accomplished. The rating "A" (negative outlook) was assigned to the Class A notes and represents the highest possible assessment from S&P for Greek securitizations. Additionally, on 22nd of March the process of ECB eligibility as acceptable collateral was completed.

Athens, March 23rd, 2011

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O	CHIEF FINANCIAL OFFICER	ASSISTANT GENERAL MANAGER
MICHAEL G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

PIRAEUS BANK

PIRAEUS BANK S.A.
Companies registration number 6065/06/B/86/04
Head Office: 4, Amerikis st., 105 64, Athens, Greece

FINANCIAL STATEMENTS INFORMATION FOR THE YEAR ended as at DECEMBER 31st, 2010

(Published according to Codified Law 2190/20, art. 135 for companies preparing annual financial statements, consolidated or not, in accordance with IFRS)

The figures presented below, derive from the financial statements and aim to a general information about the financial position and results of Piraeus Bank S.A. and Piraeus Bank Group. We therefore recommend the reader, prior to making any investment decision or other transaction concerning the Bank, to visit the Bank's web site, where the set of financial statements in accordance with International Financial Reporting Standards for the year ended as at 31 December 2010 is posted, as well as the auditor's report.

COMPANY'S PROFILE

Responsible Authority:	Ministry of Regional Development and Competitiveness
Company's web side:	www.piraeusbank.gr
Date of Approval of Financial Statements:	March, 23rd 2011
The Certified Auditor:	Konstantinos I. Michalatos
Auditing Company:	PricewaterhouseCoopers S.A.
Type of Auditor's Report:	Non qualified

BOARD OF DIRECTORS COMPOSITION

(at the date of approval of financial statements)

Michael G. Sallas	Chairman
Stavros M. Lekkakos	Managing Director & CEO
Alexandros St. Manos	Managing Director
Christodoulos G. Antoniadis	Deputy Managing Director
Ilias D. Milis	Deputy Managing Director
Spiridonas A. Papaspirou	Deputy Managing Director
Iakovos G. Georganas	Non Executive Vice Chairman
Ioannis V. Vardinoyiannis	Non Executive Vice Chairman
Georgios P. Alexandridis	Independent Non Executive Member
Fotini A. Karamanli	Independent Non Executive Member
Theodoros P. Mylonas	Independent Non Executive Member
Hariklia A. Apalagaki	Non Executive Member
Eftyhios Th. Vassilakis	Non Executive Member
Stylianos D. Golemis	Non Executive Member
Vassilios S. Fourlis	Non Executive Member
Athanasios A. Tsoumas	Greek State Representative

STATEMENT OF FINANCIAL POSITION

Amounts in thousand euros

	GROUP				BANK			
	31 December 2010		31 December 2009		31 December 2010		31 December 2009	
ASSETS								
Cash and balances with central banks		**2,993,275**		**2,977,561**		**1,523,902**		**1,747,045**
Loans and advances to credit institutions		**1,476,856**		**992,325**		**4,424,327**		**4,442,538**
Derivative financial instruments - assets		**143,967**		**171,467**		**142,258**		**170,606**
Trading securities		**673,984**		**1,393,237**		**184,259**		**1,041,535**
Financial instruments at fair value through profit or loss		**16,426**		**162,817**		**16,426**		**20,269**
Reverse repos with customers		**955,401**		**0**		**969,792**		**0**
Loans and advances to customers								
Loans and advances to customers	39,071,152		38,683,228		32,065,925		31,856,619	
Less: Provisions for losses on loans and advances	(1,433,077)	**37,638,075**	(994,970)	**37,688,258**	(876,165)	**31,189,760**	(611,173)	**31,245,446**
Investment securities								
Available for sale securities	2,051,103		2,338,460		1,764,784		2,186,728	
Held to maturity	5,056,820	**7,107,923**	3,363,535	**5,701,995**	4,954,598	**6,719,382**	3,305,688	**5,492,416**
Debt securities - receivables		**2,512,337**		**1,183,006**		**2,430,342**		**898,794**
Investments in associated undertakings		**211,796**		**184,023**		**179,968**		**161,424**
Investments in subsidiaries		**0**		**0**		**2,088,501**		**1,923,099**
Intangible assets								
Goodwill	223,374		193,090		0		0	
Other Intangible assets	160,934	**384,308**	146,070	**339,160**	100,269	**100,269**	76,597	**76,597**
Property, plant and equipment		**967,023**		**987,271**		**321,149**		**313,451**
Investment Property		**927,129**		**819,894**		**188,010**		**121,221**
Assets held for sale		**23,242**		**101,771**		**1,326**		**84,144**
Other assets								
Deferred tax assets	416,837		282,653		359,383		232,055	
Inventories - property	199,504		206,015		76,310		82,560	
Other assets	1,032,212	**1,648,553**	1,088,338	**1,577,006**	870,994	**1,306,687**	868,804	**1,183,419**
TOTAL ASSETS		**57,680,295**		**54,279,791**		**51,786,358**		**48,922,004**
LIABILITIES								
Due to credit insitutions		**19,930,269**		**14,432,854**		**20,348,801**		**14,250,445**
Liabilities at fair value through profit or loss		**308,864**		**0**		**308,864**		**0**
Derivative financial instruments - liabilities		**201,140**		**162,023**		**182,219**		**160,575**
Due to customers		**29,474,998**		**30,063,606**		**24,051,885**		**25,729,695**
Debt securities in issue		**2,659,618**		**4,206,276**		**2,674,481**		**4,397,704**
Hybrid capital and other borrowed funds								
Hybrid capital (Tier I)	159,439		159,752		159,439		159,752	
Subordinated debt capital (Tier II)	351,003	**510,442**	351,526	**511,278**	347,145	**506,584**	347,948	**507,700**
Other Liabilities								
Retirement benefit obligations	209,490		202,461		177,735		173,271	
Deferred tax liabilities	160,865		140,058		86,651		68,438	
Other provisions	19,817		18,089		10,665		10,665	
Current income tax liabilities	95,222		71,030		66,489		38,023	
Other liabilities	835,838	**1,321,232**	857,881	**1,289,519**	415,005	**756,545**	347,334	**637,731**
Total Liabilities		**54,406,563**		**50,665,556**		**48,829,379**		**45,683,850**
EQUITY								
Share Capital		470,882		1,974,020		470,882		1,974,020
Share premium		2,430,877		927,739		2,430,877		927,739
Less: Treasury shares		(8,790)		(123)		0		0
Other reserves and retained earnings		239,842		564,423		55,220		336,395
Capital and reserves attributable to equity holders of the parent entity		**3,132,811**		**3,466,059**		**2,956,979**		**3,238,154**
Non Controlling Interest		140,921		148,176		-		-
Total Equity		**3,273,732**		**3,614,235**		**2,956,979**		**3,238,154**
TOTAL LIABILITIES AND EQUITY		**57,680,295**		**54,279,791**		**51,786,358**		**48,922,004**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2009
Interest and similar income	2,662,132	2,789,159	2,071,118	2,149,833
Interest expenses and similar charges	(1,455,233)	(1,684,275)	(1,257,911)	(1,366,120)
Net interest income	**1,206,899**	**1,104,884**	**813,207**	**783,713**
Fee and commission income	245,237	256,157	140,998	128,081
Fee and commission expense	(46,284)	(50,116)	(39,079)	(42,567)
Net fee and commission income	**198,953**	**206,041**	**101,919**	**85,514**
Dividend income	7,534	13,303	40,837	43,907
Net trading income	21,136	174,863	(58,010)	45,982
Net income from financial instruments designated at fair value through profit or loss	(8,045)	(916)	(7,626)	(916)
Gains/ (Losses) from investment securities	(12,964)	3,529	(26,913)	13,654
Other operating income	85,543	160,921	34,208	41,913
Total net income	**1,499,056**	**1,662,625**	**897,622**	**1,013,767**
Staff costs	(410,966)	(426,170)	(240,502)	(256,967)
Administrative expenses	(376,917)	(377,190)	(259,123)	(256,922)
Gains/ (Losses) from sale of assets	(1,160)	2,686	(824)	441
Depreciation and amortisation	(94,914)	(92,805)	(32,065)	(36,961)
Total operating expenses before provisions	**(883,957)**	**(893,479)**	**(532,514)**	**(550,409)**
Profit before provisions and tax	**615,099**	**769,146**	**365,108**	**463,358**
Impairment losses on loans and receivables	(596,882)	(488,099)	(359,667)	(262,584)
Other provisions	(3,819)	(3,053)	-	-
Share of profit of associates	(3,649)	8,621	-	-
Profit before tax	**10,749**	**286,615**	**5,441**	**200,774**
Income tax expense	(7,310)	(46,792)	7,821	(26,580)
Tax Contribution	(24,630)	(34,194)	(16,882)	(28,255)
Profit/ (Loss) after tax (A)	**(21,191)**	**205,629**	**(3,620)**	**145,939**
Less: Non Controlling Interest	(717)	3,880	-	-
Profit/ (Loss) after tax attributable to equity holders of the parent entity	**(20,474)**	**201,749**	**(3,620)**	**145,939**
Profit after tax attributable to equity holders of the parent entity without tax contribution	**3,815**	**235,495**	**13,262**	**174,194**
Other comprehensive income, net of tax (B)	**(273,460)**	**(63,688)**	**(259,549)**	**1,298**
Total comprehensive income for the year, net of tax (A+B)	**(294,651)**	**141,941**	**(263,169)**	**147,237**
-Attributable to equity holders of the parent entity	(294,300)	138,350	-	-
-Non Controlling Interest	(351)	3,591	-	-
Profit/ (Loss) after tax per share (in euros):				
- Basic	(0.1475)	0.5551	(0.0971)	0.3865
- Diluted	(0.1475)	0.5551	(0.0971)	0.3865

STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2009
Opening balance	**3,614,235**	**3,025,200**	**3,238,154**	**2,623,827**
Total comprehensive income for the year, net of tax	(294,651)	141,941	(263,169)	147,237
Prior year dividends of ordinary shares	(1,320)	(37,871)	-	(35,664)
Prior year dividends of preference shares	(18,006)	-	(18,006)	-
Share capital increase due to reinvestment of dividends	-	32,061	-	32,061
Issue of preference shares	-	365,890	-	365,890
(Purchases)/ Sales of treasury shares	(8,638)	96,476	-	96,597
Acquisitions, disposals, absorptions, liquidation and movement in participating interests	(17,679)	(9,559)	-	8,206
Other movements	(209)	97	-	-
Closing balance	**3,273,732**	**3,614,235**	**2,956,979**	**3,238,154**

CASH FLOW STATEMENT

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2009
Total inflows/ (outflows) from operating activities	4,097,684	2,438,666	2,891,473	1,010,692
Total inflows/ (outflows) from investing activities	(1,884,332)	(1,748,921)	(1,686,257)	(1,656,120)
Total inflows/ (outflows) from financing activities	(1,543,033)	(2,261,391)	(1,747,148)	(2,378,407)
Net increase/ (decrease) in cash and cash equivalents of the year	**670,319**	**(1,571,646)**	**(541,932)**	**(3,023,835)**
Effect of exchange rate changes on cash and cash equivalents	(24,414)	(48,595)	6,648	2,888
Total inflows/ (outflows) for the year	**645,905**	**(1,620,241)**	**(535,284)**	**(3,020,947)**
Cash and cash equivalents at the beginning of the year	3,389,024	5,009,265	3,421,347	6,442,294
Cash and cash equivalents at the end of the year	**4,034,929**	**3,389,024**	**2,886,063**	**3,421,347**

Notes:

1) The accounting policies, adopted by the Group according to the International Financial Reporting Standards (IFRS), have been applied in consistency with those in the annual financial statements of the year 2009.

2) Property, plant and equipment are free of any liens or encumbrances.

3) Tax authorities have audited Piraeus Bank's tax position for the years up to and including 2008. The unaudited tax years of Group subsidiaries are included in note 27 of the Consolidated Financial Statements.

4) All disputes under litigation or arbitration, as well as the pending court decisions, are not expected to have a significant effect on the financial position of the Bank and the Group. Therefore the Bank has not raised a provision for outstanding litigations, whereas the Group's provision amounts to € 2.5 million. The provision raised for the unaudited tax years of the Bank and the Group subsidiaries, which is included in the current tax liabilities, amounts to € 2.2 million and € 6.7 million respectively. Other provisions raised for the Bank and the Group amount to € 10.7 million and € 17.3 million respectively.

5) The companies which have been consolidated as at 31/12/2010, apart from the parent company Piraeus Bank S.A., are included in note 27 of the Consolidated Financial Statements. Note 27 includes information about the country of incorporation, the percentage of holding by the Group, as well as the applied consolidation method. The direct shareholding percentages by the Bank are included in note 27 of the Bank's Financial Statements.

6) The following companies that are consolidated under the full method of consolidation as at 31/12/2010, had not been included in the consolidation as at 31/12/2009: a) Solum Ltd Liability Co., b) O.F. Investments Ltd, c) Piraeus (Cyprus) Insurance Brokerage Ltd, d) DI.VI.PA.KA. S.A., e) Piraeus Equity Partners Ltd, f) Piraeus Equity Advisors Ltd, g) Tortilus Ltd., h) Achaia Clauss Estate S.A., i) Piraeus Equity Investment Management Ltd, j) Piraeus FI Holding Ltd, k) Piraeus Master GP Holding Ltd, l) Piraeus Clean Energy GP Ltd, m) Piraeus Wealth Management (Switzerland) S.A. and n) Curdart Holding Ltd. From these companies, the companies numbered (a)-(g) were consolidated under the full method of consolidation as at 30/09/2010 as well, though the companies (h)-(n) were not included in the consolidation as at 30/09/2010. The companies (d), (e), (j), (k) and (m) are newly established. The companies numbered (a)-(b) were acquired on February 2010, while company numbered (c) was acquired on March 2010. The companies numbered (f) and (g) were acquired on March and February 2010 respectively and started operating during the 3rd quarter of 2010. The company numbered (h) was transferred during the 4th quarter of 2010 from held for sale assets to the Group's subsidiaries portfolio. The companies numbered (i) and (l) were acquired on March 2010, while company numbered (n) was acquired on July 2010 and all three of them started operating during the 4th quarter of 2010. The companies: a) Exodus S.A., b) ACT Services S.A. (former Piraeus ATFS S.A.), c) Piraeus Property S.A., d) Piraeus Developer S.A. and e) SSIF Piraeus Securities Romania S.A., that were fully consolidated as at 31/12/2009, are not included in the consolidation as at 31/12/2010. The companies numbered (a) and (b) were transferred to the associates' portfolio as the requirements for their consolidation under the full method of consolidation are no longer met. On September 2010, the companies numbered (c) and (d) were contributed in the line of participation of Piraeus Bank S.A. in the share capital increase, with contribution in kind, of the listed in the Athens Stock Exchange associate company, Sciens International Investments & Holding S.A., while company numbered (e) was liquidated. The companies Estia Mortgage Finance PLC, Estia Mortgage Finance II PLC, Estia Mortgage Finance III PLC, Axia Finance PLC, Axia Finance II PLC, Axia Finance III PLC, Axia III APC Limited, Praxis Finance PLC, Praxis II Finance PLC, Praxis II APC Limited and Gaia Lease PLC are consolidated as special-purpose entities. Note 48 of Consolidated Financial Statements includes information about the changes in the subsidiaries' portfolio of the Group. The most important corporate events that took place among the subsidiaries of the Group during the period 01/01/2010 – 31/12/2010 are: a) the increase in the participation percentage of Piraeus Bank S.A. in the company Olympic Commercial & Tourist Enterprises S.A. from 60.44% to 94.00%, as Bank purchased company's shares on 27/09/2010 and b) the transfer of the company Achaia Clauss Estate S.A. from held for sale assets to the Group's subsidiaries portfolio, as the requirements of IFRS 5 are no longer met. The relevant events didn't result in a change above 25% of the turnover or/and the profit after tax or/and the Group's equity for the current period. The subsidiaries that are excluded from the consolidation are as follows: a) Asbestos Mines S.A., b) Hellenic Industry of Aluminum, c) Hellenic Asbestos S.A., d) Oblivio Co. Ltd, e) ELSYP S.A., f) Blue Wings Ltd, g) Piraeus Bank's Congress Centre and h) Piraeus Bank Group Cultural Foundation. The companies numbered (a)-(e) are fully depreciated, under liquidation or dissolution status. The financial data of the companies (f)-(h) are included in the financial statements of the parent company Piraeus Bank S.A. and consequently in the consolidated financial statements. The consolidation of the above mentioned companies does not affect the financial position and result of the Group.

7) The following companies are consolidated under the equity method of accounting as at 31/12/2010 and had not been included in the consolidation as at 31/12/2009: a) Exodus S.A. and b) ACT Services S.A. (former Piraeus ATFS S.A.). The companies (a) and (b) which were consolidated under the equity method of accounting as at 30/09/2010, as well, were transferred to the associates' portfolio as the requirements for their consolidation under the full method of consolidation are no longer met. The company Delphi Advanced Research Technologies Ltd. that was consolidated under the equity method of accounting as at 31/12/2009, as well as at 30/09/2010, was disposed on December 2010 and is not included in the consolidation as at 31/12/2010. Note 48 of Consolidated Financial Statements includes information about the changes in the associates' portfolio of the Group. The most important corporate event that took place among the associates of the Group during financial year 2010 was the share capital increase of the listed in the Athens Stock Exchange associate company Sciens International Investments & Holding S.A. with contribution in kind. The relevant event didn't result in a change above 25% of the turnover or/and the profit after tax, or/and the Group's equity for the current period. As at 31/12/2010, as well as at 30/09/2010, there are no associates that have been excluded from consolidation.

8) The Group's balances with related parties are as follows: assets € 189.1 million, liabilities € 89.4 million, letters of guarantee € 2.3 million, income € 6.5 million and expense € 2.7 million. The Bank's balances with related parties (subsidiaries included) are as follows: assets € 4,746.3 million, liabilities € 4,476.7 million, letters of guarantee € 269.3 million, income € 200.2 million and expense € 264.4 million. The balances of assets and liabilities of the Group with members of the Board of Directors and key management personnel amount to € 130.5 million and € 40 million respectively. The respective amounts for the Bank amount to € 129.5 million and € 39.1 million. The transactions and remuneration of the Bank and its Group with the members of the Board of Directors and key management personnel amount to € 8.2 million.

9) As at 31/12/2010 subsidiary company of Piraeus Group owned a total number of 2,624,173 treasury shares of the parent company Piraeus Bank S.A., at a value of € 8,790 thousand. The Bank did not hold any treasury shares as at 31/12/2010.

10) At the Statement of Total Comprehensive Income of Consolidated and Stand alone Financial Statements, "Other comprehensive income, net of tax" of the Group and the Bank includes the change in currency translation reserve of € -20.7 million for the Group, the premium on equity instrument of € -67.8 million for the Bank and the Group and the change in available for sale reserve of € -184.9 million for the Group and € -191.7 million for the Bank.

11) The Shareholders General Meeting, that took place on 19/05/2010, resolved not to distribute any dividends to the common shareholders for the year 2009, according to the established provisions (article 1 of L. 3723/2008 as in force, in conjunction with 20708/B/1175/23.04.2009 explanatory circular of Ministry of Finance) for the credit institutions participating in the Greek economy liquidity support programme. The General Meeting also decided the distribution of preference shares dividend for the year 2009 which amounted to € 22.8 million and was paid on June 2010. The after tax preference share dividend for the year 2009, that amounts to € 18.0 million, has been deducted from equity as at 31/12/2010.

12) On December 20, 2010, the Second Iterative General Meeting of Shareholders resolved to reduce the Bank's share capital by an amount of € 1,503,138,159.93 according to article 4 par. 4a of Codified Law 2190/1920. The reduction of the Bank's share capital was effected by a corresponding reduction of the nominal value of the ordinary shares from € 4.77 to € 0.30 each and the prementioned amount was included in 'Share premium' account. On December 31, 2010 the Bank's share capital amounts to € 470,881,754.88, divided into 336,272,519 ordinary registered shares with voting rights, of nominal share value € 0.30 each and 77,568,134 preference shares without voting rights L. 3723/2008, of nominal share value € 4.77 each.

13) On January 3, 2011 the Board of Directors of the Bank has decided the increase of the share capital by € 242,116,213.50 through payment in cash and the granting of a pre-emption right to the existing ordinary shareholders at a subscription ratio of 12 new shares for every 5 existing ordinary registered shares and at subscription price of € 1 per new share. The share capital increase concluded on January 31, 2011 with the issuance of 807,054,045 new ordinary registered shares of nominal value € 0.30 each. The share capital amounts currently to € 712,997,968.38, divided into 1,143,326,564 ordinary registered shares with voting rights, of nominal share value € 0.30 each and 77,568,134 preference shares without voting rights L. 3723/2008, of nominal share value € 4.77 each.

14) On February 9, 2011 the Board of Directors of Piraeus Bank announced that with a view to further enhance its liquidity has issued €1.25 bn of covered bonds (under Law 3601/2007, article 91, and Bank of Greece Governor's Act 2598/2007), of a 3-year tenor with an extension period of 10 years. The issue, for which Barclays Capital has been acted as the arranger of the programme, has been rated "A-" by Fitch and shall be listed in Luxembourg Stock Exchange. The transaction has been issued under Piraeus Bank's € 3 bn covered bond programme.

15) Pursuant to article 1, parag. 3 of Law 3723/2008 on the Intensification of the Liquidity of the Economy, banks may, for as long as they are subject to said provisions, distribute dividends up to an amount which cannot exceed the 35% minimum permissible percentage, set by the provisions of article 3, parag. 1, Law 148/1967. In particular the Ministry of Finance clarified in its Circular no. 20708/B/1175/23.4.2009 that the above distributable dividend amount may represent from 0 to 35% of profits. The Management of the Bank does not intend to propose to the Annual Ordinary General Meeting of Shareholders the distribution of dividends for the fiscal year 2010.

16) The number of staff employed by the Group and the Bank as at 31st December 2010 was 13,320 and 4,871 respectively. The number of staff employed by the Group and the Bank as at 31st December 2009 was 13,417 and 5,070 respectively.

Athens, March 23rd, 2011

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & CEO	CHIEF FINANCIAL OFFICER	ASSISTANT GENERAL MANAGER
MICHAEL G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

Information according to article 10, Law 3401/ 2005

The information according to article 10, Law 3401/ 2005 that relates to Piraeus Bank, its shares as well as the stock exchange market in which its shares are traded, which have been published and made available to investors throughout year 2010, have been incorporated in this Annual Financial Report through reference. For this purpose, a reference table is presented below:

a) Announcements to the Athens Stock Exchange - Press releases

	Date
License granting and appointment of an ATHEX member for shares sale	13/1/2010
Announcement of the date of Full Year 2009 Financial Results of Piraeus Bank	13/1/2010
Result from shares sale (sum of fractional balances) resulting from the Bank's Share Capital Increase due to capitalization of 2008 financial year dividend	22/1/2010
New development program by Piraeus Bank driven by ETVA VI.PE. SA	18/2/2010
Full Year 2009 Results	24/2/2010
2010 Financial Calendar	29/3/2010
Invitation to the Ordinary General Meeting of Shareholdars of Piraeus Bank	21/4/2010
Notification of change in the composition of the Board of Directors or Senior Manager	30/4/2010
Norification of important changes concerning the voting rights deriving from share under L.3556/2007	12/5/2010
Norification of important changes concerning the voting rights deriving from share under L.3556/2007	12/5/2010
Norification of important changes concerning the voting rights deriving from share under L.3556/2007	14/5/2010
Norification of important changes concerning the voting rights deriving from share under L.3556/2007	14/5/2010
Norification of important changes concerning the voting rights deriving from share under L.3556/2007	17/5/2010
Norification of important changes concerning the voting rights deriving from share under L.3556/2007	17/5/2010
Reinforcing entrepreneurship, Supporting the effort to restore the economy	19/5/2010
General Meeting Resolutions	19/5/2010
Norification of important changes concerning the voting rights deriving from share under L.3556/2007	20/5/2010
Norification of important changes concerning the voting rights deriving from share under L.3556/2007	21/5/2010
Norification of important changes concerning the voting rights deriving from share under L.3556/2007	21/5/2010
Q1 2010 Results	28/5/2010
Clarification Announcement	28/5/2010
Date announcement of the First Half 2010 Results	22/6/2010
Piraeus offers to acquire Greek State's shares in Agricultural Bank of Greece (ABG) and Hellenic PostBank (TT)	15/7/2010
Offered Price	15/7/2010
Announcement of the CEBS Stress Tests' Result for Piraeus Bank Group	23/7/2010
Clarifications on press releases about the way of raising the required capital ATE - TT	26/7/2010
Announcement	18/8/2010
Improvement of Organic Profitability - First Half 2010 Results	26/8/2010
Statement by Mr. Stavros Lekkakos, Deputy CEO	30/9/2010
Announcement of share capital increase	29/10/2010
New location for Shareholder Relations Department	29/10/2010
Annoucement date of 9 month 2010 results	23/11/2010
Extraordinary General Meeting Resolutions	23/11/2010
9Month 2010 Results	26/11/2010
1st Iterative General Meeting Resolutions	6/12/2010
Piraeus Bank proceeds with €800 million rights issue	20/12/2010
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	20/12/2010
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	20/12/2010
Notification of important changes concerning the voting rights derivingfrom shares under L. 3556/2007	22/12/2010
Notification of important changes concerning the voting rights derivingfrom shares under L. 3556/2007	22/12/2010
Announcement on the reduction of share capital by reducing the nominal value of ordinary registered shares	31/12/2010

Announcements to the Athens Stock Exchange and Press releases are available in the Bank's internet site www.piraeusbank.gr in the section Investor Relations, in the subsections Press - Announcements.
(link: http://www.piraeusbank.gr/ecPage.asp?id=236516&lang=2&nt=103&sid=&fid=236514).

Notification of transactions according to Law 3556/2007 are available in the Bank's internet site www.piraeusbank.gr in the section Investor Relations - Stock Data - Notification of transactions.
(link: http://www.piraeusbank.gr/Documents/internet/Enimerosi_Ependiton/Stoixeia_Metoxis/Transactions1.pdf).

	Date
Invitation	1/11/2010
Board of Directors' Report pursuant to article 13	1/11/2010
Board of Directors' Report	1/11/2010
Resolutions of the Second Iterative General Meeting of Shareholders	20/12/2010

The above announcements and Press Release are available in the Bank' s internet site in the section Investor Relations - Corporate Governance - General Meetings - Extraordinary General Meeting of Shareholders 23.11.2010
(link:http://www.piraeusbank.gr/Documents/internet/Enimerosi_Ependiton/General_Meetings/2010/AMK_en.pdf)

	Date
Measures by Piraeus Bank to support its customers	21/5/2010

The above announcement is available in the Bank's internet site in the section Press.
(link:http://www.piraeusbank.gr/ecSearch_Details.asp?lang=2&treeid=298020&nt=78)

b) Interim stand alone and consolidated financial information

Q1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	27/5/2010
Q1 Interim Condensed Financial Information	27/5/2010
Q1 Consolidated Interim Condensed Financial Information	27/5/2010
H1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	26/8/2010
Mid year financial report	26/8/2010
9M Financial Statements Information of Piraeus Bank Group and Piraeus Bank	25/11/2010
9M Interim Condensed Financial Information	25/11/2010
9M Consolidated Interim Condensed Financial Information	25/11/2010

The stand alone and consolidated interim financial information is available in the Bank's internet site www.piraeusbank.gr in the section Investor Relations, in the subsection Financial Data - Financial statements.
(link: http://www.piraeusbank.gr/ecportal.asp?id=235054&lang=2&nt=102%20&sid=).

c) Annual Financial Report 2009

The annual financial report of Piraeus Bank for the year 2009 is available in the Bank's internet site www.piraeusbank.gr in the section Investor Relations, in the subsection Financial Data - Financial statements.
(link:http://www.piraeusbank.gr/ecportal.asp?id=235054&lang=2&nt=102&id2=289669).

d) Annual Report 2009 - Corporate Responsibility Report 2009

The annual report of the year 2009 is available in the Bank's internet site www.piraeusbank.gr in the section Investor Relations, in the subsection Annual Reports.
(link: http://www.piraeusbank.gr/Documents/internet/Enimerosi_Ependiton/Etisies_Ekthesis/2010/EE_en.pdf).

The corporate social responsibility of the year 2009 is available in the Bank's internet site www.piraeusbank.gr in the section Investor Relations, in the subsection Annual Reports.
(link: http://www.piraeusbank.gr/Documents/internet/Enimerosi_Ependiton/Etisies_Ekthesis/2010/EEKE_en.pdf).

e) Issue of debt securities

Issue of debt securities is available in the Bank's internet site www.piraeusbank.gr in the section Investor Relations, in the subsection Debt Investors.
(link: http://www.piraeusbank.gr/ecpage.asp?id=238354&lang=2&nt=99).

Annual financial statements of subsidiaries

The annual financial statements of the subsidiaries of Piraeus Bank Group, including the reports of the independent auditors as well as the Directors' reports of these subsidiaries, which were finallized during the date of the issue of the annual financial report of the year 2010, are available on the web site of Piraeus Bank at www.piraeusbank.gr in the section Investor Relations, in the subsection Financial Data - Financial Statements - Consolidated Companies. The annual financial statements of the remaining subsidiaries of Piraeus Bank Group will be available on the web site of Piraeus Bank when they will become final.
(link: http://www.piraeusbank.gr/ecportal.asp?id=233569&lang=2&nt=102%20&sid=).