PIRAEUS BANK

ANNUAL FINANCIAL REPORT

For the period from 1st January to 31st December 2009

According to the Law 3556/ 2007

March 2010

INDEX

BOARD OF DIRECTORS' MANAGEMENT REPORT

Dear Shareholders,

The measures that were implemented during 2009 in order to support the financial system and the economies at international level bore fruits, as, from the second half of the year, signs of inversion of economic climate were observed. Indicative for the above is the positive revision by the International Monetary Fund (IMF) in late January 2010 with respect to the estimated global GDP growth to 3.9% for the current year and to 4.3% for 2011. The respective forecast for the Eurozone was also positively revised to 1.0% for 2010. The emerging markets of Asia remain the main drivers of growth for the global economy.

The financial crisis emerged in our country relatively delayed, but with greater intensity from the beginning of the 4th quarter 2009. The budget deficit expanded to 12.9% of GDP in 2009 and the public debt reached 115%, revealing the chronic structural weaknesses of the Greek economy: low productivity, deteriorating competitiveness and inadequate fiscal management.

With these developments and in collaboration with the European Union, Greece formulated the Stability and Growth Pact 2010-2013 with priorities to implement a bold expenditure restricting policy and a wide-scale structural intervention to increase public revenues, along with a programme of reforms, in order to gradually reduce fiscal deficit, control the public debt course and stimulate the economy's competitiveness.

In the midst of this negative economic environment, the Greek banking system encountered a series of problems with increased resiliency and flexibility, as the Greek economy passed from positive growth in 2008 (+2%) to negative course in 2009 (-2%), with further deterioration during the last quarter of the year. In contrast to other countries internationally, the Greek banking system was not the underlying cause of the financial crisis. On the contrary, Greek banks are suffering the consequences of the macroeconomic problems of the country, which they managed to overcome successfully up to now, thanks to their healthy capital base, the low level of leverage and the conservative policy of liquidity management and asset quality.

Within this context, Piraeus Bank Group adjusted its policy in a timely manner, with its primary targets being the preservation of high level of liquidity and capital adequacy, safeguarding the loan portfolio quality taking into consideration market conditions and containing the operating cost at 2008 level. At the same time, the support of its customers, both businesses and households was -and still is- a top priority for the Group, along with sustainable improvement of services and efficient management.

Despite the difficulties, 2009 was a productive year for Piraeus Bank. Among the major developments worth noting on business level are the following:

- on 30 April '09, according to the resolution of the Ordinary General Meeting of the Shareholders and based on the Law 3756/2009, a dividend was distributed to the Bank's shareholders in the form of shares, through the issuance of 6,728,991 common voting shares, with the distribution of 1 new share for every 47 existing common shares. This distribution corresponds to a total net amount of dividend of € 32,097,287 or € 0.10 per share;

- on 4 and 7 May '09 respectively the Bank completed two securitisations, the first regarding consumer loans amounting to € 725 mn and the second business loans amounting to € 900 mn; 59% of these issuances were rated as "Aaa" by Moody's rating agency;

- on 14 May '09 a contract with the Greek State was signed, under which the State acquired 77,568,134 preference non-voting shares of the Bank with a total value of € 370 mn, according to Law 3723/2008 for the reinforcement of the Greek economy's liquidity, while the process of the share capital increase was completed on 22.05.09. Following this, according to Law 3723/2008, Mr. Georgios Chiotis was assigned as state representative and participates in the meetings of the Board of Directors of the Bank;

- on 1 June '09 the private placement of 13,280,976 treasury shares of the Bank took place; the shares were offered to institutional investors and corresponded to 3.95% of the total number of common shares, with a price of € 7.70 per share;

- on 3 June '09 a 2-year senior bond issue without guarantee in the amount of € 500 mn was successfully completed, under the Bank's EMTN programme (Euro Medium Term Note), in order to raise medium to long term funds. This issue was 2.5 times oversubscribed and 60% of the amount was distributed to international institutional investors;

- on 2 July '09 the Bank announced the conclusion of a strategic partnership with BNP Wealth Management in wealth management services in Greece, including also the countries where Piraeus Bank Group is present, through two joint ventures;

- on 18 August '09 the completion of three new loan securitisations of Piraeus Bank Group was announced, with a total issue size of €3,450 mn (of which € 540 mn regarded leasing loans, € 558 mn consumer and credit card loans and € 2,352 mn business loans). In total, 67% of the total issues' size was rated as "Aaa" by Moody's rating agency;

- on 9 September '09 an issue of a 3-year senior bond in the amount of € 500 mn was completed, constituting the second such issue in 2009, while towards the end of the same month an early recall of Lower Tier II bonds took place in the amount of € 400 mn;

- on 1 October '09, Piraeus Bank Group and Victoria General Insurance Company S.A., a subsidiary of Ergo International in Greece and member of the German insurance Group Munich Re announced the conclusion of a 10-year exclusive cooperation agreement in the general insurance field. Furthermore, since 2007 Piraeus Bank and ING have agreed to a 10 year collaboration in the bancassurance field;

- on 30 December '09, Piraeus Bank proceeded with the transfer of 31.31% stake in Proton Bank's share capital.

As a result of the unfavorable fiscal and macroeconomic developments, credit rating agencies have downgraded their ratings for the Greek economy (recent changes: Moody's A2 from A1, S&P's and Fitch BBB+ from A-), having a negative impact on the ratings of the Greek banks. Hence, on 3 February '09 Moody's rating agency downgraded the long term credit rating of the Bank to A2 from A1 with negative outlook. Moreover, on 4 May '09 S&P's rating agency revised the Bank's credit rating to BBB from BBB+ with stable outlook. In addition, on 8 December '09 Fitch Ratings proceeded to a revision of Piraeus Bank's rating to BBB+ from A-, retaining the outlook to negative. On 17.12.09 Standard & Poor's proceeded to a revision of the Bank's outlook to negative from stable, retaining the rating to BBB. Also, on 22.12.09 Moody's rating agency reconfirmed Piraeus Bank's credit rating to A2 with negative outlook. Finally, on 23.02.10, Fitch Ratings proceeded with another downgrade of Piraeus Bank's rating to BBB with negative outlook, while on 03.03.10 Moody's rating agency placed the Bank's ratings on review for possible downgrade. Finally, on 16 March 2010, Standard & Poor's affirmed BBB/A-2 credit ratings on Piraeus Bank with negative outlook, while it removed the ratings on the bank from CreditWatch, where it had placed them on 17 December 2009.

With regard to 2009 financial performance, Piraeus Bank Group's total assets reached € 54.3 bn at the end of December 2009, decreased by 1% y-o-y. Total deposits and retail bonds amounted to € 30.8 bn, reduced by 2% y-o-y, while net loans post provisions amounted to € 37.7 bn, reduced by an equivalent rate (-2%) compared to 2008. The preservation of the necessary liquidity at satisfactory level was achieved thanks to targeted policies for attracting deposits, balanced delta of loans and deposits on an annual basis, implementation of five securitisation programmes and two senior bond issues that were mentioned above and the wide diversification of retail and interbank funding sources.

Group profitability for 2009 was aligned with the market's special conditions. Pre tax and provision profit amounted to € 778 mn from € 774 mn in 2008, slightly increased by 0.5%. Net revenues and operating expenses also remained at 2008 levels, while impairment losses on loans and receivables were increased to € 491 mn versus € 388 mn (+27%) due to the deteriorating economic environment both in Greece and in South-eastern Europe. Hence, net profit for 2009 amounted to € 235 mn, decreased by 25% y-o-y. Net profit in 2009 was also burdened from the one-off tax imposed on profits posted in 2008 by large enterprises in Greece, amounting to € 34 mn. Adjusting for the one-off tax, net profit attributable to shareholders for 2009 amounted to € 202 mn. Earnings after tax per share in 2009 amounted to € 0.56 versus € 0.95 comparing to last year's respective period.

Return on average common shareholders' equity (RoE) was set to 7.9%, while the return on average assets (RoA) stood at 0.4% (both ratios excluding the one-off tax). Efficiency ratio "cost to income" reached 53.7% compared to 54.3% for the previous year, while "cost on average assets" improved to 1.6% compared to 1.8% in 2008. The significant containment of operating expenses (zero change y-o-y) is worth noting and is a result of systematic actions in this area, according to the Group's guidance to sustain the year's operating cost at the same level of 2008.

Loans in arrears above 90 days (IFRS 7) reached 5.1% of total loans, with Piraeus ratio significant below the respective ratio of the Greek market. The provisions coverage ratio on loans in arrears over 90 days reached 51%, unchanged compared to year-end 2008, despite the increase in NPLs and the realisation of € 157 mn write-offs.

Piraeus Bank Group's total equity at the end of December 2009 amounted to € 3.25 bn, excluding the Greek State's € 370 mn preference shares. When the latter are included, total equity amounted to € 3.6 bn versus € 3.0 bn at the end of 2008.

The capital adequacy ratio (Basel II) stood at a particularly satisfactory level, with a total capital adequacy ratio at the end of December 2009 at 9.8%, while Tier I ratio reached 9.1%. It is reminded that at the end of September '09 the Group called its €400 mn Lower Tier II bond.

The Group's network reached 872 branches at the end of December 2009, with 359 branches in Greece and 513 in 9 countries internationally. The Group's employees on 31.12.09 numbered 13,417 people, out of which 6,660 were in Greece and 6,757 abroad. The network's presence along with the continuous effort of the Bank's employees have contributed to the increase of customers in Greece by 125 thousands in 2009, reaching 2.2 mn at the end of December 2009. When including the customers of Piraeus Group outside of Greece, the overall number of Group customers reached 3.2 million at the end of December 2009.

Regarding the transactions of Piraeus Bank with related parties, such as members of the Board of Directors and of the Management of Piraeus Bank and its subsidiaries, it is noted that these were not significant during 2009, whereas in any case they are included in the Group's financial statements.

On 31.12.2009 Piraeus Bank's share capital was divided into 336,272,519 common shares with voting rights and into 77,568,134 preference shares without voting rights, all of which have a nominal value of € 4.77 each. During 2009 and following relevant resolutions of the Shareholders' General Meeting and Board of Directors of the Bank, 6,728,991 new shares, which resulted from the distribution of the dividend for 2008 in the form of shares to the Bank's shareholders, were listed on the stock exchange. These shares were distributed with the rate of 1 new share for every 47 existing common shares. During 2009 Piraeus Bank acquired 757,222 own shares of a nominal value € 3,611,949 (representing 0.23% of the total number of common shares) and of total purchase value of € 4,118,971, following the resolution of the Ordinary General Shareholders' Meeting held on 03.04.2008. The acquisition of own shares was conducted in line with the implementation of the Management's strategy. Furthermore, on 1 June 2009 13,280,976 treasury shares of the Bank (3.95% of the total number of common shares) were sold to institutional investors through a private placement with a total acquisition value of € 171,437,758. It should be noted that the Bank did not possess any treasury shares at the end of 2009.

The course of the Bank's share price in the stock exchange during 2009 was affected mainly by the unfavorable international and Greek macroeconomic developments, exhibiting significant volatility. Hence, Piraeus Bank's share price followed the ATHEX banking index trend, recording a downward course until early March last year, but improved significantly afterwards posting a 29% increase at the end of 2009 (€ 8.09).

Concluding the display of the basic highlights of Piraeus Bank Group's performance in 2009, it must be pointed out that Piraeus Bank's strategy lies in being a bank of the "middle" segment of the market, of businesses and households, having stood on their side consistently during the last eighteen years, but also with great dedication during this entire period of crisis. The Bank has responded to the increasing needs of its customers, while it opened new pathways for the support of medium sized and small enterprises and the safeguarding of job positions through special financing programmes, in cooperation with the European Investment Bank, the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME) and also the major Chambers of Commerce and Industry in Greece. Furthermore, Piraeus Bank had active participation in the National Strategic Reference Framework (ESPA) programmes for professionals and small-medium sized enterprises, which were completed in November and December 2009, ranking first in number of submissions among the Greek banks for both programmes.

At the same time, Piraeus Bank implemented innovative programs which earned the recognition of the market, such as the 'green' entrepreneurship programme (Green Banking), while it developed reinforcement policies, continuing to finance environmentally friendly initiatives. Within this framework, in July 2009 the Bank established the General Division of Green Banking, while at the same time it announced the new financing programme for the next two-year period addressed both to individuals and enterprises for 'green' products, apart from the already approved credit limits which amount to € 650mn. These products have to do with lending for Renewable Sources of Energy, saving energy, waste management, "green" transportation, organic farming, ecotourism-agritourism and 'green' chemistry products.

With regards to current trends and forecasts, it should be noted that the international economic environment is showing signs of gradual economic recovery. On the contrary, Greece is still in a recession phase, which is expected to last all 2010 up until, with the implementation of the Stability and Growth Pact 2010-2013, markets gradually normalise and the country resets into a course of growth. Surely, the current year will be difficult, with many challenges and with anticipated turbulences, but the majority consensus for the measures permits optimism for the positive outcome of the collective efforts: the reforming of public finances and the promotion of structural reforms in the public sector, the undertaking of initiatives and actions by the private sector, so as to improve competitiveness and economic extroversion.

The Group's key policy principles for 2009, liquidity, capital adequacy, asset quality and cost containment, remain priorities for 2010 as well. At the same time, the next steps for business growth are being prepared, both in Southeastern European countries, which are gradually entering a recovery phase, as well as in Greece. In a slow growth environment, Piraeus Group continues to operate and plan, addressing both the present and the future. Quality of customer service is firmly the main focus of the bank's efforts, a core component of a strategy which aims to ensure the interests of shareholders, employees, as well as society in general.

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 31/12/2009, regarding the matters arising under paragraph 7 of article 4 of Law 3556/2007.

I. Information regarding the share capital structure of Piraeus Bank.

On the 31/12/2009 the share capital of Piraeus Bank amounted to € 1,974,019,914.81, divided into 336,272,519 ordinary registered voting shares and 77,568,134 non-voting preferential shares, all having a nominal value of € 4.77 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 receive dividends from the profits of the Bank. By way of exception to the provisions of CL 2190/1920, it is not permitted to distribute dividends in cash in respect of the fiscal years 2008 and 2009 and for as long as the Greek State holds preferential shares of the Bank, in accordance with l. 3723/2008, in conjunction the circular no. 20708/B/1175/23-04-2009 issued by the Ministry of Economy and Finance, whilst at the same time the General Meeting is entitled to resolve upon the non distribution of dividends or upon the distribution solely in the form of new shares, which cannot exceed the percentage of the first dividend, as per the provisions of Article 1 of l. 3723/2008.

- 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 during 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 represent 18.74% of the total share capital of the Bank and, pursuant to law 3723/2008, confer upon the Greek State the following privileges:

- The right to collect fixed non cummulative return calculated at ten percent (10%) on the issue price of each preferential share acquired by the Greek State. The collection of said return 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 return 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 Directors 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.

II. 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.

III. Major direct and indirect shareholdings within the meaning of Law 3556/2007.

No individual shareholder (natural or legal person) directly or indirectly holds a stake higher than 5% of the total number of ordinary shares of the Bank.

IV. As of 31/12/2009 there are no ordinary shares of Piraeus Bank which provide their holders with special control rights.

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

VI. 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.

VII. 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 is 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 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.

VIII. Pursuant to the resolution of the 2nd Repeated Ordinary General Meeting of the Shareholders of the Bank dated 03/05/2007, 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 with the issuance of 270,195,031 shares having a nominal value of € 4.77 each 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 2190/1920, 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.

IX. 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 Stock Exchange, in accordance with the provisions of art. 16, Cod Law 2190/1920, with an acquisition value per share ranging from € 4 (minimum) to € 40 (maximum). The aforementioned resolution lapses on 3.4.2010.

X. 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.

XI. 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 € 27.4 million on 31.12.2009 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.

For the Board of Directors of the Bank
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 2009 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 2009 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	Alexandros St. Manos	Stavros M. Lekkakos
Chairman of BoD & CEO	Managing Director	Managing Director

AVAILABILITY OF ANNUAL FINANCIAL REPORT 2009

The Annual Financial Report for the year 2009 which includes:

- The Board of Directors' Management Report
- The Explanatory Report
- 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 31/12/2009
- 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=

Independent Auditor's Report

To the Shareholders of "Piraeus Bank S.A"

Report on the Financial Statements

We have audited the accompanying financial statements of "Piraeus Bank S.A." (the "Bank") and the consolidated financial statements of the Bank and its subsidiaries (the "Group") which comprise the Bank and consolidated statement of financial position as of 31 December 2009 and the bank and consolidated income statement, statement of changes in equity, statement of total comprehensive income and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the system of internal control relevant to the entity's preparation and fair presentation of the 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 system of 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 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 accompanying financial statements present fairly, in all material respects, the financial position of the Bank and the Group as of 31 December 2009 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal Matters

We verified the consistency of the Board of Directors' report with the accompanying financial statements, in accordance with the articles 43a, 107 and 37 of Law 2190/1920.

Athens, 29 March 2010
The Chartered Accountant

Konstantinos Michalatos
AM SOEL: 17701

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

PIRAEUS BANK GROUP

Consolidated Financial Statements

31 December 2009

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 29th 2010 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.

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BOARD OF DIRECTORS' MANAGEMENT REPORT

Dear Shareholders,

The measures that were implemented during 2009 in order to support the financial system and the economies at international level bore fruits, as, from the second half of the year, signs of inversion of economic climate were observed. Indicative for the above is the positive revision by the International Monetary Fund (IMF) in late January 2010 with respect to the estimated global GDP growth to 3.9% for the current year and to 4.3% for 2011. The respective forecast for the Eurozone was also positively revised to 1.0% for 2010. The emerging markets of Asia remain the main drivers of growth for the global economy.

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- on 2 July '09 the Bank announced the conclusion of a strategic partnership with BNP Wealth Management in wealth management services in Greece, including also the countries where Piraeus Bank Group is present, through two joint ventures;

- on 18 August '09 the completion of three new loan securitisations of Piraeus Bank Group was announced, with a total issue size of €3,450 mn (of which € 540 mn regarded leasing loans, € 558 mn consumer and credit card loans and € 2,352 mn business loans). In total, 67% of the total issues' size was rated as "Aaa" by Moody's rating agency;

- on 9 September '09 an issue of a 3-year senior bond in the amount of € 500 mn was completed, constituting the second such issue in 2009, while towards the end of the same month an early recall of Lower Tier II bonds took place in the amount of € 400 mn;

- on 1 October '09, Piraeus Bank Group and Victoria General Insurance Company S.A., a subsidiary of Ergo International in Greece and member of the German insurance Group Munich Re announced the conclusion of a 10-year exclusive cooperation agreement in the general insurance field. Furthermore, since 2007 Piraeus Bank and ING have agreed to a 10 year collaboration in the bancassurance field;

- on 30 December '09, Piraeus Bank proceeded with the transfer of 31.31% stake in Proton Bank's share capital.

As a result of the unfavorable fiscal and macroeconomic developments, credit rating agencies have downgraded their ratings for the Greek economy (recent changes: Moody's A2 from A1, S&P's and Fitch BBB+ from A-), having a negative impact on the ratings of the Greek banks. Hence, on 3 February '09 Moody's rating agency downgraded the long term credit rating of the Bank to A2 from A1 with negative outlook. Moreover, on 4 May '09 S&P's rating agency revised the Bank's credit rating to BBB from BBB+ with stable outlook. In addition, on 8 December '09 Fitch Ratings proceeded to a revision of Piraeus Bank's rating to BBB+ from A-, retaining the outlook to negative. On 17.12.09 Standard & Poor's proceeded to a revision of the Bank's outlook to negative from stable, retaining the rating to BBB. Also, on 22.12.09 Moody's rating agency reconfirmed Piraeus Bank's credit rating to A2 with negative outlook. Finally, on 23.02.10, Fitch Ratings proceeded with another downgrade of Piraeus Bank's rating to BBB with negative outlook, while on 03.03.10 Moody's rating agency placed the Bank's ratings on review for possible downgrade. Finally, on 16 March 2010, Standard & Poor's affirmed BBB/A-2 credit ratings on Piraeus Bank with negative outlook, while it removed the ratings on the bank from CreditWatch, where it had placed them on 17 December 2009.

With regard to 2009 financial performance, Piraeus Bank Group's total assets reached € 54.3 bn at the end of December 2009, decreased by 1% y-o-y. Total deposits and retail bonds amounted to € 30.8 bn, reduced by 2% y-o-y, while net loans post provisions amounted to € 37.7 bn, reduced by an equivalent rate (-2%) compared to 2008. The preservation of the necessary liquidity at satisfactory level was achieved thanks to targeted policies for attracting deposits, balanced delta of loans and deposits on an annual basis, implementation of five securitisation programmes and two senior bond issues that were mentioned above and the wide diversification of retail and interbank funding sources.

Group profitability for 2009 was aligned with the market's special conditions. Pre tax and provision profit amounted to € 778 mn from € 774 mn in 2008, slightly increased by 0.5%. Net revenues and operating expenses also remained at 2008 levels, while impairment losses on loans and receivables were increased to € 491 mn versus € 388 mn (+27%) due to the deteriorating economic environment both in Greece and in South-eastern Europe. Hence, net profit for 2009 amounted to € 235 mn, decreased by 25% y-o-y. Net profit in 2009 was also burdened from the one-off tax imposed on profits posted in 2008 by large enterprises in Greece, amounting to € 34 mn. Adjusting for the one-off tax, net profit attributable to shareholders for 2009 amounted to € 202 mn. Earnings after tax per share in 2009 amounted to € 0.56 versus € 0.95 comparing to last year's respective period.

Return on average common shareholders' equity (RoE) was set to 7.9%, while the return on average assets (RoA) stood at 0.4% (both ratios excluding the one-off tax). Efficiency ratio "cost to income" reached 53.7% compared to 54.3% for the previous year, while "cost on average assets" improved to 1.6% compared to 1.8% in 2008. The significant containment of operating expenses (zero change y-o-y) is worth noting and is a result of systematic actions in this area, according to the Group's guidance to sustain the year's operating cost at the same level of 2008.

Loans in arrears above 90 days (IFRS 7) reached 5.1% of total loans, with Piraeus ratio significant below the respective ratio of the Greek market. The provisions coverage ratio on loans in arrears over 90 days reached 51%, unchanged compared to year-end 2008, despite the increase in NPLs and the realisation of € 157 mn write-offs.

Piraeus Bank Group's total equity at the end of December 2009 amounted to € 3.25 bn, excluding the Greek State's € 370 mn preference shares. When the latter are included, total equity amounted to € 3.6 bn versus € 3.0 bn at the end of 2008.

The capital adequacy ratio (Basel II) stood at a particularly satisfactory level, with a total capital adequacy ratio at the end of December 2009 at 9.8%, while Tier I ratio reached 9.1%. It is reminded that at the end of September '09 the Group called its €400 mn Lower Tier II bond.

The Group's network reached 872 branches at the end of December 2009, with 359 branches in Greece and 513 in 9 countries internationally. The Group's employees on 31.12.09 numbered 13,417 people, out of which 6,660 were in Greece and 6,757 abroad. The network's presence along with the continuous effort of the Bank's employees have contributed to the increase of customers in Greece by 125 thousands in 2009, reaching 2.2 mn at the end of December 2009. When including the customers of Piraeus Group outside of Greece, the overall number of Group customers reached 3.2 million at the end of December 2009.

Regarding the transactions of Piraeus Bank with related parties, such as members of the Board of Directors and of the Management of Piraeus Bank and its subsidiaries, it is noted that these were not significant during 2009, whereas in any case they are included in the Group's financial statements.

On 31.12.2009 Piraeus Bank's share capital was divided into 336,272,519 common shares with voting rights and into 77,568,134 preference shares without voting rights, all of which have a nominal value of € 4.77 each. During 2009 and following relevant resolutions of the Shareholders' General Meeting and Board of Directors of the Bank, 6,728,991 new shares, which resulted from the distribution of the dividend for 2008 in the form of shares to the Bank's shareholders, were listed on the stock exchange. These shares were distributed with the rate of 1 new share for every 47 existing common shares. During 2009 Piraeus Bank acquired 757,222 own shares of a nominal value € 3,611,949 (representing 0.23% of the total number of common shares) and of total purchase value of € 4,118,971, following the resolution of the Ordinary General Shareholders' Meeting held on 03.04.2008. The acquisition of own shares was conducted in line with the implementation of the Management's strategy. Furthermore, on 1 June 2009 13,280,976 treasury shares of the Bank (3.95% of the total number of common shares) were sold to institutional investors through a private placement with a total acquisition value of € 171,437,758. It should be noted that the Bank did not possess any treasury shares at the end of 2009.

The course of the Bank's share price in the stock exchange during 2009 was affected mainly by the unfavorable international and Greek macroeconomic developments, exhibiting significant volatility. Hence, Piraeus Bank's share price followed the ATHEX banking index trend, recording a downward course until early March last year, but improved significantly afterwards posting a 29% increase at the end of 2009 (€ 8.09).

Concluding the display of the basic highlights of Piraeus Bank Group's performance in 2009, it must be pointed out that Piraeus Bank's strategy lies in being a bank of the "middle" segment of the market, of businesses and households, having stood on their side consistently during the last eighteen years, but also with great dedication during this entire period of crisis. The Bank has responded to the increasing needs of its customers, while it opened new pathways for the support of medium sized and small enterprises and the safeguarding of job positions through special financing programmes, in cooperation with the European Investment Bank, the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME) and also the major Chambers of Commerce and Industry in Greece. Furthermore, Piraeus Bank had active participation in the National Strategic Reference Framework (ESPA) programmes for professionals and small-medium sized enterprises, which were completed in November and December 2009, ranking first in number of submissions among the Greek banks for both programmes.

At the same time, Piraeus Bank implemented innovative programs which earned the recognition of the market, such as the 'green' entrepreneurship programme (Green Banking), while it developed reinforcement policies, continuing to finance environmentally friendly initiatives. Within this framework, in July 2009 the Bank established the General Division of Green Banking, while at the same time it announced the new financing programme for the next two-year period addressed both to individuals and enterprises for 'green' products, apart from the already approved credit limits which amount to € 650mn. These products have to do with lending for Renewable Sources of Energy, saving energy, waste management, "green" transportation, organic farming, ecotourism-agritourism and 'green' chemistry products.

With regards to current trends and forecasts, it should be noted that the international economic environment is showing signs of gradual economic recovery. On the contrary, Greece is still in a recession phase, which is expected to last all 2010 up until, with the implementation of the Stability and Growth Pact 2010-2013, markets gradually normalise and the country resets into a course of growth. Surely, the current year will be difficult, with many challenges and with anticipated turbulences, but the majority consensus for the measures permits optimism for the positive outcome of the collective efforts: the reforming of public finances and the promotion of structural reforms in the public sector, the undertaking of initiatives and actions by the private sector, so as to improve competitiveness and economic extroversion.

The Group's key policy principles for 2009, liquidity, capital adequacy, asset quality and cost containment, remain priorities for 2010 as well. At the same time, the next steps for business growth are being prepared, both in Southeastern European countries, which are gradually entering a recovery phase, as well as in Greece. In a slow growth environment, Piraeus Group continues to operate and plan, addressing both the present and the future. Quality of customer service is firmly the main focus of the bank's efforts, a core component of a strategy which aims to ensure the interests of shareholders, employees, as well as society in general.

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 31/12/2009, regarding the matters arising under paragraph 7 of article 4 of Law 3556/2007.

I. Information regarding the share capital structure of Piraeus Bank.

On the 31/12/2009 the share capital of Piraeus Bank amounted to € 1,974,019,914.81, divided into 336,272,519 ordinary registered voting shares and 77,568,134 non-voting preferential shares, all having a nominal value of € 4.77 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 receive dividends from the profits of the Bank. By way of exception to the provisions of CL 2190/1920, it is not permitted to distribute dividends in cash in respect of the fiscal years 2008 and 2009 and for as long as the Greek State holds preferential shares of the Bank, in accordance with l. 3723/2008, in conjunction the circular no. 20708/B/1175/23-04-2009 issued by the Ministry of Economy and Finance, whilst at the same time the General Meeting is entitled to resolve upon the non distribution of dividends or upon the distribution solely in the form of new shares, which cannot exceed the percentage of the first dividend, as per the provisions of Article 1 of l. 3723/2008.

- 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 during 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 represent 18.74% of the total share capital of the Bank and, pursuant to law 3723/2008, confer upon the Greek State the following privileges:

- The right to collect fixed non cummulative return calculated at ten percent (10%) on the issue price of each preferential share acquired by the Greek State. The collection of said return 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 return 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 Directors 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.

II. 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.

III. Major direct and indirect shareholdings within the meaning of Law 3556/2007.

No individual shareholder (natural or legal person) directly or indirectly holds a stake higher than 5% of the total number of ordinary shares of the Bank.

IV. As of 31/12/2009 there are no ordinary shares of Piraeus Bank which provide their holders with special control rights.

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

VI. 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.

VII. 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 is 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 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.

VIII. Pursuant to the resolution of the 2nd Repeated Ordinary General Meeting of the Shareholders of the Bank dated 03/05/2007, 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 with the issuance of 270,195,031 shares having a nominal value of € 4.77 each 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 2190/1920, 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.

IX. 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 Stock Exchange, in accordance with the provisions of art. 16, Cod Law 2190/1920, with an acquisition value per share ranging from € 4 (minimum) to € 40 (maximum). The aforementioned resolution lapses on 3.4.2010.

X. 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.

XI. 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 € 27.4 million on 31.12.2009 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.

For the Board of Directors of the Bank
Michalis G. Sallas

Chairman of the Board of Directors

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2009	Year ended 31 December 2008
Interest and similar income	6	2,789,159	3,897,769
Interest expense and similar charges	6	(1,684,275)	(2,737,999)
NET INTEREST INCOME		**1,104,884**	**1,159,770**
Fee and commission income	7	256,157	285,622
Fee and commission expense	7	(50,116)	(43,975)
NET FEE AND COMMISSION INCOME		**206,041**	**241,647**
Dividend income	8	13,303	25,887
Net trading income	9	174,863	(13,348)
Net income from financial instruments designated at fair value through profit or loss	10	(916)	20,706
Gains/ (Losses) from investment securities	11	3,529	297
Other operating income	12	160,921	216,737
TOTAL NET INCOME		**1,662,625**	**1,651,696**
Staff costs	13	(426,170)	(442,076)
Administrative expenses	14	(377,190)	(382,516)
Depreciation and amortisation	27.28	(92,805)	(76,979)
Gains/ (Losses) from sale of assets		2,686	4,978
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(893,479)**	**(896,593)**
PROFIT BEFORE PROVISIONS AND INCOME TAX		**769,146**	**755,103**
Impairment losses on loans and receivables	22	(488,099)	(386,303)
Other provisions	37	(3,053)	(1,881)
Share of profit of associates	26	8,621	18,868
PROFIT BEFORE INCOME TAX		**286,615**	**385,788**
Tax for the year	15	(46,792)	(54,521)
Tax contribution		(34,194)	-
Income Tax		**(80,986)**	**(54,521)**
PROFIT AFTER TAX		**205,629**	**331,267**
Profit for the year attributable to equity holders of the parent entity		201,749	315,087
Minority Interest		3,880	16,180
Earnings per share attributable to equity holders of the parent entity			
-Basic	16	0.5551	0.9541
-Diluted	16	0.5551	0.9541
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS WITHOUT TAX CONTRIBUTION		**235,495**	**315,087**

Amounts in thousand euros (unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2009	31 December 2008
ASSETS			
Cash and balances with central banks	18	2,977,561	3,740,708
Treasury bills and other eligible bills		-	207,023
Loans and advances to credit institutions	19	992,325	2,348,289
Derivative financial instruments - assets	20	171,467	366,253
Trading securities	21	1,393,237	1,300,519
Financial instruments at fair value through profit or loss	21	162,817	89,224
Loans and advances to customers (net of provisions)	22	37,688,258	38,312,669
Investment securities			
-Available for sale securities	23	2,338,460	875,892
-Held to maturity	23	3,363,535	3,372,205
Debt securities - receivables	25	1,183,006	527,699
Investments in associated undertakings	26	184,023	219,399
Intangible fixed assets	27	339,160	302,994
Property, plant and equipment	28	987,271	970,990
Investment property	29	819,894	710,374
Assets held for sale	30	101,771	10,557
Deferred tax assets	38	282,652	254,422
Inventories - property	31	206,015	186,069
Other assets	31	1,088,338	1,094,572
TOTAL ASSETS		**54,279,791**	**54,889,856**
LIABILITIES			
Due to credit institutions	32	14,432,854	14,121,872
Derivative financial instruments - liabilities	20	162,023	369,692
Due to customers	33	30,063,606	28,380,817
Debt securities in issue	34	4,206,276	6,488,225
Other borrowed funds	35	351,526	765,959
Hybrid capital	35	159,752	201,444
Retirement benefit obligations	39	202,461	198,605
Other provisions	37	18,089	24,160
Current income tax liabilities		71,030	98,758
Deferred tax liabilities	38	140,058	127,770
Other liabilities	36	857,882	1,087,353
TOTAL LIABILITIES		**50,665,556**	**51,864,656**
EQUITY			
Ordinary shares	41	1,604,020	1,571,923
Preference shares	41	370,000	-
Share premium	41	927,739	927,775
Less: Treasury shares	41	(123)	(167,321)
Other reserves	42	(218,195)	(177,586)
Retained earnings	42	782,618	721,359
Capital and reserves attributable to equity holders of the parent entity		**3,466,060**	**2,876,149**
Minority interest		148,176	149,051
TOTAL EQUITY		**3,614,235**	**3,025,200**
TOTAL LIABILITIES AND EQUITY		**54,279,791**	**54,889,856**

The notes on pages 12 to 69 are integral part of these consolidated financial statements.

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	From January 1st to 31 December 2009	31 December 2008
PROFIT AFTER TAX (A)		**205,629**	**331,267**
Other comprehensive income, net of tax:			
Net change in available for sale investments	17	4,870	(177,834)
Change in currency translation reserve	17	(68,558)	(57,412)
Other comprehensive income, net of tax (B)		**(63,688)**	**(235,246)**
Total comprehensive income, net of tax (A+B)		**141,941**	**96,021**
-Attributable to equity holders of the parent entity		138,350	79,440
-Minority Interest		3,591	16,581

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 2008		**1,617,977**	**1,099,903**	**(250,862)**	**53,939**	**561,058**	**227,564**	**3,309,579**
Other comprehensive income for the period, net of tax					(235,647)		401	(235,246)
Profit after tax for the year 2008	42					315,087	16,180	331,267
Total recognised income in 2008		**0**	**0**	**0**	**(235,647)**	**315,087**	**16,581**	**96,021**
Prior year dividends						(118,122)	(2,216)	(120,338)
Share capital increase due to reinvestment of dividends	41	3,589	12,398					15,988
Cancellation of treasury shares	41	(49,644)	(184,526)	234,170				0
Purchases of treasury shares	41			(188,745)				(188,745)
Sale of treasury shares	41, 42			38,116		(13,431)		24,685
Transfer between other reserves and retained earnings					12,590	(12,590)		0
Acquisitions, disposals and movement in subsidiaries holding					(3,871)	(8,246)	(91,749)	(103,866)
Other movements					(4,597)	(2,397)	(1,129)	(8,124)
Balance as at 31 December 2008		**1,571,923**	**927,775**	**(167,321)**	**(177,586)**	**721,359**	**149,051**	**3,025,200**
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 period, net of tax					(63,399)	0	(289)	(63,688)
Profit after tax for the year 2009	42					201,749	3,880	205,629
Total recognised income in 2009		**0**	**0**	**0**	**(63,399)**	**201,749**	**3,591**	**141,941**
Prior year dividends						(35,664)	(2,207)	(37,871)
Share capital increase due to reinvestment of dividends	41	32,097	(36)					32,061
Issue of preference shares	41, 42	370,000				(4,110)		365,890
Purchases of treasury shares	41			(4,240)				(4,240)
Sale of treasury shares	41, 42			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**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	From January 1st to 31 December 2009	31 December 2008
Cash flows from operating activities			
Profit before tax		286,615	385,788
Adjustments to profit before tax			
Add: impairment for loans and advances and other provisions	22, 37	491,151	388,184
Add: depreciation and amortisation	27, 28	92,805	76,979
Add: retirement benefits	39	28,601	33,403
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		(34,884)	66,468
(Gains)/ losses from investing activities		(90,924)	(129,900)
Cash flows from operating profits before changes in operating assets and liabilities		**773,365**	**820,921**
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		192,718	(283,280)
Net (increase)/ decrease in treasury bills and other eligible bills		150,549	28,877
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		(103,622)	1,681,032
Net (increase)/ decrease in debt securities - receivables		(655,307)	-
Net (increase)/ decrease in loans and advances to credit institutions		321,944	556,935
Net (increase)/ decrease in loans and advances to customers		175,320	(8,290,098)
Net (increase)/ decrease in other assets		(107,983)	(112,447)
Net increase/ (decrease) in amounts due to credit institutions		310,981	3,353,748
Net increase/ (decrease) in amounts due to customers		1,682,789	6,042,899
Net increase/ (decrease) in other liabilities		(281,789)	18,066
Net cash from operating activities before income tax payment		**2,458,966**	**3,816,653**
Income tax paid		(20,300)	(70,487)
Net cash inflow/ (outflow) from operating activities		**2,438,666**	**3,746,167**
Cash flows from investing activities			
Purchases of property, plant and equipment	28, 29	(261,039)	(319,592)
Sales of property, plant and equipment	28, 29	48,318	87,637
Purchases of intangible assets	27	(23,555)	(30,962)
Purchases of held for sale	30	(76,391)	(8,813)
Sales of held for sale	30	64	2,047
Purchases of available for sale securities	23	(1,641,604)	(449,417)
Disposals of available for sale securities	23	144,119	801,753
Purchase of held to maturity securities	23	(46,095)	(2,440,872)
Maturity of held to maturity securities	23	47,065	51,096
Acquisition of subsidiaries (net of cash & cash equivalents acquired)	46	(6,491)	144,747
Disposals of subsidiaries (net of cash & cash equivalents disposed)	46	8	5,731
Acquisition and participation in share capital increases of associates		(19,492)	(31,258)
Disposal of associates		73,617	120
Dividends received		12,553	25,793
Net cash inflow/ (outflow) from investing activities		**(1,748,921)**	**(2,161,990)**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(2,738,073)	(1,322,181)
Net proceeds from issue of share capital due to reinvestment of dividends	41	32,061	15,987
Net proceeds from issue of preference shares - Greek State	41, 42	365,890	-
Reinvestment/ Payment of prior year dividends		(38,214)	(120,248)
Purchases of treasury shares	41	(4,240)	(188,745)
Sales of treasury shares	41, 42	100,716	24,686
Other cash flows from financing activities		20,471	(7,265)
Net cash inflow/ (outflow) from financing activities		**(2,261,390)**	**(1,597,767)**
Foreign exchange differences on cash and cash equivalents		(48,595)	(39,714)
Net increase/ (decrease) in cash and cash equivalents of the year		**(1,620,241)**	**(53,304)**
Cash and cash equivalents at beginning of the year	44	**5,009,265**	**5,062,568**
Cash and cash equivalents at the end of the year	44	**3,389,025**	**5,009,265**

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 13,417 people.

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices such as FTSE/ATHEX (Banks, 20, 140, International), FTSE/ATHEX-CSE Banking Index, GT-30, MSCI (World, Europe, EMU, EAFE, Greece), Bloomberg (BE500, BEBanks), Dow Jones (Euro Stoxx, Euro Stoxx Banks) and FTSE4Good Index Series.

2 General accounting policies of the Group

The principal 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 the reporting periods presented.

The financial statements of the Group 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.

2.1 Basis of presentation of the consolidated financial statements

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

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 financial statements.

(a) Published standards and interpretations effective in 2009:

- **IAS 1 (Revision) 'Presentation of financial statements' (effective from 1 January 2009).** The amendments refer to the Changes on Equity Financial Statement as well as the presentation of Other Comprehensive Income in the Statement of Total Comprehensive Income. The change in accounting policy impacts the presentation of Consolidated Financial Statements.

- **IFRS 8 'Operating segments' (effective from 1 January 2009).** IFRS 8 requires the determination of reporting segments to be based on internal reports reviewed by management in order to allocate resources to the segments and assess their performance. IFRS 8 replaces IAS 14, 'Segment reporting'. The application of IFRS 8 has an impact on segment disclosure of the Group.

- **IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009).** IFRS 2 provides guidance and redefines the requirements of entrenchment and also refers to the cancellation of share-based payments. The relevant amendment does not have any material effect on the Group.

- **IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).** The amendments of IAS 23 eliminates the option of immediate recognition of borrowing costs as an expense for assets that require a substantial period of time to get ready for their intended use. The application of the IAS 23 amendment does not have a material impact on the consolidated result or items of the consolidated statement of financial position. The application of this amendment doesn't have a material effect on the Group.

- **IAS 32 and IAS 1 (Amendment), 'Financial Instruments: Presentation' (effective from 1 January 2009).** The amendments of IAS 32 relate to puttable instruments and obligations arising on liquidation. Furthermore, a current/non-current classification of derivatives is being provided under IAS 1 amendments as well as amendments relating to disclosure of puttable instruments and obligations arising on liquidation. The relevant amendments do not have any material effect on the Group.

- **IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' (effective from 1 January 2009).** Amendments issued concern the reclassification of derivatives into or out of the classification of financial instruments at fair value through profit or loss. Moreover the amendment refers to designating and documenting hedges at a segment level and also refers to the applicable effective interest rate on cessation of fair value hedge accounting. Further amendments that were issued in March 2009 (effective for annual periods ending on or after 30 June 2009) clarify that, on reclassification of a financial asset out of the 'fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The amendments apply retrospectively. The amendments do not have any material effect on the Group.

- **IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective from 1 January 2009).** The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. The Group included the relevant disclosures at the attached financial statements.

- **IFRIC 13 'Customer Loyalty Programmes' (effective from 1 July 2008).** IFRIC 13 addresses how entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits. The relevant IFRIC does not have any material effect on the Group.

- **IFRIC 15 'Agreements for the Construction of Real Estate' (effective from 1 January 2009 and must be applied retrospectively).** IFRIC 15 standardizes accounting practice across jurisdictions for the recognition of revenue among real estate developers for sales of units before construction is complete. The relevant IFRIC does not have any material effect on the Group.

- **IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (effective from 1 October 2008).** IFRIC 16 clarifies that the presentation currency does not create an exposure to which an entity may apply hedge accounting and provides that the hedging instrument(s) may be held by any entity or entities within the group. Additionally, IFRIC 16 concludes that while IAS 39 "Financial Instruments: Recognition and Measurement" must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 "The Effects of Changes in Foreign Exchange Rates" must be applied in respect of the hedged item. The relevant IFRIC does not have any material effect on the Group.

- **IAS 16 (Amendment), 'Property, plant and equipment' (effective from 1 January 2009).** The core issues of the amendment consist on the calculation of the Recoverable amount of an asset and the sale of assets held for rental. The amendment does not have any material effect on the Group.

- **IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009).** The principal guidelines concern curtailments and negative past service cost, plan administration costs, the replacement of term 'fall due' and finally contingent liabilities. The amendment is not applicable to the Group.

- **IAS 20 (Amendment), 'Government grants and disclosure of government assistance' (effective from 1 January 2009).** The amendment deals with government loans with a below-market rate of interest. The amendment is not applicable to the Group.

- **IAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009).** The amendment relates to the measurement of subsidiary held for sale in separate financial statements. The amendment is not material for the Group.

- **IAS 28 (Amendment), 'Investments in associates' (effective from 1 January 2009).** The amendment clarifies the required disclosures when investments in associates are accounted for at fair value through profit or loss and provides guidelines on the impairment of an investment in an associate. The amendment does not have any material effect on the Group.

- **IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009).** IAS 29 describes the measurement basis in financial statements of entities reporting in the currency of a hyperinflationary economy. The amendment is not applicable to the Group.

- **IAS 31 (Amendment), 'Interests in joint ventures' (effective from 1 January 2009).** The amendments state the required disclosures when interests in joint-venture entities are accounted for at fair value through profit or loss. The amendment is not applicable to the Group.

- **IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009).** The disclosure of estimates used to determine the recoverable amount of an asset, is being clarified due to the amendment of the Standard. The amendment does not have any material effect on the Group.

- **IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).** The main guidelines provided relate to advertising and promotional activities and to the unit of production method of amortization. The amendment does not have any material effect on the Group.

- **IAS 40 (Amendment), 'Investment property' (effective from 1 January 2009).** The amendement provides guidance on the treatment of property under construction or development for future use as investment property. The amendment does not have any material effect on the Group.

- **IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009).** The amendment clarifies the discount rate for the calculation of fair value and provides guidance mainly on the treatment of additional biological transformation. The amendment is not applicable to the Group.

(b) The following new standards and interpretations, issued up to 2009, are not yet effective and have not been early adopted:

- **IFRS 3 (Revised), 'Business Combinations' (effective from 1 July 2009).** Comprehensive revision consists on the application of the acquisition method. The revised IFRS 3 states that acquitition – related costs are costs incurred by the acquirer to effect a business combination and shall be accounted for as expenses in the periods in which they are incurred.

- **IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009).** Consequential changes due to IFRS 3 amendment "Business Combinations".

- **IAS 28 (Revised), 'Investments in associates' (effective from 1 July 2009).** Consequential changes due to IFRS 3 amendment "Business Combinations".

- **IAS 31 (Revised), 'Interests in joint ventures' (effective from 1 July 2009).** Concerns consequential changes due to IFRS 3 amendment "Business Combinations".

- **IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2010).** The amendment clarifies the treatment of acquiring goods or services when the return is the reward according to the value of shares. Particularly, the amendment refers to the cases when the buyer of goods or services in a Group (i.e. a subsidiary) is other than the one that is due to pay (i.e. parent company), accordingly to the shares of either the subsidiaries or the parent company.

- **IAS 32 (Amendment), 'Financial Instruments: Presentation' (effective from 1 February 2010).** The amendment to IAS 32 addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.

- **IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 July 2009).** The amendment refers to eligible hedged Items and the applicable effective interest rate on cessation of fair value hedge accounting.

- **IFRS 9, 'Financial Instruments' (effective from 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. However, it has not been adopted by the European Commission (E.C.) and therefore it may not be set to application. The application date for the Group will be decided after the adoption of IFRS 9 from the E.C.

- **IAS 24 (Revised), 'Related Party Disclosures' (effective from 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.

- **IFRIC 17, 'Distributions of Non-cash Assets to Owners' (effective from 1 July 2009).** The interpretation clarifies that a dividend payable should be recognized when the dividend is authorized and is no longer at the discretion of the entity. Additionally, an entity should measure the dividend payable at the fair value of the net assets to be distributed and recognize the difference between the dividend paid and the carrying amount of the net 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 18, 'Transfers of Assets from Customers (effective for transfers received on or after 1 July 2009).** IFRIC 18 refers how to identify the company's obligation to provide one or more separately identifiable services in exchange for the transferred asset and, therefore, how to recognize revenue. IFRIC 18 also provides guidance on how to account for transfers of cash from customers.

Improvements to IFRS (Amendments).

'Improvements to IFRS' that were issued in April 2009 (not yet endorsed by the E.U.) contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2010 respectively, with earlier application permitted.

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. The existence and effect of potential voting rights that are currently exercisable or convertible are 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. Special purpose entities controlled by the parent company are also included among the Group subsidiaries. Even if there is no shareholder relationship, special purpose entities (SPEs) are consolidated in accordance with amendment 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 has the right to obtain 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 purchase method of accounting is used to account for the acquisition of subsidiaries of the Group. The cost of an acquisition is measured as the aggregate of the fair value consideration given plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the attributable to owners of the parent, of the identifiable net assets acquired, is recorded as goodwill. If the cost of acquisition is less than the fair value of the attributable to owners of the parent, over the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement. For the estimation of the fair values of identifiable assets and liabilities and contingent liabilities of the newly acquired subsidiaries, the method of purchase price allocation (PPA) is used.

Intercompany transactions, intercompany balances and unrealized gains/ losses on transactions between Group companies are eliminated.

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

B. Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

C. Investments in associates

Associates are all entities over which the Group has significant influence (according to the regulations of IAS 28) but not control. Investments in associates are consolidated using the equity method of accounting and they are initially recognised in the balance sheet at cost. 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.

Unrealized gains from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses in associates are recognised in the income statement.

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.

(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 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 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. 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.

- Detailed documentation must be in place for all recognised hedging relationships.

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: (1) hedges of the fair value of recognised assets or liabilities or, (2) 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 an 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 the interest income is recognised according to the effective interest rate applied on the carrying amount.

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

This category includes two subcategories: trading portfolio securities which were acquired for the purpose of profit-making from short-term price changes and financial assets designated at fair value through profit or loss at inception (e.g. asset swaps). Financial assets at fair value through profit or loss are initially recognised at fair value (any transaction costs are expensed in the income statement) and they are subsequently measured at fair value according to current market prices.

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".

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 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 Income. Dividends received are included in "Dividend Income".

Financial assets are designated at fair value through profit or loss 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,

- 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.

2.10 Sale and repurchase agreements

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 loans and advances to credit institutions or customers, as appropriate. 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 also retained in the financial statements. 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 transferred to the available for sale portfolio (unless IAS 39 criteria are met) at its fair value and shall disclosed the relevant negative or positive effect of available for sale portfolio. In such case, 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 transaction date, meaning 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) 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 on each reporting date whether there is an indication of permanent impairment (significant or persistent decreases in fair value) for these securities based on several pricing models. Such models, for the shares of the AFS portfolio, 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 or deviation of 25% from market value in case of listed securities. In case that an impairment occurs from the above models, the Group examines in great detail the potential of recovery of 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 removed from equity and recognised in 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, 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.

Reclassification of financial assets out of the “available-for-sale” category to investments “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 effective interest rate of the financial assets reclassified to “loans and receivables” category and “held to maturity” category is calculated at the date of the reclassification

Reclassification of financial assets out of the “Held to maturity” Category to other categories is not allowed.

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:

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

2) financial assets that the Group upon initial recognition designates as available for sale;

3) 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 individually or 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. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of 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). Those 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 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 Group. When a loan is considered to be uncollectable, 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 that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as performing loans.

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 ; or

(c) those for which the holder may not recover substantially all of its initial investment for reasons, other than because of credit deterioration.

Debt Securities Receivables are measured at amortised cost and the value of these securities is tested for impairment.

2.15 Intangible assets

2.15.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share of the net assets of the acquired subsidiary on the date of acquisition. Goodwill on acquisition of companies that occurred before 1 January 2004 was recorded as a reduction in equity (according to IFRS 1). Goodwill on acquisitions of companies that occurred after 1 January 2004 is recognized at cost as an intangible asset and it is reviewed for impairment on each balance sheet date. Gains and losses on the disposal 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 in a cash generating unit, this loss at first reduces goodwill which has been allocated in this unit and subsequently reduces the value of assets which along with goodwill are part of the 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.

In case that negative goodwill results, the net assets of the subsidiary are re-assessed and if goodwill continues to be negative, the resulting income is recorded in the Income Statement.

2.15.2 Software

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

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 on most occasions amortised 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.

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.

Total 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:

(a) the staff cost which is directly identified and attributed to a particular intangible asset,

(b) 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 its intangible asset which is examined in each case .and are tested for impairment on an annual basis.

Other intangible assets and software 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 and software are impaired to their recoverable amount.

The useful lives of the intangible assets are reviewed and adjusted, if appropriate, at each balance sheet date.

2.16 Property, plant and equipment

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. Speciffically the requirements of IAS 23 state a) that 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 Buildings: 25-50 years

The useful lives and the residual values of the tangible assets are reviewed and adjusted, if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

The range of the useful life in most cases is consistent with the years of useful life as instructed by the effective tax law.

2.17 Investment property

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

Property held under operating lease is classified and accounted for as investment property when 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 2 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. 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 period 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 cost for accounting purposes.

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 within non-current assets held for sale, under IFRS 5.

2.18 Assets Held for sale

This category includes non current assets that will be sold within 12 months and their carrying amount will be recovered principally through the sale transaction. 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 (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. Cost for the property owned by the subsidiaries is determined using the weighted average cost method, excluding any borrowing costs. Net realisable value is the estimated selling price, less any expenses necessary to conclude the sale.

2.20 Leased assets

A. The Group is the Lessee

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.

In case that the Group is the lessee under a finance lease, fixed assets under the finance lease are recognised as assets and the respective obligation for the lease payments as a liability on the balance sheet. At the inception of the lease, fixed assets leased under finance leases 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

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.

In case that the Group is the lessor under an operating lease, the assets held under the operating lease 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.

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 3 months maturity.

2.22 Provisions

Provisions for restructuring costs and legal claims 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 can be reliably estimated.

When there is 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.

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 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 therefore the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to pension obligations. 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. Acturial 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 taxes

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 (valuation according to the IFRS) and the tax base, revaluation of certain assets (such as investment property), provision of loans 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 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 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

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

(b) Dividends: 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.

(c) 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.

(d) 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 Board 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 4 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

Certain accounts of the previous year's financial statements have been adjusted in order to become comparable to the corresponding accounts of the current year. Any differences presented among the amounts of the financial statements and the relevant amounts presented at 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 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.

The Piraeus Bank 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 Piraeus Bank Group Risk Management comprises Credit Risk & Capital Management Division as well as Market & Operational Risk Management Division. Its activities are supervised by 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 and 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 bank that results when the debtors are in no position to fulfill 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 the Management. The Group's overall exposure to credit risk mainly derives from the 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 a credit policy that portrays the credit risk management principles, ensures effective and uniform credit risk monitoring. 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 & 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 condition in order to timely and efficiently support management and the business units in relation to decision making, policy formulation and the fulfillment of supervisory requirements.

a) Loans and advances

For credit risk measurement purposes involved in the Group'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 Group's current 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. The 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 default on their contractual 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 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 arising 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 (MRA) 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 the validation, optimization and calibration project of the existing MRA borrower credit rating system, Piraeus Bank Group has implemented a credit rating model for all Bank corporate customers that keep "C" category accounting books and have a turnover > € 2.5 million. In addition, a new credit rating model for all Bank corporate customers having "C" category accounting books and turnover <= € 2.5 million has been developed.

Corporate Credit borrowers are rated in fourteen (14) grades, which correspond to the different levels of credit risk and relate to different rates of default probability, allowing for the provisioning against specific exposures. 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 develop and implement models for the evaluation of existing customers' transactional behaviour (behaviour scoring) for each product but also at the borrower level (Behaviour models have been already implemented at the Bank 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 semi-annually.

(ii) Monitoring the Bank's current credit risk exposure

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

(iii) Possible recovery based on the existing associated 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. In general, the worse the credit rating of a borrower, the larger the probability of them defaulting on their obligations to the Group, and therefore the collateral, security and guarantees required should be correspondingly of better quality in order to ensure the highest possible recovery rate.

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 based on the market value of on or off balance sheet exposures and/or positions. Investments in debt securities and other bills provide means of diversification of credit risk and serve in managing liquidity for the Group.

(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 & 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 & 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.

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 activity sector 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
- Pledged cheques
- 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 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 contractual right and the expressed intention to net the regognised amounts owed to the Group by a counterparty, the Group is entitled to proceed in netting a claim that arises after the offset 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 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.

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 occured.

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.

Amounts in thousand euros (Unless otherwise stated)

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 31/12/2009 and 31/12/2008, 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	**2009**	**2008**
Treasury bills and other eligible bills	-	207,023
Loans and advances to credit institutions	992,325	2,348,289
Derivative financial instruments - assets	171,467	366,253
Bonds of trading portfolio	1,293,524	1,236,441
Bonds at fair value through profit or loss	154,700	82,709
Loans and advances to customers (net of provisions)		
Loans to individuals:		
- Mortgages	6,605,938	6,635,531
- Consumer/ personal loans	3,767,524	4,280,950
- Credit cards	741,799	717,586
Loans to corporate entities		
- Small/ medium entities	17,758,711	18,310,105
- Large corporate entities	8,814,287	8,368,497
Debt securities - receivables	1,183,006	527,699
Bonds of investment portfolio	5,485,708	4,044,641
Other assets	1,039,458	1,002,172
Credit risk exposures relating to off-balance sheet assets		
Letters of guarantees	3,241,246	3,320,462
Letters of credit	126,797	266,644
Commitments to extent credit	13,616,958	12,715,181
At 31 December	**64,993,447**	**64,430,182**

3.1.6 Loans and advances

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

	31 December 2009		31 December 2008	
	Loans and advances to customers	Loans and advances to credit institutions	Loans and advances to customers	Loans and advances to credit institutions
Loans neither past due or impaired	29,815,001	992,325	31,113,076	2,237,629
Past due but not impaired	7,177,093	-	6,749,458	110,668
Impaired	1,691,134	-	1,153,121	-
Gross	**38,683,228**	**992,325**	**39,015,655**	**2,348,297**
Less: Allowance for impairment	(994,970)	-	(702,987)	(8)
Net	**37,688,258**	**992,325**	**38,312,669**	**2,348,289**

a) Loans neither past due or impaired:

Loans and advances to customers

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**

31 December 2008	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	595,573	3,419,494	5,281,379	12,183,583	6,575,056	28,055,084
Special monitoring	-	-	-	2,283,435	774,557	3,057,992
Total	**595,573**	**3,419,494**	**5,281,379**	**14,467,018**	**7,349,613**	**31,113,076**

Loans and advances to credit institutions

Grades	**31 December 2009**	**31 December 2008**
Investment grade	631,479	1,304,093
Standard monitoring	352,112	924,351
Special monitoring	8,735	9,185
Total	**992,325**	**2,237,629**

Amounts in thousand euros (Unless otherwise stated)

b) Loans and advances past due but not impaired:

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

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 2008

	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	94,693	733,825	1,160,825	3,287,959	951,433	6,228,735
Past due 91 - 180 days	15,873	61,737	70,789	136,142	4,651	289,192
Past due > 180 days	-	-	55,480	164,513	11,539	231,532
Total	**110,566**	**795,562**	**1,287,094**	**3,588,613**	**967,623**	**6,749,458**
Fair value of collateral	-	128,377	1,110,917	1,941,087	576,400	3,756,781

c) Loans and advances impaired:

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**

The amount of loans with impairment as of 31/12/2009 includes loans of € 433 million which are not past due above 90 days. The respective amount as of 31/12/2008 is € 284 million.

31 December 2008

	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	69,295	273,293	124,152	546,236	140,146	**1,153,121**
Fair value of collateral	-	31,297	98,069	291,186	84,848	**505,400**

d) Loans and advances renegotiated:

Loans and advances include loans and advances that had been overdue or partially overdue and 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 exactly like the rest of the performing loans and advances, according to their management.

	31 December 2009	**31 December 2008**
Loans to individuals	41,810	9,822
Loans to corporate entities	288,623	82,954
	330,433	**92,777**

Amounts in thousand euros (Unless otherwise stated)

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 2009, based on Standard & Poor's ratings or their equivalent:

31 December 2009	Trading securities	Debt securities - receivables	Financial instruments at fair value through Profit or Loss	Investment securities	Total
AAA	9,477	-	-	120,602	130,078
AA- to AA+	6,026	-	58,295	3,928	68,249
A- to A+	960,079	370,917	96,314	4,932,397	6,359,706
Lower than A-	74,387	352,478	-	306,485	733,350
Unrated	243,555	459,611	91	122,298	825,555
Total	**1,293,524**	**1,183,006**	**154,700**	**5,485,708**	**8,116,938**

3.1.8 Repossessed collateral

During the year 2009, the Group obtained assets after taking possession of collateral held as security for its receivables:

Nature of assets	2009	2008
Property	51,559	31,573
	51,559	**31,573**

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. These assets are included in balance sheet in "Inventories - property".

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 2009 is presented below. The credit risk exposure is based on the country of domicile of the Group's subsidiaries.

	Greece	South East Europe	Rest of Europe	USA	Egypt	Total
Loans and advances to credit institutions	804,995	3,432	36,795	4,270	142,834	992,325
Derivative financial instruments - assets	169,863	1,541	63	-	-	171,467
Bonds & Treasury Bills of trading portfolio	1,041,535	251,989	-	-	-	1,293,524
Bonds at fair value through profit or loss	16,337	138,363	-	-	-	154,700
Loans and advances to customers (net of provisions)						
Loans to individuals						
- Mortgages	5,893,104	597,651	81,467	29,410	4,306	6,605,938
- Consumer - personal loans	2,315,733	1,217,716	96,952	865	136,257	3,767,524
- Credit cards	682,366	44,193	-	-	15,240	741,799
Loans to corporate entities	19,317,401	2,826,567	3,594,788	352,418	481,824	26,572,997
Bonds & Treasury Bills of investment portfolio	5,237,751	101,099	65,655	64,792	16,412	5,485,708
Debt securities - receivables	863,491	100,186	35,303	-	184,027	1,183,006
Other assets	912,908	83,503	20,285	11,957	10,805	1,039,458
As at 31 December 2009	**37,255,483**	**5,366,239**	**3,931,308**	**463,712**	**991,705**	**48,008,447**
As at 31 December 2008	**36,942,611**	**5,077,422**	**4,495,365**	**534,371**	**1,078,126**	**48,127,895**

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 2009. 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	992,325													**992,325**
Derivative financial instruments - assets	171,337										120	5	5	**171,467**
Bonds of Trading portfolio	221,211						1,072,313							**1,293,524**
Bonds at fair value through profit or loss	91						154,609							**154,700**
Loans and advances to customers (net of provisions)														
Loans to individuals (retail customers)														
- Mortgages													6,605,938	**6,605,938**
- Consumer - personal loans													3,767,524	**3,767,524**
- Credit cards													741,799	**741,799**
Loans to corporate entities	1,135,552	4,935,266	3,212,517	1,983,050	1,844,251	4,309,242	693,475	1,239,522	1,673,034	481,616	1,599,281	3,466,192		**26,572,997**
Debt securities-receivables	31,121	4,181					972,304					175,399		**1,183,006**
Bonds of Investment portfolio	287,488	17,503	12			12	5,091,587	659			21,173	67,274		**5,485,708**
Other assets	22,042	28,698	14,686	19,243		16,198	259,434	14	2	308	169	449,776	228,888	**1,039,458**
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**
Balance at 31st December 2008	**4,555,030**	**5,546,102**	**2,731,626**	**1,952,692**	**1,559,199**	**4,588,640**	**5,375,371**	**1,400,380**	**1,638,324**	**490,177**	**1,410,910**	**5,195,935**	**11,683,510**	**48,127,895**

As the loans of some of the sectors above have not been disclosed discretely in the financial statements of 31/12/2008, the Group reformed the balances of 2008 per sector for the purpose of compatibility.

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 equity prices, interest rates and foreign exchange rates. The Group applies up to date, generally accepted techniques for the measurement of market risk, such as Value-at-Risk (VaR), Earnings at Risk and Sensitivity Indicators.

The Board of the Directors of the bank has approved a market risk management policy that applies to the bank and its subsidiaries since the beginning of 2003. This policy outlines the basic definitions of market risk management and defines the roles and the responsibilities of the units and executives involved. Every unit of the Piraeus Bank Group has been assigned specific market risk limits, which are monitored on a consistent basis. Limits are established for items both in the trading and the banking book. Limits are set on the Value-at-Risk and Earnings-at-Risk level, and on Sensitivity Indicators. Value-at-Risk is calculated also for the trading portfolio which relates to the financial instruments valued at market values.

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 RiskMetrics parametric Value-at-Risk methodology, assuming a one-day holding period and utilising a 99% confidence level.

In addition, the Bank estimates for internal monitoring purposes, the Value at Risk measure, taking into account market data that assign increased weight on recent observations (exponentially weighted volatilities and correlations). The bank also estimates a Stressed Value at Risk measure, in order to assess the potential impact of increased volatilities and correlations (calculated during a period of severe economic stress) 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 figures.

The Group tests the validity of the Value-at-Risk estimates, by conducting a back-testing 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 Group 's trading book includes positions in bonds, foreign currencies, stocks, exchange traded and over the counter derivatives.

The Value-at-Risk estimate for the Group's Trading Book at 31/12/2009 was € 9.22 million. This estimate consists of € 6.40 million for interest rate risk, € 5.44 million equity risk, € 3.30 million foreign exchange risk and € 0.13 million commodities risk. There is a reduction in the Value-at-Risk estimate of € 6.05 million due to the diversification effect in the portfolio. During 2009 there was an increase in the Group Trading Book VaR due to the increase in the volatility of interest rates and equities, and due to the increase in Greek Goverment Bond positions.

Respectively, the Value-at-Risk estimate for the Group's Trading Book at 31/12/2008 was € 5.46 million. This estimate consists of € 2.09 million interest rate risk, € 4.27 million equity risk and € 2.64 million foreign exchange risк and € 0.11 million commodities risk.There is a reduction in the Value-at-Risk estimate of € 3.65 million due to the diversification effect in the portfolio.

The above are summarized as follows (amount in million euros):

	Group Trading Book Total VAR	VAR-Interest Rate Risk	VAR Equity Risk	VAR Foreign Exchange Risk	VAR Commodities Risk	Diversification Effect
31/12/2009	9.22	6.40	5.44	3.30	0.13	-6.05
31/12/2008	5.46	2.09	4.27	2.64	0.11	-3.65

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 31/12/2009. The table includes, the Group's assets and liabilities at carrying amounts categorised by currency, whereas hedging positions in derivatives which reduce significantly the undertaken risk are not included:

At 31 December 2009	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with central Banks	2,240,346	155,433	7,899	2,365	4,340	567,178	2,977,561
Loans and advances to credit institutions	611,250	122,981	3,939	7,923	171,714	74,519	992,325
Derivative financial instruments - assets	59,339	93,813	-	-	5,522	12,793	171,467
Bonds of trading portfolio	1,140,112	7,239	-	-	-	245,886	1,393,237
Debt securities - receivables	963,677	35,303	-	-	-	184,027	1,183,006
Financial instruments at fair value through Profit or Loss	153,893	-	-	8,924	-	-	162,817
Loans and advances to customers (net of provisions)	30,762,435	2,919,253	99,739	145,114	2,507,440	1,254,277	37,688,258
Bonds of investment portfolio	5,463,239	180,208	-	-	-	58,548	5,701,995
Other assets	838,087	31,942	-	1,037	5,944	162,448	1,039,458
Total financial assets (A)	**42,232,378**	**3,546,171**	**111,577**	**165,364**	**2,694,959**	**2,559,677**	**51,310,126**
Foreign exchange risk of liabilities							
Due to credit institutions	13,038,749	873,514	222,893	75,107	2,850	219,742	14,432,854
Derivative financial instruments - liabilities	47,538	103,975	-	3,390	5,849	1,270	162,023
Due to customers	24,090,575	2,686,766	161,643	858,854	14,204	2,251,563	30,063,606
Debt securities in issue	4,120,082	70,751	51	-	-	15,392	4,206,276
Hybrid capital and other borrowed funds	507,700	3,578	-	-	-	-	511,279
Other liabilities	625,531	121,206	6,189	7,190	8,546	48,015	816,677
Total financial liabilities (B)	**42,430,175**	**3,859,791**	**390,776**	**944,541**	**31,449**	**2,535,981**	**50,192,714**
Net on-balance sheet financial position (A-B)	**(197,797)**	**(313,620)**	**(279,199)**	**(779,178)**	**2,663,510**	**23,695**	**1,117,412**

At 31 December 2008	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	41,775,304	4,737,784	106,070	316,323	2,738,579	2,468,592	52,142,652
Total financial liabiities	39,697,347	5,199,817	184,307	3,951,823	82,971	2,271,964	51,388,228
Net on-balance sheet financial position	**2,077,957**	**(462,033)**	**(78,237)**	**(3,635,500)**	**2,655,609**	**196,628**	**754,425**

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. However, excessive interest rate risk can cause a negative effect to the Group's earnings.

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. 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 current foreign currency exchange rates.

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	Non interest bearing	Total
Assets							
Cash and balances with central banks	2,598,615	23,277	9	-	-	355,660	2,977,561
Loans and advances to credit institutions	697,548	285,343	8,006	7	-	1,421	992,325
Bonds of trading portfolio	24,553	292,819	443,378	473,966	58,808	99,713	1,393,237
Debt securities - receivables	3,229	15,171	714,228	290,000	160,000	377	1,183,006
Financial instruments at fair value through Profit or Loss	46,285	9,453	73,574	-	16,247	17,259	162,817
Loans and advances to customers (net of provisions)	22,363,277	9,210,645	4,192,872	1,858,468	1,057,965	(994,970)	37,688,258
Bonds of investment portfolio	604,163	281,388	3,041,666	1,457,460	100,202	217,116	5,701,995
Other assets	49,282	39,007	135,161	19,287	183	796,539	1,039,458
Total financial assets	**26,386,952**	**10,157,104**	**8,608,894**	**4,099,188**	**1,393,405**	**493,115**	**51,138,658**

Liabilities	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Due to credit institutions	5,821,413	1,773,871	6,745,189	35,778	33,323	23,279	14,432,854
Due to customers	19,911,416	6,076,579	3,450,187	419,505	26,471	179,447	30,063,606
Debt securities in issue	845,992	2,247,530	42,832	1,069,921	-	-	4,206,276
Hybrid capital and other borrowed funds	507,700	-	-	3,578	-	-	511,279
Other liabilities	30,108	25,913	172,262	35,168	224,485	369,947	857,882
Total financial liabilities	**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 rate gap	**(239,249)**	**939,775**	**(1,570,348)**	**1,991,005**	**12,422**	**(79,558)**	**1,054,047**

The table below presents comparative figures of the previous year, that does not include the interest rate gap of derivatives and according to that the interest rate gaps can be hedged through balance sheet.

At 31 December 2008	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets (A)	28,001,589	9,952,426	8,501,145	3,875,106	963,677	848,709	52,142,652
Total financial liabiities (B)	31,898,655	10,671,432	5,627,154	1,635,103	302,399	1,280,621	51,415,363
Total interest rate repricing gap (A)-(B)	**(3,897,065)**	**(719,006)**	**2,873,991**	**2,240,003**	**661,278**	**(431,912)**	**727,289**

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.

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.

The Group also assesses on a regular basis, the impact of a change in the credit spread, for goverment issuers and corporate issuers, 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 arising from the financial institution's inability 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 the 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 liquidity needs expected to emerge, whithin 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 a Group's 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 directive, which refers to the control framework of banks’ liquidity adequacy by the Bank of Greece.

Amounts in thousand euros (Unless otherwise stated)

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).

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. During 2009, the second and third securitisation of corporate loans, of total nominal value of 3,250 million, as well as the two securitisation programs of consumer loans of € 1,280 million nominal value, resulted in further enhancement of the Bank's liquidity position. Moreover, the Bank raised funds through the 12-year term Interbank loan from European Investment Bank of € 100 million and the issuance of EMTNs, through the programme, of € 1 billion.

Finally, the Bank issued preferred shares without voting rights of € 370 million nominal value, in favor of the Greek State, in accordance with the provisions of Law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis". In exchange, the bank received Greek Government Bonds, eligible for ECB refinancing operations.

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. 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 time-bands 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 based on the contract. 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 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**

At 31 December 2008	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	12,176,214	860,883	651,189	977,089	86,745	14,752,120
Due to customers	17,957,149	6,634,163	3,302,318	332,183	27,385	28,253,199
Debt securities in issue	510,566	1,403,620	1,830,475	3,995,893	1,625,779	9,366,332
Other borrowed funds	7,975	(44)	(971)	(5,419)	795,583	797,123
Hybrid capital	1,823	-	(907)	(5,033)	227,879	223,762
Other liabilities	131,382	41,637	87,678	14,539	824,373	1,099,609
Total liabilities (contractual maturity dates)	**30,785,109**	**8,940,258**	**5,869,783**	**5,309,253**	**3,587,743**	**54,492,145**
Total assets (expected maturity dates)	**16,677,949**	**2,762,446**	**5,192,853**	**16,372,360**	**22,091,260**	**63,096,868**

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.

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)**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2008	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	-	135	-	-	-	135
-Interest rate derivatives	(1,696)	(1,512)	(23,416)	(22,980)	(3,143)	(52,746)
Derivatives held for fair value hedging						
-Foreign exchange derivatives	1,737	-	-	-	-	1,737
-Interest rate derivatives	705	1,622	(21,002)	(54,984)	(7,405)	(81,064)
Total	**747**	**245**	**(44,418)**	**(77,964)**	**(10,548)**	**(131,938)**

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) for each type of derivative and for each maturity group are disclosed at their contractual undiscounted amounts.

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

At 31 December 2008	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	5,809,911	1,444,990	255,424	157,289	-	7,667,613
Inflow	5,672,385	1,360,347	253,048	157,832	-	7,443,611

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 2009	31 December 2008	31 December 2009	31 December 2008
Financial assets				
Loans and advances to credit institutions	992,325	2,348,289	1,008,888	2,442,908
Loans and advances to customers (net of provisions)	37,688,258	38,312,669	38,858,438	39,069,706
-Loans to individuals	11,115,261	11,634,066	11,792,040	12,102,263
-Loans to corporate entities	26,572,997	26,678,602	27,066,399	26,967,443
Held to maturity investment securities	3,363,535	3,372,205	2,928,545	3,340,095
Debt securities - receivables	1,183,006	527,699	1,182,053	516,240
Financial liabilities				
Due to credit institutions	14,432,854	14,121,872	14,454,538	14,159,591
Due to customers	30,063,606	28,380,817	30,101,030	28,456,848
-Current and sight deposits	5,321,970	4,468,736	5,321,970	4,468,736
-Savings account	4,292,665	3,382,247	4,292,665	3,382,247
-Term deposits	20,130,942	19,727,066	20,168,367	19,802,956
-Other accounts	292,710	244,165	292,710	244,165
-Repurchase agreements	25,319	558,603	25,319	558,743
Debt securities in issue	4,206,276	6,488,225	4,246,970	6,520,692
Other borrowed funds and hybrid capital	511,279	967,403	389,482	888,162

a) The fair value of loans and advances to credit institutions is based on discounting cash flows using money market rates for debts with similar remaining maturity.

b) The fair value of loans and advances to customers is estimated by discounting expected future cash flows using suitable interest rates for instruments with similar credit risk and maturity.

c) 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.

d) The fair value of due to customers is based on discounted cash flows using appropriate interest rates (money market) for instruments with similar maturity.

Amounts in thousand euros (Unless otherwise stated)

e) 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.

f) 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 2009 and sensitivity analysis of level 3 measurements:

	Level 1	Level 2	Level 3	Total
Financial Assets & Liabilities measured at fair value				
Financial Assets				
Derivative financial instruments - assets	1,541	169,926	-	171,467
Trading portfolio				
-Trading Bonds & Other fixed income securities	720,650	8,433	-	729,084
-Trading Treasury bills & Other eligible bills	455,811	108,630	-	564,440
-Trading Shares & Other variable income securities	99,713	-	-	99,713
Financial Assets at FV through PL				
-Asset Swap Bonds	16,247	-	-	16,247
-Investments in Shares at FV through PL	4,022	4,095	-	8,117
-Other Financial Instruments at FV	91	138,363	-	138,453
Available for Sale Securities				
-Bonds & Other Fixed Income Securities	2,077,624	44,080	468	2,122,173
-Shares & Other variable Income securities	122,826	3,550	89,911	216,287
Financial Liabilities				
-Derivative financial instruments - liabilities	1,614	160,409	-	162,023

Reconciliation of Level 3 items	**Bonds & Other Fixed Income Securities**	**Shares & Other variable Income securities**
Opening balance	581	86,130
Purchases	156	30,828
Impairment	(201)	(3,369)
Other comprehensive income	-	(4,378)
Transfers into held for sale assets (note 23)	-	(19,131)
FX differences	(68)	(169)
Total	**468**	**89,911**

Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:	**Favourable changes**	**Unfavourable changes**
Equity Statement		
Available for Sale Shares	9,172	(8,818)

3.7 Fiduciary activities

The Group provides custody services to third parties for a wide range of financial instruments. These services include procedures such as 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 and companies. 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.

Amounts in thousand euros (Unless otherwise stated)

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 2009**	**31 December 2008**
Ordinary shares	1,604,020	1,571,923
Share premium	927,739	927,775
Preference shares	370,000	-
Less: treasury shares	(123)	(167,321)
Minority Interest	148,176	149,051
Available for sale reserve	(157,761)	(162,414)
Legal reserve and other reserves	(60,433)	(15,173)
Retained earnings	782,618	721,359
Hybrid capital	159,752	201,444
Less: intangible assets	(339,160)	(302,994)
Total regulatory adjustments on Tier I capital	(34,166)	62,255
Total Tier I capital	**3,400,662**	**2,985,905**
Tier II Capital		
Subordinated debt	347,948	762,302
Total regulatory adjustments on Tier II capital	(69,638)	(36,043)
Total Tier II capital	**278,310**	**726,259**
Regulatory capital	**3,678,972**	**3,712,164**
Total risk weighted assets (on and off-balance sheet items)	**37,394,270**	**37,502,372**
Tier I ratio	**9.1%**	**8.0%**
Total Capital Adequacy ratio	**9.8%**	**9.9%**

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.

4 Critical accounting estimates and judgements

The Group's estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

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 profit or loss statement. In determining whether an impairment loss should be recorded in the profit or loss statement the Group has set a methodology (described in note 2.13). 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 to make estimates. Assumptions 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 of the period. 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, industry and sector 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 the specific circumstances -for example, selling an insignificant amount close to maturity- it will be required to reclassify the entire class as available for sale. The investments would therefore be remeasured at fair value.

6*. Income taxes*

The Group 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 that were initially recorded, differences will impact the income tax and deferred tax provisions in the year in which the tax computation is finalised.

Amounts in thousand euros (Unless otherwise stated)

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 corporate 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 and 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.).

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 each segment's performance. Significant elements are the progress of figures and results per Segment.

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

1/1-31/12/2009	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group
Net interest income	1,000,122	258,632	1,690	97,393	(252,952)	-	1,104,884
Net interest income from other business segm.	(86,232)	(14,406)	(2,894)	41	117,920	(14,429)	0
Net interest revenue	**913,890**	**244,226**	**(1,204)**	**97,434**	**(135,032)**	**(14,429)**	**1,104,884**
Net commision income	156,441	16,881	22,006	11,129	(417)	-	**206,041**
Net commision income from other business segments	(3,125)	(745)	(6,660)	(3,388)	6,671	7,247	**0**
Net commision income	**153,316**	**16,136**	**15,346**	**7,740**	**6,254**	**7,247**	**206,041**
Net revenues	1,278,783	308,419	27,436	157,664	(109,678)	-	1,662,625
Net revenues from other business segments	(57,538)	(14,979)	(9,553)	(3,347)	149,784	(64,366)	0
Total net revenues	**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 profit of associates							8,621
Profit before tax							**286,615**
Income tax expense							(46,792)
Profit after tax							**239,823**

1/1-31/12/2008	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group
Net interest income	1,183,035	269,365	3,558	81,965	(378,153)	-	1,159,770
Net interest income from other business segments	(263,922)	(33,961)	(2,966)	1,870	312,785	(13,806)	0
Net interest revenue	**919,113**	**235,404**	**591**	**83,835**	**(65,368)**	**(13,806)**	**1,159,770**
Net commision income	146,401	42,726	34,198	26,106	(7,783)	-	**241,647**
Net commision income from other business segments	(8,046)	(1,432)	(5,318)	(4,683)	7,841	11,638	**0**
Net commision income	**138,355**	**41,294**	**28,880**	**21,423**	**58**	**11,638**	**241,647**
Net revenues	1,402,797	335,069	39,260	76,945	(202,375)	-	1,651,696
Net revenues from other business segments	(243,473)	(33,536)	(8,260)	(2,813)	346,328	(58,246)	0
Total net revenues	**1,159,323**	**301,533**	**31,000**	**74,132**	**143,954**	**(58,246)**	**1,651,696**
Segment results	**193,767**	**82,254**	**20,568**	**22,351**	**47,979**	-	**366,919**
Share of profit of associates							18,868
Profit before tax							**385,788**
Income tax expense							(54,521)
Profit after tax							**331,267**

Amounts in thousand euros (Unless otherwise stated)

	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group
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	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**
Other segment items at 31 December 2008							
Capital expenditure	209,245	44,723	501	339	104,559	-	**359,367**
Depreciation and amortisation	42,335	6,992	669	564	26,418	-	**76,979**
Impairment charge - loans	279,675	92,149	132	-	14,348	-	**386,303**
Segment assets	26,863,788	12,242,046	129,375	11,986,665	3,667,983	-	**54,889,856**
Segment liabilities	21,205,171	3,356,584	84,070	20,848,310	6,370,522	-	**51,864,656**

Regarding the profit before tax of other business segments for 2009, 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.

Net interest income, net commision income and net revenues from other business segments include net interest income, net commision income and net revenues derived from transactions between business segments. The mentioned intercompany transactions are realised under normal commercial terms.

b) By geographical segment

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.

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**

As at 31 December 2008	**Net Revenues**	**Non current assets**
Greece	1,167,305	1,489,778
Rest of Europe	413,413	378,256
U.S.A.	19,912	37,463
Egypt	51,067	78,861
Total	**1,651,696**	**1,984,358**

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

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.

Amounts in thousand euros (Unless otherwise stated)

6 Net interest income

	1/1-31/12/2009	1/1-31/12/2008
Interest income		
Interest on fixed income securities	438,897	547,224
Interest income on loans and advances to customers	1,934,556	2,269,363
Interest on loans and advances to credit institutions	291,965	877,119
Other interest income	123,742	204,063
Total interest income	**2,789,159**	**3,897,769**
Interest expense		
Interest on customer deposits and repos	(849,345)	(1,126,362)
Interest on debt securities in issue and on other borrowed funds	(157,545)	(449,835)
Interest on due to credit institutions	(523,619)	(984,857)
Interest expense from finance leases of investment property	(23,084)	(21,849)
Other interest expense	(130,682)	(155,096)
Total interest expense	**(1,684,275)**	**(2,737,999)**
Net Interest Income	**1,104,884**	**1,159,770**

Accrued interest for impaired loans is € 63,693 thousand (2008: € 57,822 thousand).

7 Net fees and commission income

	1/1-31/12/2009	1/1-31/12/2008
Fees and commission income		
Commercial banking	207,867	231,041
Investment banking	38,089	42,358
Asset management	10,201	12,223
Total fees and commission income	**256,157**	**285,622**
Fees and commission expense		
Commercial banking	(42,028)	(30,954)
Investment banking	(7,546)	(12,545)
Asset management	(542)	(475)
Total fees and commission expense	**(50,116)**	**(43,975)**
Net fees and commission income	**206,041**	**241,647**

8 Dividend income

	1/1-31/12/2009	1/1-31/12/2008
Dividend from AFS securities	8,486	14,369
Dividend from trading securities	4,817	11,519
	13,303	**25,887**

9 Net trading income

	1/1-31/12/2009	1/1-31/12/2008
Gains less losses on FX	72,335	90,775
Gains less losses on shares and mutual funds	7,432	(49,747)
Gains less losses on derivatives	26,624	(83,873)
Gains less losses on bonds	68,473	29,497
	174,863	**(13,348)**

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

	1/1-31/12/2009	1/1-31/12/2008
Gains less losses on shares at fair value through profit or loss	1,602	2,420
Gains less losses on other financial instruments at fair value through profit or loss	(2,519)	18,286
	(916)	**20,706**

11 Gains from investment securities

	1/1-31/12/2009	1/1-31/12/2008
Gains less losses on AFS - shares and mutual funds	546	3,926
Gains less losses on AFS - bonds	(525)	(4,217)
Gains less losses on sale of subsidiaries and associates	12,176	2,545
Impairment of shares and mutual funds (available for sale portfolio) (note 23)	(4,155)	(1,957)
Impairment of subsidiaries' goodwill	(4,513)	-
	3,529	**297**

Additionally, during the year 2009, Piraeus Bank sold its participation in Proton Bank S.A. (31.31%). The profit from the above transaction is € 11.5 million.

Amounts in thousand euros (Unless otherwise stated)

12 Other operating income

	1/1-31/12/2009	1/1-31/12/2008
Income from real estate (rental income and result from the valuation of investment property)	89,313	87,950
Income from the operations of ETBA Industrial Estates S.A.	5,977	27,171
Income from IT activities	9,122	10,933
Income from operating leasing	44,963	40,609
Other operating income	11,546	50,074
	160,921	**216,737**

Relevant to investment property is note 29.

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2009	31 December 2008
Up to 1 year	145,767	124,918
From 1 to 5 years	282,423	229,861
More than 5 years	3,119,052	3,119,195
	3,547,243	**3,473,974**

Receivables from operating leases mainly include rental income of Picar S.A., from the operation of the Citylink building.

13 Staff costs

	1/1-31/12/2009	1/1-31/12/2008
Wages & salaries	(313,002)	(320,112)
Social insurance contributions	(67,756)	(69,668)
Other staff costs	(16,811)	(18,893)
Retirement benefit charges (note 39)	(28,601)	(33,403)
	(426,170)	**(442,076)**

The number of persons employed by the Group during 2009 was 13,417 (2008: 14,255). The average number of persons employed by the Group during the year 2009 was 13,836.

14 Administrative expenses

	1/1-31/12/2009	1/1-31/12/2008
Rental expense	(76,083)	(68,367)
Taxes and duties (excl. income tax)	(51,534)	(52,857)
Promotion and advertising expenses	(38,677)	(45,941)
Servicing - promotion of banking products	(33,296)	(33,648)
Fees and third parties expenses	(47,791)	(52,137)
Security & Maintenance of fixed assets	(27,331)	(27,144)
Telecommunication & electricity expenses	(26,599)	(27,120)
Other administrative expenses	(75,879)	(75,302)
	(377,190)	**(382,516)**

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

15 Income tax expense

	1/1-31/12/2009	1/1-31/12/2008
Current Tax	(51,468)	(119,885)
Deferred tax (note 38)	8,956	74,347
Tax provisions	(4,280)	(8,982)
Tax contribution	(34,194)	-
	(80,986)	**(54,521)**

The tax rate for Greek legal entities, in accordance with the provisions in force of article 109, par. 1 of Law 2238/1994, is 25% for the years 2008 and 2009. For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the fiscal years of 2008 and 2009 (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 26. For the unaudited tax years, a provision has been raised according to International Financial Reporting Standards (IFRS).

Based on article 2 of Law 3808/ 2009, a one-off tax contribution of social responsibility was imposed on the total 2008 net income of legal entities of article 2 par. 4 and 101 par. 1 of Income Tax Code (Law 2238/1994). The tax contribution for the Bank and its domestic subsidiaries amounted to € 34.2 million including ammount of € 0.4 million attributable to minority interest and was paid within January 2010. 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 2009 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:

Amounts in thousand euros (Unless otherwise stated)

	2009	2008
Profit before tax	286,615	385,788
Tax calculated	(71,654)	(96,447)
Income not subject to tax (corresponding tax)	25,340	46,567
Non deductible expenses (corresponding tax) and provisions for unaudited fiscal years	(14,190)	(13,821)
Effect of different tax rates applied abroad	10,791	11,581
Impact on deferred tax from the future legally approved change of tax rate	1,898	(12,251)
Effect of profit of investment in associates	743	1,542
Additional tax 3% on fixed assets income	(113)	(98)
Tax contribution	(34,194)	-
Utilisation of previously unrecognised tax losses	393	8,405
Income Tax	**(80,986)**	**(54,521)**

16 Earnings per share

Basic earnings per share are calculated by dividing the net profit after tax 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. For the calculation of the diluted earnings per share, all the dilutive potential common shares are taken into consideration.

Basic earnings per share	**1/1-31/12/2009**	**1/1-31/12/2008**
Net profit attributable to shareholders of the parent	201,749	315,087
Less: Accrued dividends of preference shares	(18,006)	-
Net profit attributable to common shareholders of the parent	183,743	315,087
Weighted average number of shares in issue	330,982,919	330,233,681
Basic earnings per share (in euro)	0.5551	0.9541

Potential common shares of the 3rd share option scheme did not affect the calculation of diluted earnings per share, as the average market price of common shares during the year 2008, as well as the year 2009, did not exceed the option's exercise price. Consequently, the diluted earnings per share for the years 2008 and 2009 are equal with the basic earnings per share.

According to the requirements of IAS 33, the weighted average number of common shares has been adjusted for the year 2008 by a 1.020419 factor, in order to adjust earnings per share (basic and diluted) to the share capital increase performed through reinvestment of dividend that took place during June 2009 with the issue of 6,728,991 new common shares of nominal value of € 4.77 each.

17 Analysis of other comprehensive income

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)**

1/1 - 31/12/2008	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Net change in available for sale reserves	(221,027)	43,193	(177,834)
Change in currency translation reserve	(57,412)	-	(57,412)
Other Comprehensive Income	**(278,439)**	**43,193**	**(235,246)**

The change of deferred income tax in available for sale reserve in 2009 and includes the initial recognition of a deferred tax asset relating to valuation of the available for sale bonds.

18 Cash and balances with the Central Bank

	31 December 2009	**31 December 2008**
Cash in hand	352,744	431,400
Nostros and sight accounts with other banks	448,924	308,534
Balances with central bank	1,138,407	1,794,731
Cheques clearing system - central bank	439,759	415,597
Included in cash and cash equivalents less than 90 days (Note 44)	**2,379,833**	**2,950,261**
Mandatory reserves with central bank	597,728	790,446
	2,977,561	**3,740,708**

Amounts in thousand euros (Unless otherwise stated)

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

19 Loans and advances to credit institutions

	31 December 2009	31 December 2008
Placements with local banks and banks abroad	782,901	1,860,482
Cheques receivables	9,970	9,203
Reverse repurchase agreements	175,630	132,844
Included in cash and cash equivalents less than 90 days (Note 44)	**968,502**	**2,002,529**
Placements to banks	21,309	340,229
Cheques receivables	2,515	1,879
Reverse repurchase agreements	-	3,652
	23,824	**345,760**
Total loans and advances to credit institutions	**992,325**	**2,348,289**

The total loans and advances to credit institutions bear floating rates.

	31 December 2009	31 December 2008
Current loans and advances to credit institutions (up to 1 year)	992,284	2,347,767
Non current loans and advances to credit institutions (more than 1 year)	41	522
	992,325	**2,348,289**

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 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**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2008	**Notional amounts**	**Fair values**	
		Assets	**Liabilities**
Derivatives held for trading			
Futures	185,800	-	-
Asset swaps	75,506	176	15,049
Interest rate swaps	11,089,771	143,538	147,679
Currency swaps	6,804,550	9,576	8,001
FX forwards	532,108	151,749	142,013
Options and Other derivative instruments	225,834	56,353	7,019
		361,392	**319,761**
Embedded equity derivatives			
Customer deposits/ loans linked to options	153,778	4,861	4,398
Derivatives held for fair value hedging			
Interest rate swaps	1,323,655	-	45,533
Total recognised derivative assets/ liabilities		**366,253**	**369,692**

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.

The net fair value of these interest rate swaps as at 31/12/2009 was € 47.4 million liability (2008: € 45.5 million liability). The losses on the hedging instruments were € 16.2 millions (2008: € 41.9 million loss). The gains on the hedged item attributable to the hedged risk were € 16.2 million (2008: € 42.6 million gain).

21 Financial assets at fair value through Profit or Loss

Trading securities	**31 December 2009**	**31 December 2008**
Greek government treasury bills	16,914	-
Foreign government treasury bills	23,776	-
Included in cash and cash equivalents less than 90 days (note 44)	**40,690**	**-**
Greek government bonds	598,749	872,439
Foreign government bonds	8,496	58,656
Corporate entities bonds	87,645	166,658
Bank bonds	34,192	10,204
Greek government treasury bills	303,971	101,945
Foreign government treasury bills	219,779	26,540
	1,252,834	**1,236,441**
Athens stock exchange listed shares	97,341	63,706
Foreign stock exchanges listed shares	62	63
Mutual funds	2,311	309
	99,713	**64,078**
Total trading securities	**1,393,237**	**1,300,519**
Other financial assets at fair value through profit or loss	**162,817**	**89,224**

From the above mentioned bonds of trading securities as at 31/12/2009, amount of € 1,145 million relates to fixed income securities and amount of € 149 million relates to floating rate securities. The respective amounts as at 31/12/2008 are € 632 million (fixed), € 462 million (FRN) and € 142 million (zero-coupon). Net interest accrued on bonds, included in the respective balances, amounts to € 29 million (2008: € 21 million).

Other financial assets at fair value through profit or loss include 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 if these financial instruments had been recognized in their purchase cost and the related interest rate swap derivatives as derivatives held for trading. Financial assets at fair value through profit or loss have fixed rates and include accrued interest of € 0.38 million. (2008: € 2 million.).

Amounts in thousand euros (Unless otherwise stated)

22 Loans and advances to customers

	31 December 2009	31 December 2008
Loans to individuals		
Mortgages	6,658,835	6,692,625
Consumer/ personal and other loans	4,109,863	4,488,349
Credit cards	838,919	775,434
	11,607,616	**11,956,407**
Loans to corporate entities	**27,075,612**	**27,059,248**
Total loans and advances to customers	**38,683,228**	**39,015,655**
Less: Allowance for losses (impairment) on loans and advances to customers	(994,970)	(702,987)
Total loans and advances to customers (less allowances for losses)	**37,688,258**	**38,312,669**
Current loans and advances to customers (up to 1 year)	14,760,133	15,400,814
Non current loans and advances to customers (more than 1 year)	22,928,125	22,911,854
	37,688,258	**38,312,669**

Fixed rate loans amount to € 4,793 million (2008: € 4,741 million) and floating rate loans amount to € 33,891 million (2008: € 34,275 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 2008	**166,726**	**249,298**	**416,024**
Opening balance of new subsidiaries	1,754	10,397	12,151
Charge for the year	164,194	202,727	366,921
Loans written-off	(5,289)	(81,432)	(86,721)
Foreign exchange differences	(5,044)	(345)	(5,389)
Balance at end of year 31/12/2008	**322,341**	**380,646**	**702,987**

	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**

The charge for the year of 2009 amount of € 488.1 million (2008: € 386.3 million) in the income statement includes an amount of € 28.9 million (2008: € 19.4 million) which relates to impairment of other receivables, impairment of held for sale assets and insurance expense for covering credit risk.

Allowance for losses on loans and advances	31 December 2009	31 December 2008
Individually impaired	392,951	277,529
Collective allowance	602,019	425,457
Total	**994,970**	**702,987**

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	31 December 2009	31 December 2008
Up to 1 year	388,150	435,333
From 1 to 5 years	768,088	1,029,412
More than 5 years	712,269	990,829
	1,868,508	**2,455,574**
Unearned future finance income	**(277,251)**	**(624,223)**
Net investments in finance leases	**1,591,257**	**1,831,352**

Amounts in thousand euros (Unless otherwise stated)

Net investments in finance leases are analysed as follows:

	31 December 2009	31 December 2008
Up to 1 year	336,778	336,766
From 1 to 5 years	647,987	774,526
More than 5 years	606,492	720,060
	1,591,257	**1,831,352**

23 Investment securities

Available for sale securities	31 December 2009	31 December 2008
Bonds and other fixed income securities		
Greek government bonds	1,668,495	218,836
Foreign government bonds	120,158	59,770
Corporate entities bonds	286,042	337,796
Bank bonds	47,479	56,034
	2,122,173	**672,436**
Shares and other variable income securities		
Athens stock exchange listed shares	100,333	92,030
Foreign stock exchanges listed shares	15,276	13,117
Unlisted shares	89,960	89,119
Mutual funds	10,717	9,190
	216,287	**203,456**
Total available for sale securities	**2,338,460**	**875,892**

As at 31/12/2009, amount of € 1,521 million relates to investment portfolio bonds with fixed rates and amount of € 601 million relates to floating rate bonds. The respective amounts for 31/12/2008 are € 248 million (fixed) and of € 424 million (FRN).

The movement in investment securities is summarised as follows:

Movement of the available for sale securities	31 December 2009	31 December 2008
Opening balance	875,892	1,383,628
Opening balance of new subsidiaries on the date of acquisition	-	1,122
Additions	1,641,604	449,417
Transfer from associates	-	14,358
Transfer to associates	(1,693)	(15,250)
Transfers from trading portfolio	-	398,780
Transfer to debt securities - receivables and loans and advances to credit institutions	-	(77,615)
Disposals	(144,119)	(801,753)
Changes in fair value	(4,312)	(206,158)
Transfers in to held for sale assets (note 30)	(19,131)	-
Transfers to held-to-maturity	-	(272,191)
Impairment charge (note 11)	(4,155)	(1,957)
Foreign exchange differences	(5,626)	3,512
Balance at the end of the year	**2,338,460**	**875,892**

Held to maturity	31 December 2009	31 December 2008
Greek government bonds	3,305,687	3,263,095
Foreign government bonds	38,933	89,769
Corporate entities bonds	18,915	19,341
Total held to maturity	**3,363,535**	**3,372,205**

Movement of the held to maturity securities	31 December 2009	31 December 2008
Opening balance	3,372,205	110,356
Additions	46,095	2,440,872
Transfers from trading portfolio	-	601,240
Transfers from AFS portfolio	-	272,191
Maturity of securities	(47,065)	(51,096)
Foreign exchange differences	(7,699)	(1,358)
Balance at the end of the year	**3,363,535**	**3,372,205**

As at 31/12/2009, amounts of € 3,309 million and € 55 million, both included in held to maturity securities, relate to floating rate bonds (2008: € 3,266 million) and to fixed rates (2008: € 106 million) respectively.

	31 December 2009	31 December 2008
Current investments securities (up to 1 year)	185,088	136,603
Non current investments securities (more than 1 year)	5,300,621	3,908,038
Total of Available for sale securities	**5,485,708**	**4,044,641**

Amounts in thousand euros (Unless otherwise stated)

24 Reclassification of financial assets

Investment portfolio on 31/12/2009 includes shares and bonds, which have been reclassified on 1/7/2008 and 1/10/2008 respectively, in accordance with the amendments of IAS 39 and IFRS 7. Specifically, the “Available for sale securities” portfolio as at 31/12/2009 includes shares and mutual funds with fair value of € 35.6 million, which were reclassified from the “Trading securities” on 1/7/2008. The revaluation gain of € 4.3 million for the year 2009 has been recognized in the “Available for sale reserve”. The “Available for sale securities” portfolio as at 31/12/2009 also includes bonds with fair value of € 206.8 million which were reclassified from the “Trading securities” on 1/10/2008. The revaluation gain of € 1.0 million for the year 2009 has been recognized in the “Available for sale reserve”. Losses of € 2.2 million and € 0.4 million from the sale of reclassified bonds and shares have been recognized in the Income Statement for the year 2009 respectively.

“Held to maturity” portfolio includes bonds with fair value of € 739.2 million as at 31/12/2009 (amortized cost of € 859.6 million), which were reclassified on 1/10/2008, from “Trading securities” and “Available for sale securities”. If these bonds had not been reclassified, a revaluation loss of € 77.7 million would be recognized in “Net trading Income” for the year 2009 and a revaluation loss of € 33.4 million would be recognized in the “Available for sale reserve” for the year.

"Debt securities - receivables" include corporate bonds with fair value of € 34.9 million as at 31/12/2009 (amortized cost of € 35.3 million) and "Loans and advances to credit institutions" include bank bonds with fair value of € 29.6 million as at 31/12/2009 (amortized cost of € 27.7 million) which were reclassified on 1/10/2008 from the “Available for sale securities”. If these bonds had not been reclassified, a revaluation gain of € 31.2 million would have been recognized in the “Available for sale reserve” for the year 2009.

25 Debt securities - receivables

	31 December 2009	31 December 2008
Corporate entities debt securities - receivables	210,702	209,479
Greek government bonds debt securities - receivables	688,092	318,220
Foreign government bonds debt securities - receivables	284,212	-
Total Debt securities - receivables	**1,183,006**	**527,699**

Debt securities - receivables as at 31/12/2009 include Greek Government Bonds of nominal value € 370 million, which were transferred to Piraeus Bank, 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 41) to the Greek State.

	31 December 2009	31 December 2008
Current debt securities - receivables (up to 1 year)	118,586	3,593
Non current debt securities - receivables (more than 1 year)	1,064,420	524,106
Total of Debt securities - receivables	**1,183,006**	**527,699**

26 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	91.03%	U.S.A	2009
2.	Tirana Bank I.B.C. S.A.	Banking Activities	96.71%	Albania	2009
3.	Piraeus Bank Romania S.A.	Banking Activities	100.00%	Romania	2007-2009
4.	Piraeus Bank Beograd A.D.	Banking Activities	100.00%	Serbia	2006-2009
5.	Piraeus Bank Bulgaria A.D.	Banking Activities	99.98%	Bulgaria	2008-2009
6.	Piraeus Bank Egypt S.A.E.	Banking Activities	95.37%	Egypt	2003-2009
7.	OJSC Piraeus Bank ICB	Banking Activities	99.96%	Ukraine	2008-2009
8.	Piraeus Bank Cyprus LTD	Banking Activities	100.00%	Cyprus	2006-2009
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	2003-2009
11.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and Reinsurance Brokerage	100.00%	Greece	2007-2009
12.	Tirana Leasing S.A.	Finance Leases	100.00%	Albania	2009
13.	Piraeus Securities S.A.	Stock Exchange Operations	100.00%	Greece	2006-2009
14.	Piraeus Group Capital LTD	Debt Securities Issue	100.00%	United Kingdom	-
15.	Piraeus Leasing Bulgaria EAD.	Finance Leases	100.00%	Bulgaria	2008-2009
16.	Piraeus Auto Leasing Bulgaria EAD.	Auto Leases	100.00%	Bulgaria	2008-2009
17.	Piraeus Group Finance P.L.C.	Debt Securities Issue	100.00%	United Kingdom	2009
18.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2008-2009
19.	Piraeus Multifin S.A.	Motor vehicles trading	100.00%	Greece	2007-2009
20.	Picar S.A.	City Link Areas Management	100.00%	Greece	2007-2009
21.	Bulfina S.A.	Property Management	100.00%	Bulgaria	2008-2009
22.	Piraeus ATFS S.A.	Accounting and tax consulting	100.00%	Greece	2007-2009
23.	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece	2008-2009
24.	Pireaus Direct Services S.A.	Call center services	100.00%	Greece	2007-2009
25.	Exodus S.A.	Information technology & software	50.10%	Greece	2008-2009
26.	Komotini Real Estate Development S.A.	Property Management	100.00%	Greece	2007-2009
27.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2008-2009
28.	ND Development S.A.	Property Management	100.00%	Greece	2007-2009
29.	Property Horizon S.A.	Property Management	100.00%	Greece	2007-2009
30.	ETBA Industrial Estates S.A.	Development/ Management of Industrial Areas	65.00%	Greece	2006-2009
31.	Piraeus Property S.A.	Property Management	100.00%	Greece	2006-2009

Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
32.	Piraeus Development S.A.	Property Management	100.00%	Greece	2006-2009
33.	Piraeus Asset Management S.A.	Mutual Funds Management	100.00%	Greece	2009
34.	Piraeus Buildings S.A.	Property Development	100.00%	Greece	2006-2009
35.	Piraeus Developer S.A.	Property Management	100.00%	Greece	2006-2009
36.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
37.	Euroinvestment & Finance Public LTD	Asset Management, real estate operat.	90.85%	Cyprus	2003-2009
38.	Lakkos Mikelli Real Estate LTD	Property Management	50.66%	Cyprus	2005-2009
39.	Philoktimatiki Public LTD	Land and property development	53.29%	Cyprus	2005-2009
40.	Philoktimatiki Ergoliptiki LTD	Construction company	53.29%	Cyprus	2005-2009
41.	New Evolution S.A.	Property, Tourism & Development Company	100.00%	Greece	2005-2009
42.	Imperial Stockbrokers Limited	Stock Exchange Operations	100.00%	Cyprus	2003-2009
43.	Imperial Eurobrokers Limited	Stock Exchange Operations	100.00%	Cyprus	2003-2009
44.	EMF Investors Limited	Investment company	100.00%	Cyprus	2003-2009
45.	Euroinvestment Mutual Funds Limited	Mutual Funds Management	100.00%	Cyprus	2003-2009
46.	Bull Fund Limited	Investment company	100.00%	Cyprus	2003-2009
47.	Good Works Energy Photovoltaics S.A.	Construction & Operation PV Solar Projects	33.15%	Greece	2005-2009
48.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2005-2009
49.	New Up Dating Development Real Estate and Tourism S.A.	Property, Tourism & Development Company	100.00%	Greece	2005-2009
50.	Sunholdings Properties Company LTD	Land and property development	26.65%	Cyprus	2005-2009
51.	Piraeus Cards S.A.	Financial services and consultancy	100.00%	Greece	2008-2009
52.	Polytropon Properties Limited	Land and property development	39.97%	Cyprus	2006-2009
53.	Shinefocus Limited	Land and property development	53.29%	Cyprus	2003-2009
54.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
55.	Maples Invest & Holding S.A.	Investment company	100.00%	British Virgin Islands	-
56.	Margetson Invest & Finance S.A.	Investment company	100.00%	British Virgin Islands	-
57.	Vitria Investments S.A.	Investment company	100.00%	Panama	-
58.	Piraeus Insurance Brokerage EOOD	Insurance Brokerage	99.98%	Bulgaria	2007-2009
59.	SSIF Piraeus Securities Romania S.A.	Stock Exchange Operations	99.33%	Romania	2007-2009
60.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
61.	Phoenix Kato Asset Management Co.	Property Administration	85.83%	Egypt	2005-2009
62.	Piraeus Egypt Leasing Co.	Finance Leases	95.33%	Egypt	2007-2009
63.	Piraeus Egypt for Securities Brokerage Co.	Stock Exchange Operations	95.17%	Egypt	2007-2009
64.	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and Reinsurance Brokerage	100.00%	Romania	2009
65.	Piraeus Real Estate Consultants S.R.L.	Construction company	100.00%	Romania	2007-2009
66.	Piraeus Leases S.A.	Finance Leases	100.00%	Greece	2007-2009
67.	Iapetos Energy Photovoltaics S.A.	PV Solar projects development	33.16%	Greece	2007-2009
68.	Phoebe Energy Photovoltaics S.A.	PV Solar projects development	33.16%	Greece	2007-2009
69.	Orion Energy Photovoltaics S.A.	PV Solar projects development	33.16%	Greece	2007-2009
70.	Astraios Energy Photovoltaics S.A.	PV Solar projects development	33.16%	Greece	2007-2009
71.	Multicollection Romania S.R.L.	Assessment and collection of commercial debts	51.00%	Romania	2006-2009
72.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2007-2009
73.	Olympic Commercial & Tourist Enterprises S.A.	Oper.Leases- Rent-a-Car and long term rental of vehicl.	74.90%	Greece	2008-2009
74.	Piraeus Rent Doo Beograd	Operating Leasing	100.00%	Serbia	2007-2009
75.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
76.	Piraeus Leasing Doo Beograd	Financial Leasing	100.00%	Serbia	2007-2009
77.	Piraeus Real Estate Consultants Doo	Construction company	100.00%	Serbia	2006-2009
78.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2009
79.	Piraeus Real Estate Egypt LLC	Construction company	99.80%	Egypt	2007-2009
80.	Piraeus Bank Egypt Investment Company	Investment company	95.18%	Egypt	2007-2009
81.	Piraeus Best Leasing Bulgaria EAD	Auto Leasing	99.98%	Bulgaria	2007-2009
82.	Piraeus Insurance Agency S.A.	Insurance Agency	100.00%	Greece	2007-2009
83.	Piraeus Capital Management S.A.	Venture Capital Fund	100.00%	Greece	2008-2009
84.	Estia Mortgage Finance III PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
85.	Piraeus Insurance Brokerage Egypt	Insurance Brokerage	93.35%	Egypt	2008-2009
86.	Integrated Storage System Co.	Warehouse & Mail Distribution Management	89.54%	Egypt	2004-2009
87.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
88.	Piraeus Wealth Management A.E.P.E.Y.	Wealth Management	65.00%	Greece	2008-2009
89.	Axia Finance II PLC	SPE for securitization of corporate loans	-	United Kingdom	-
90.	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
91.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
92.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
93.	Gaia Lease PLC	SPE for securitization of finance leases	-	United Kingdom	-
94.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
95.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
96.	PROSPECT N.E.P.A.	Yachting Management	100.00%	Greece	2009
97.	R.E Anodus LTD	Consultancy Serv. for Real Estate Develop. and Inv.	99.90%	Cyprus	2009
98.	Erechtheas Investments & Holdings S.A.	Property Management	100.00%	Greece	2007-2009

Amounts in thousand euros (Unless otherwise stated)

Companies numbered 36, 75, 84, 87, and 89-95 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 47, 50, 52 and 67-70, although presenting less than 50% holding percentage, are subsidiaries due to significant influence.

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	2000-2009
2.	"EVROS" DEVELOPMENT COMPANY S.A.	European community programs management	30.00%	Greece	2000-2009
3.	DELPHI ADVANCED RESEARCH TECHNOLOGIES LTD	Information technology services	25.00%	Cyprus	2006-2009
4.	PROJECT ON LINE S.A.	Information technology & software	40.00%	Greece	2004-2009
5.	ALEXANDRIA FOR DEVELOPMENT AND INVESTMENT	Investment company	20.98%	Egypt	2008-2009
6.	NILE SHOES COMPANY	Footwear Seller- Manufacturer	37.51%	Egypt	2003-2009
7.	APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELC	Real estate, development/ tourist services	27.80%	Greece	2008-2009
8.	APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Real estate, development/ tourist services	27.80%	Greece	2006-2009
9.	TRIERIS REAL ESTATE LTD	Property Management	22.80%	British Virgin Islands	-
10.	EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	General and life insurance and reinsurance	30.23%	Greece	2007-2009
11.	APE INVESTMENT PROPERTY S.A.	Real estate, development/ tourist services	27.20%	Greece	2008-2009
12.	SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Holding company	29.80%	Greece	2008-2009
13.	EKATHARISEIS AKTOPLOIAS S.A.	Ticket Settlements	49.00%	Greece	2007-2009
14.	TRASTOR REAL ESTATE INVESTMENT COMPANY (former Piraeus Real Estate Investment Property S.A.)	Real estate investment property	33.80%	Greece	2006-2009
15.	EUROTERRA S.A.	Property Management	29.22%	Greece	2008-2009
16.	REBIKAT S.A.	Property Management	30.00%	Greece	2008-2009
17.	ABIES S.A.	Property Management	30.00%	Greece	2002-2009
18.	ATLANTIC INSURANCE COMPANY PUBLIC LTD	General Insurances	21.70%	Cyprus	2003-2009

The changes in the portfolio of subsidiaries and associates are referred at note 46.

The movement of investment in associates is analysed as follows:

	31 December 2009	31 December 2008
Opening balance	219,399	116,946
Additions	19,492	31,258
Disposals	(61,440)	-
Share of profit/ (loss) after tax	8,621	18,868
Transfer from changes in portfolios	1,693	49,560
Derecognition of loans according to IAS 39	-	8,135
Share in dividends paid	(2,412)	-
Foreign exchange differences	(1,329)	(5,368)
Balance at the end of the year	**184,024**	**219,399**

Company	Country	31 December 2009				
		Participation %	Profit/ (Loss) before tax	Total revenues	Total assets	Total liabilities
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 DEVELC	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%	*	*	*	*
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(4,889)	-	142,403	130,344
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	29.80%	*	*	*	*
EKATHARISEIS AKTOPLOIAS S.A.	Greece	49.00%	-	-	49	(3)
TRASTOR REAL ESTATE INVESTMENT COMPANY (former Piraeus Real Estate Investment Property S.A.)	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%	*	*	*	*

Amounts in thousand euros (Unless otherwise stated)

(*) 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 2009. As a result, the disclosure of their financial data and results is not considered necessary. According to stock market prices of 31/12/2009, 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. € 31.6 million, Trastor Real Estate Investment Company (former Piraeus Real Estate Investment Property S.A.) € 23.4 million.

Company	Country	Participation %	Profit / (Loss) before tax	Total revenues	Total assets	Total liabilities
		31 December 2008				
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	16	58	221	29
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	(35)	324	220	16
STALKO S.A.	Greece	25.00%	85	4,922	5,082	811
PROJECT ON LINE S.A.	Greece	40.00%	70	1,430	1,073	504
ALEXANDRIA FOR DEVELOPMENT AND INVESTMENT	Egypt	20.98%	184	311	8,761	5,087
NILE SHOES COMPANY	Egypt	37.51%	40	1,401	1,406	572
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELC	Greece	27.80%	-	-	71,213	67,555
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	-	-	45,844	42,986
DELPHI ADVANCED RESEARCH TECHNOLOGIES LTD	Cyprus	25.00%	-	378	223	116
BORG EL ARAB COMPANY	Egypt	26.20%	1,472	63,650	25,955	18,539
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.80%	476	3,079	33,871	698
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	1,333	102,000	198,000	164,000
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	-	-	125,025	124,977
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	29.80%	(33,365)	13,792	429,618	232,819
EKATHARISEIS AKTOPLOIAS S.A.	Greece	49.00%	(1)	-	59	3
TRASTOR REAL ESTATE INVESTMENT COMPANY (former Piraeus Real Estate Investment Property S.A.)	Greece	33.80%	4,116	20,889	116,345	824
PROTON BANK S.A.	Greece	31.31%	2,523	11,699	1,949,677	1,790,605
EUROTERRA S.A.	Greece	29.22%	-	-	104,544	7,823
REBIKAT S.A.	Greece	30.00%	-	-	21,536	108
ABIES S.A.	Greece	30.00%	(2)	-	2,299	320

27 Intangible fixed assets

2008

Cost	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2008	179,586	94,590	81,236	355,412
Opening balance of new subsidiaries on the date of acquisition	-	451	-	451
Additions	23,981	25,943	5,019	54,943
Transfers	-	5,476	1,782	7,259
Write-offs/ Disposals	(3,882)	(11)	-	(3,892)
Foreign exchange differences	1,236	(574)	248	910
Balance as at 31 December 2008	**200,921**	**125,877**	**88,285**	**415,083**

Accumulated depreciation	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2008	-	(66,840)	(23,938)	(90,777)
Opening balance of new subsidiaries on the date of acquisition	-	(389)	-	(389)
Charge for the year	-	(10,745)	(10,063)	(20,809)
Transfers	-	(212)	(161)	(373)
Write-offs/ Disposals	-	11	-	11
Foreign exchange differences	-	364	(116)	248
Accumulated depreciation as at 31 December 2008	**-**	**(77,812)**	**(34,278)**	**(112,090)**
Net book value as at 31 December 2008	**200,921**	**48,065**	**54,007**	**302,994**

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**

Out of total additions in goodwill during 2009 amount of € 512 thousand, arised from the increase in the participation percentage of Piraeus Bank at Marathon Banking Corporation from 87.91% to 90.47%, amount € 1,832 thousand from the merge between Best Leasing S.A. and Olympic Commercial and Tourist Enterprises S.A. and amount of € 10 thousand from other companies.

The Goodwill is examined for impairment on an annual basis or more often if there is reason for triger of permanent impairment. During 2009, as a result of the impairment testing on goodwill, arised an expense of € 4.5 million.

28 Property, plant and equipment

2008	**Land and buildings**	**Furniture, electronic and other equipment**	**Assets under construction**	**Other tangible assets**	**Leasehold improvements**	**Total**
Cost						
Opening balance as at 1 January 2008	322,202	261,756	65,770	380,344	208,588	1,238,660
Opening balance of subsidiaries disposed during the year	(57,298)	(4)	-	-	-	(57,302)
Opening balance of new subsidiaries on the date of acquisition	24,046	4,266	-	883	2	29,198
Additions	3,778	51,418	80,781	133,183	46,778	315,938
Transfers	(10,536)	11,677	(28,308)	(20,841)	35,769	(12,239)
Disposals	(18,476)	(475)	(2,630)	(65,657)	(531)	(87,768)
Write - offs/ impairment	-	(319)	(3,245)	(424)	(222)	(4,210)
Foreign exchange differences	(5,089)	(3,115)	(2,023)	(860)	(2,209)	(13,296)
Balance as at 31 December 2008	**258,627**	**325,203**	**110,345**	**426,629**	**288,177**	**1,408,981**
Accumulated depreciation						
Opening balance as at 1 January 2008	(23,207)	(175,211)	-	(99,318)	(77,494)	(375,230)
Opening balance of subsidiaries disposed during the year	3,773	3	-	-	-	3,776
Opening balance of new subsidiaries on the date of acquisition	-	(2,729)	-	(168)	(2)	(2,899)
Charge for the year	(9,106)	(27,333)	-	(49,225)	(16,779)	(102,443)
Transfers	3,608	(289)	-	1,526	(1,075)	3,770
Disposals	515	409	-	31,294	359	32,578
Write - offs/ impairment	-	297	-	163	184	644
Foreign exchange differences	98	1,273	-	352	90	1,813
Accumulated depreciation 31 December 2008	**(24,318)**	**(203,580)**	**-**	**(115,375)**	**(94,718)**	**(437,991)**
Net book value as at 31 December 2008	**234,309**	**121,624**	**110,345**	**311,253**	**193,459**	**970,990**

The above total depreciation charge for the year 2008 (€ 123,252 thousand) for tangible and intangible assets includes depreciation of Piraeus Best Leasing and of Olympic Commercial & Tourist Enterprises of amount € 14,518 thousand and € 31,755 thousand, respectively, which were included in "Other operating income" of the Consolidated Income Statement.

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**	**1,505,952**
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**

Amounts in thousand euros (Unless otherwise stated)

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.

29 Investment property

	2009	2008
Opening balance	710,374	692,799
Opening balance of subsidiaries disposed during the year	-	(37,381)
Revaluation of investment property	62,496	53,541
Additions	31,426	3,654
Transfers	16,997	21,941
Disposals	(1,728)	(24,103)
Foreign exchange differences	330	(77)
Balance at the end of the year	**819,894**	**710,374**

In 2009 the Group proceeded to a more efficient exploitation and management of its real estate property. Among other actions taken, the Group tranferred properties of amount € 27.2 million to "Investment property", which in the current year meets all relevant conditions and criteria set out in IAS 40. Though, ETBA Industrial Estates S.A. has transferred the amount € 5.7 million from "Investment property" to "Inventories - property" and the amount of € 6.7 million from "Investment property" at "Property Plant and Equipment" due to change in usage of properties. Also, an amount of € 2,2 million from OJSC Piraeus Bank ICB has been transferred from 'Assets under construction' to 'Investment Property'.

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 31/12/2009 is € 503.3 million (2008: € 484.6 million).

Rental income from investment property amounts to € 26,992 thousand (2008: € 34,037 thousand). Operating expenses of investment property that is rented to third parties equal to € 3,464 thousand (2008: € 4,239 thousand).

30 Assets Held for sale

Opening balance as at 1/1/2008	**4,696**
Additions	8,813
Transfers	(1,243)
Disposals	(1,848)
Currency translation differences	138
Balance as at 31/12/2008	**10,557**
Opening balance as at 1/1/2009	**10,557**
Additions	76,391
Transfers (note 23)	19,131
Disposals	(791)
Impairment	(2,142)
Currency translation differences	(1,375)
Balance as at 31/12/2009	**101,771**

The loss during 2009 from the sale of assets was € 726 thousand, (2008: gain € 200 thousand) and has been included in the profit and loss statement in line "Gains/ (Losses) from sale of assets".

Assets held for sale include a real estate management company which was acquired in 2009 and is expected to be sold within 2010, as long as settlements of their loan portfolio that were acquired in Egypt, Bulgaria, Romania and Ukraine. The sale procedure is lengthy and it is expected to be finalised in 2010.

31 Other assets

	31 December 2009	31 December 2008
Inventories - property	206,015	186,069
Inventories - property	**206,015**	**186,069**
Prepaid expenses and accrued income	177,415	275,249
Prepaid taxes and taxes withheld	138,150	183,703
Claims from tax authorities and the State	138,391	99,032
Inventories - cars	48,880	92,400
Credit cards	88,327	74,245
Receivables from third parties	91,044	93,259
Other items	406,131	276,683
Other receivables	**1,088,338**	**1,094,572**
Other assets	**1,294,353**	**1,280,641**
Current other assets (up to 1 year)	686,246	1,008,414
Non current other assets (more than 1 year)	608,107	272,227
Total	**1,294,353**	**1,280,642**

Amounts in thousand euros (Unless otherwise stated)

Inventories property as at 31/12/2009 include property of ETBA Industrial Estates S.A. of amount € 117 million (2008: € 107.9 million) and property acquired by the Bank through auctions of amount € 82.5 million (2008: € 72.6 million), as well as inventories property of real estate subsidiaries of total amount of € 6.5 million (2008: € 5.6 million).

Other items include debit balances that result from the daily transactions of the Group.

32 Due to credit institutions

	31 December 2009	31 December 2008
Amounts due to central banks	6,919,504	8,850,991
Deposits from other banks	4,332,738	2,646,778
Repurchase agreement - credit institutions	2,095,911	1,187,700
Other obligations to banks	1,084,701	1,436,404
	14,432,854	**14,121,872**
Current due to banks (up to 1 year)	14,053,803	13,538,927
Non current due to banks (more than 1 year)	379,050	582,945
	14,432,854	**14,121,872**

Balances due to banks bear floating rates.

Other obligations to Banks include the balance of the Schuldschein loan. The outstanding balance of the Schuildschein loan as at 31/12/2009 amounts to € 500 million against € 950 million as at 31/12/2008.

33 Due to customers

	31 December 2009	31 December 2008
Current and sight deposits	5,321,970	4,468,736
Savings account	4,292,665	3,382,247
Term deposits	20,130,942	19,727,066
Other accounts	292,710	244,165
Repurchase agreements	25,319	558,603
	30,063,606	**28,380,817**
Current due to customers (up to 1 year)	29,520,436	27,858,388
Non current due to customers (more than 1 year)	543,170	522,429
	30,063,606	**28,380,817**

Due to customers include blocked deposits of € 133 million (2008: € 507 million). Other accounts include cheques payable of € 142 million (2008: € 89 million). Customer deposits (excluding cheques payable and repos) with floating rates are € 9,407 million (2008: € 7,569 million) and with fixed rate are € 20,489 million (2008: € 20,165 million).

34 Debt securities in issue

		Average interest rate (%)			
	Currency	2009	2008	31 December 2009	31 December 2008
ETBA bonds	EUR	5.22%	4.70%	**153,057**	**2,513,581**
Euro Commercial Paper (Short term securities)	EUR	3.32%	4.84%	122,482	272,588
	USD	2.34%	3.84%	70,751	20,567
	GBP	3.56%	5.85%	51	311
				193,284	**293,467**
Other debt securities	BGN	7.12%	7.43%	**15,392**	**19,083**
Euro Medium Term Note (Medium/long term securities)			**Interest rate %**		
€ 32.5 m. floating rate notes due 2010			Variable	-	705
€ 21.65 m. floating rate notes due 2010			Variable	-	430
€ 700 m. floating rate notes due 2010			Euribor + 0.30%	448,317	493,272
€ 3.43 m. floating rate notes due 2009			Variable	-	390
USD 15 m. floating rate notes due 2009			Libor + 0.10%	-	7,292
€ 500 m. floating rate notes due 2009			Euribor + 0.20%	-	497,944
€ 60 m. floating rate notes due 2015			Variable	60,000	60,000
€ 10 m. floating rate notes due 2013			Euribor + 0.30%	9,993	9,991
€ 650 m. floating rate notes due 2011			Euribor + 0.25%	424,108	488,601
€ 5.05 m. floating rate notes due 2011			Variable	3,750	4,750
€ 50 m. floating rate notes due 2010			Euribor + 0.225%	50,000	50,000
€ 750 m. floating rate notes due 2010			Euribor + 0.20%	688,487	707,202
€ 20 m. floating rate notes due 2012			Euribor + 0.20%	19,981	19,974

Amounts in thousand euros (Unless otherwise stated)

Euro Medium Term Note (Medium/long term securities)	**Interest rate %**	**31 December 2009**	**31 December 2008**
€ 45 m. fixed/ floating rate notes due 2009	Fixed/ Euribor + 0.25%	-	45,000
€ 10 m. fixed/ floating rate notes due 2010	Fixed/ Euribor + 0.35%	3,212	3,412
€ 500 m. fixed rate notes due 2011	Fixed 4.5%	492,795	-
€ 500 m. fixed rate notes due 2012	Fixed 4.0%	469,769	-
Accrued interest and other expenses		18,759	6,748
		2,689,172	**2,395,710**
Securitisation of mortgage loans			
€ 750 m. floating rate notes due 2040	Euribor + 0.18%	283,300	330,779
€ 1,250 m. floating rate notes due 2054	Euribor + 0.18%	872,072	935,605
		1,155,372	**1,266,384**
Total debt securities in issue		**4,206,276**	**6,488,225**
Current debt securities in issue (up to 1 year)		1,414,007	3,008,251
Non current debt securities in issue (more than 1 year)		2,792,269	3,479,974
Total debt securities in issue		**4,206,276**	**6,488,225**

Issuance under the Euro Commercial Paper and Euro Medium Term Note programs is undertaken through Piraeus Group Finance PLC, a subsidiary of the Group. Information concerning the new issues of debt securities during the financial year 2009 are presented below:

In June 2009 Piraeus Bank issued a 2-year fixed rate senior bond in the amount of € 500 million. The bond was issued under Piraeus Bank's Euro Medium Term Note (EMTN) programme. The new 2-year bond pays a 4.5% fixed coupon and is listed on the Luxembourg Stock Exchange.

In September 2009 Piraeus Bank issued its 3-year fixed rate senior bond in the amount of € 500 million. The bond was issued under the Euro Medium Term Note (EMTN) programme. The new 3-year bond pays a 4.0% fixed coupon and is listed on the Luxembourg Stock Exchange.

In April 2009 the first Consumer Loan Backed Securitisation was completed through the UK-based special purpose vehicle Praxis Finance PLC, in the amount of € 725 million. The bonds bear an average coupon of 1 month Euribor plus 27 basis points. This issue has been retained by Piraeus Bank and fulfills the requirements for refinancing from the E.C.B.

In May 2009 the second SME Loan Backed Securitisation, Axia II, was completed through the UK-based special purpose vehicle Axia Finance II PLC, in the amount of € 900 million. The bonds have an average coupon of 3 month Euribor plus 99 basis points. This issue has been retained by Piraeus Bank and fullfills the requirements for refinancing from the E.C.B.

In August 2009 the second Consumer and Credit Cards Backed Securitisation was completed through the UK-based special purpose vehicle Praxis II Finance PLC, in the amount of € 558 million. The bonds bear an average coupon of 1 month Euribor plus 38 basis points. This issue has been retained by Piraeus Bank and fullfils the requirements for refinancing from the E.C.B.

In August 2009 the third SME Loan Backed Securitisation, Axia III, was completed through the UK-based special purpose vehicle Axia Finance III PLC in the amount of € 2,352 million. The bonds bear an average coupon of 1 month Euribor plus 79 basis points. This issue has been retained by Piraeus Bank and fullfills the requirements for refinancing from the E.C.B.

In August 2009 the first Leasing Receivables Securitisation was completed through the UK-based special purpose vehicle Gaia Lease PLC in the amount of € 540 million. The bonds have an average coupon of 3 month Euribor plus 60 basis points. This issue has been retained by the Group and fullfills the requirements for refinancing from the E.C.B.

It should be noted that the third securitisation of mortgage loans, Estia Mortage Finance III Plc, in the amount of € 800 million and the first securitisation of corporate loans, Axia Finance Plc, in the amount of € 1,750 million continue to be retained by Piraeus Bank and fullfill the requirements for refinancing from the E.C.B. The terms of these issues took place within 2008.

35 Hybrid capital and other borrowed funds

Hybrid capital (Tier I)	**Interest rate (%)**	**31 December 2009**	**31 December 2008**
€ 200 m. floating rate notes	Euribor + 1.25%	159,036	199,191
Accrued interest and other expenses		716	2,253
		159,752	**201,444**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2014	Euribor + 0.60%	-	379,493
€ 400 m. floating rate notes due 2016	Euribor + 0.55%	347,011	378,335
Accrued interest and other expenses		937	4,474
		347,948	**762,302**
Other borrowed funds (USD)	6.60%	**3,578**	**3,657**
Total hybrid capital and other borrowed funds		**511,279**	**967,403**

Amounts in thousand euros (Unless otherwise stated)

Piraeus Bank, based on each solid capital base and adequate liquidity position and after approval from the Bank of Greece, proceeded to the early redemption of the € 400 million Lower Tier II bonds on the 29th of September 2009, in accordance with the original terms and conditions of the notes, had been issued by its subsidiary Piraeus Group Finance PLC.

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. The balance of hybrid capital and other borrowed funds on 31/12/2009 (€ 511 million) reflects non-current maturity, i.e. beyond one year.

36 Other liabilities

	31 December 2009	31 December 2008
Deferred income and accrued expenses	163,563	272,219
Obligations under finance leases	230,518	211,749
Transactions with Interbank Systems (DIAS)	25,417	192,629
Withholding taxes and contributions	45,937	74,590
Creditors	77,706	64,773
Other liability accounts	314,739	271,395
	857,882	**1,087,353**

	31 December 2009	31 December 2008
Current other liabilities (up to 1 year)	590,348	851,655
Non current other liabilities (more than 1 year)	267,534	235,699
Total	**857,882**	**1,087,353**

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 2009	31 December 2008
Up to 1 year	25,419	25,810
From 1 to 5 years	114,787	330,454
More than 5 years	2,216,408	1,844,067
	2,356,614	**2,200,332**
Finance expense	(2,126,096)	(1,988,583)
Net liabilities from finance leases	**230,518**	**211,749**

Net liabilities from finance leases may be analyzed as follows:

	31 December 2009	31 December 2008
Up to 1 year	18,196	17,387
From 1 to 5 years	84,291	83,345
More than 5 years	128,031	111,017
	230,518	**211,749**

Obligations under finance leases mainly consist of the liability (€ 224.3 million) arising from the finance lease agreement for the Citylink building by the Group subsidiary Picar SA, of total duration fifty two years.

37 Other provisions

	31 December 2009	31 December 2008
Opening balance	24,160	3,750
Transfers from provisions of other assets	-	19,116
Charge for the year	3,053	1,881
Usage of provisions	(9,510)	(490)
Foreign exchange differences	386	(95)
Balance at the end of the year	**18,089**	**24,160**

Amounts in thousand euros (Unless otherwise stated)

38 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:

	31 December 2009	31 December 2008
Deferred tax liabilities		
Adjustment for depreciation of property, plant and equipment	16,482	10,000
Investment property valuation	48,342	39,872
Securities valuation	8,973	10,483
Recognition of commision according to effective interest rate calculation	396	1,730
Impairment of receivables	10,732	14,993
Other loans' receivable	8,426	10,206
Deferred tax liability of purchase price allocation exercise	2,985	4,144
Intangible assets	27,409	14,290
Other deferred tax liabilities	16,313	22,053
	140,058	**127,770**
Deferred tax assets		
Pensions and other post retirement benefits	37,209	35,027
Impairment of receivables	38,550	27,957
Other provisions	7,036	8,343
Derecognition of intangible assets	3,995	2,429
Securities valuation	141,576	134,349
Derivative financial instruments valuation	12,504	20,625
Recognition of tax losses	18,673	8,579
Impairment of securities	650	664
Recognition of commision according to effective interest rate calculation	11,581	8,454
Other deferred tax assets	10,878	7,994
	282,652	**254,422**
Net deferred tax asset	**142,594**	**126,651**

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

	2009	2008
Net deferred tax asset as at 1 January	**126,651**	**10,043**
Net deferred tax liability of new subsidiaries	-	(931)
Effect of deferred tax on profit or loss	8,956	74,346
Sale/ valuation of the available for sale portfolio securities	6,532	43,193
Currency translation effect	454	-
Net deferred tax asset as at 31 December	**142,594**	**126,651**

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

	2009	2008
Pensions and other post retirement benefits	2,182	(347)
Impairment of receivables	14,854	9,283
Other loans' receivable	1,780	(8,425)
Recognition of commision according to effective interest rate calculation	4,461	(870)
Investment property valuation	(8,470)	(3,046)
Derivative financial instruments valuation	(8,121)	18,554
Recognition of tax losses	10,094	493
Adjustment for depreciation of property, plant and equipment	(6,482)	2,261
Intangible assets	(11,554)	(8,288)
Securities valuation	2,205	61,675
Other provisions	(1,306)	7,351
Deferred tax of purchase price allocation exercise	1,158	1,158
Impairment of securities	(14)	616
Foreign exchange differences and other temporary differences	8,170	(6,071)
	8,956	**74,346**

During the year 2009, deferred tax of amount € 6,532 thousands relating to sales and valuation of the available for sale securities did not affect the profit and loss for the year, but instead increased the available for sale reserve according to the relevant IFRS regulations. Deferred tax movement was also affected by foreign exchange differences of amount € 454 thousands.

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)

39 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 2009 and 2008 are presented below:

	2009	2008
Retirement benefit obligations as at 1 January	**198,605**	**169,604**
Movement for the year	28,601	33,403
Opening balance of new subsidiaries	-	15,355
Contributions paid	(25,236)	(18,855)
Provision for outstanding annual leaves	111	(902)
Currency translation differences	380	-
Retirement benefit obligations as at 31 December	**202,460**	**198,605**

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. An actuarial study has been carried out as at 31/12/2009. The estimation of the liability at this date is based on the results of this study and is as follows:

Amounts recognised in the balance sheet	**31 December 2009**	**31 December 2008**
Pension schemes-funded	65,286	66,772
Other post retirement benefits - not funded	107,826	106,006
	173,112	**172,778**
Provision for outstanding annual leaves	-	284
Provisions due to mergers	159	159
Total obligation	**173,271**	**173,221**

	1/1-31/12/2009	**1/1-31/12/2008**
Income statement		
Pension schemes-funded	(7,981)	(7,133)
Other post retirement benefits - not funded	(14,805)	(21,686)
Cost of benefits due to mergers	-	(29)
	(22,786)	**(28,847)**

A) Pension schemes - funded

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

	31 December 2009	**31 December 2008**
Present value of funded obligations	94,758	88,903
Fair value of plan assets	(17,537)	(15,411)
	77,221	**73,492**
Unrecognised actuarial (losses)/ gains	(11,935)	(6,720)
Liability in the balance sheet	**65,286**	**66,772**

Although TEAPETE is no longer among funded benefits, it is featured as part of funded benefits for comparison purposes on 31/12/2009 and on 31/12/2008. 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 5 instalments of total amount € 35.5 million were paid until 31/12/2009. The obligation, which is the present value of the other 5 instalments, amounts to € 31.0 million as at 31/12/2009.

The amounts recognised in the income statement are as follows:

Pension schemes - Income statement	**1/1-31/12/2009**	**1/1-31/12/2008**
Current service cost	(3,933)	(3,464)
Interest cost	(4,512)	(4,186)
Expected return on plan assets	630	570
Net actuarial gains/ (losses) recognised fot the year	(165)	424
Past- Services Cost	-	(476)
Additional gains/ (cost)	-	-
Total, included in staff costs	**(7,981)**	**(7,133)**

The movement of the defined benefit obligation for the years 2009 and 2008 is analysed as follows:

Amounts in thousand euros (Unless otherwise stated)

	31 December 2009	31 December 2008
Opening balance	**88,903**	**88,095**
Current service cost	3,933	3,464
Interest cost	4,512	4,186
Contributions by plan participants	1,612	1,527
Benefits paid from the fund	(2,031)	(2,108)
Benefits paid directly by the employer	(7,134)	(7,134)
Expenses	(71)	(58)
Additional (gains)/ cost	-	-
Past- Services Cost	-	476
Net actuarial (gains)/ losses recognised fot the year	5,034	454
Closing balance	**94,758**	**88,903**

The movement of the fair value of plan assets of the years 2009 and 2008 is analysed as follows:

	31 December 2009	31 December 2008
Opening balance	**15,410**	**13,763**
Expected return on plan assets	630	570
Employer contributions	2,333	1,842
Employee contributions	1,612	1,527
Benefits paid	(2,031)	(2,108)
Expenses	(71)	(58)
Assets gains/ (losses)	(346)	(125)
Closing balance	**17,537**	**15,410**

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

	31 December 2009	31 December 2008
Opening balance	**66,772**	**68,615**
Movement for the year	7,981	7,133
Contributions paid by the employer	(2,333)	(1,842)
Benefits paid directly by the employer	(7,134)	(7,134)
Closing balance	**65,286**	**66,772**

B) Other post retirement benefits - not funded

The amounts recognised in the balance sheet are as follows:

	31 December 2009	31 December 2008
Present value of unfunded obligations	158,749	160,265
Unrecognised actuarial (losses)/ gains	(17,403)	(7,765)
Unrecognized past service cost	(33,520)	(46,494)
Liability in the balance sheet	**107,826**	**106,006**

The movement in the defined benefit obligation for the years 2009 and 2008 is analysed as follows:

	31 December 2009	31 December 2008
Opening balance	**160,265**	**128,965**
Current service cost	9,784	9,282
Interest cost	6,676	5,691
Benefits paid by the employer	(12,985)	(8,071)
Additional (gains)/ cost	1,656	(3,916)
Past service cost	(16,124)	23,731
Actuarial (gains)/ losses recognised fot the year	9,477	4,583
End of year	**158,749**	**160,265**

The amounts recognised in the income statements of 2009 and 2008 are as follows:

Income Statement	**1/1-31/12/2009**	**1/1-31/12/2008**
Current service cost	(9,784)	(9,282)
Interest cost	(6,676)	(5,691)
Net actuarial gains/ (losses) recognised for the year	(214)	(64)
Past service cost recognized	3,150	(9,882)
Additional gains/ (cost)	(1,281)	3,234
Total, included in staff costs	**(14,805)**	**(21,686)**

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

	31 December 2009	31 December 2008
Opening balance	**106,006**	**92,391**
Movement for the year	14,805	21,686
Benefits paid by the employer	(12,985)	(8,071)
Closing balance	**107,826**	**106,006**

Amounts in thousand euros (Unless otherwise stated)

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

	31 December 2009	31 December 2008
Discount rate	5.00%	5.60%
Expected return on plan assets	4.50%	4.50%
Future increase of salaries	4.00%	4.00%
Future increase of pensions	2.50%	2.50%

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 € 29,190 thousand (2008: € 25,383 thousand). The total charge in profit and loss for the year 2009 resulting from the defined benefit obligation plans of the Bank, is € 22,786 thousand (2008: € 28,848 thousand) and of the Group subsidiaries is € 5,815 thousand (2008: € 4,555 thousand).

40 Contingent liabilites and commitments

A) Legal procedures

The legal proceedings outstanding against the Group as at 31/12/2009 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 31/12/2009 the Group had the following capital commitments:

	31 December 2009	31 December 2008
Letters of guarantee	3,241,246	3,320,462
Letters of credit	126,797	266,644
Commitments to extent credit	13,616,958	12,715,181
	16,985,000	**16,302,287**

C) Assets pledged

	31 December 2009	31 December 2008
Balances with central banks	228	246
Trading securities	3,911,734	1,063,601
Investment securities	2,144,464	3,749,377
Loans and advances to customers	865,000	865,000
Debt securities - receivables	761,966	450,000
	7,683,391	**6,128,224**

In the “Trading securities” category, an amount of € 3,323 million refers to bonds, which are not included in assets, derived from the securitization of mortgage, consumer and corporate loans.

D) Operating lease commitments and receivables

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

	31 December 2009	31 December 2008
Up to 1 year	51,281	37,661
From 1 to 5 years	200,618	164,370
More than 5 years	395,099	357,125
	646,998	**559,156**

41 Share capital

	Share Capital	Share Premium	Treasury Shares	Total
At 1 January 2008	**1,617,977**	**1,099,903**	**(250,862)**	**2,467,018**
Cancellation of treasury shares	(49,644)	(184,526)	234,170	0
Share capital increase due to reinvestment of dividends	3,589	12,398	-	15,987
Purchases of treasury shares	-	-	(188,745)	(188,745)
Sale of treasury shares	-	-	38,116	38,116
At 31 December 2008	**1,571,923**	**927,775**	**(167,321)**	**2,332,377**

	Share Capital	Share Premium	Treasury Shares	Total
At 1 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
At 31 December 2009	**1,974,020**	**927,739**	**(123)**	**2,901,636**

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 2008	**339,198,587**	**(11,082,100)**	**328,116,487**
Cancellation of treasury shares	(10,407,537)	10,407,537	0
Share capital increase due to reinvestment of dividends	752,478	-	752,478
Purchases of treasury shares	-	(14,228,664)	(14,228,664)
Sale of treasury shares	-	2,379,303	2,379,303
Balance at 31st December 2008	**329,543,528**	**(12,523,924)**	**317,019,604**

	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 31 December 2009	**413,840,653**	**(14,451)**	**413,826,202**

The Ordinary General Meeting of Shareholders on 30th of April 2009 decided the distribution of dividend to the shareholders in the form of Bank shares, namely the distribution of one new common voting share with nominal value of € 4.77 each for every 47 old shares. This distribution corresponds to a net dividend value of € 0.10 per share, incorporating the dividend corresponding to own shares and deduction of the tax due. Consequently, the General Meeting approved the increase of the Bank's share capital by the amount of € 32,097,287.07, with capitalization of the net amount of the distributable dividend and with the issuance of 6,728,991 new shares. These shares were issued on 5/6/2009.

The Bank, within the framework of article 1 of L.3723/2008 "Liquidity Support of the Economy for mitigating the consequences of the international financial and credit crisis" and following the resolution of the Extraordinary General Meeting on 23/1/2009, issued on the 14/5/2009, 77,568,134 preferential non-voting shares for the total amount of € 370 million, each having a nominal and issue value of € 4.77. These shares have been acquired by the Greek State with the transfer to the Bank of bonds of the Greek State having equal value. In accordance with the existing legal and regulatory framework, the capital provided forms part of the Bank's Tier I capital.

The aforementioned preferential shares provide the right to receive a fixed, non cumulative return of 10%, which is tax deductible and calculated on the share issue price, provided that: (a) the capital adequacy indices of the Bank and the Group, following payment of the aforementioned return, remain above the minimum limits set by the Bank of Greece, (b) the existence of distributable funds within the meaning of the provisions of article 44a of Codified Law 2190/1920 and (c) the Ordinary Shareholders' Meeting of common shares, has previously resolved upon the same. Pursuant to the draft legislation submitted to the Greek Parliament by the Ministry of Economy and Finance, on the 17th March 2010, the return increases by 2% each year after the first five years. Upon the lapse of five years from the date of issuance of the preferential shares, the Ministry of Economy and Finance may convert the preferential shares into common shares, subject the prior approval of the Bank of Greece. On the 31st December 2009, the dividend payable in respect of preferential shares amounted to € 22.8 million.

Following the above increases, the Bank's share capital amounts to € 1,974,019,914.81, divided to 336,272,519 ordinary registered shares with voting rights and 77,568,134 preference shares without voting rights L. 3723/2008, of nominal share value € 4.77.

The Annual General Meeting of shareholders of the Bank held on 3/4/2008 has decided, according to the article 16 of codified Law 2190/1920, the purchase of treasury shares, until 3/4/2010 the latest, up to a maximum number of 33,000,000 treasury shares, which may be distributed to the staff of the Bank or the staff of any affiliated company with the minimum and maximum purchase price for the shares being between € 4 and € 40. It is noted that the above-mentioned share repurchase program of Piraeus Bank has been suspended, in accordance with the provisions of article 28 par. 2 of Law 3756/2008.

In accordance with the provisions of applicable Law Piraeus Bank S.A. sold on 1/6/2009, 13,280,976 treasury shares, representing 3.95% of the Bank's issued and outstanding ordinary shares, with a trade price set at € 7.70 per share.

3rd share option plan

In the above share option plan that has been implemented since 2006 and will expire in December 2010, no rights were exercised during the year 2009. The remaining 71,900 granted rights are exercisable until the ultimate expiry date of the scheme.

Amounts in thousand euros (Unless otherwise stated)

42 Other reserves, retained earnings and minority interest

	31 December 2009	31 December 2008
Legal reserve	95,544	77,964
Extraodinary reserve	1,821	1,200
Available for sale reserve	(157,761)	(162,414)
Currency translation reserve	(162,904)	(94,852)
Other reserves	5,105	515
Total other reserves	**(218,195)**	**(177,586)**
Retained earnings	782,618	721,359
Total other reserves and retained earnings	**564,423**	**543,773**

Other reserves movement	31 December 2009	31 December 2008
Opening balance for the year	(177,586)	53,939
Movement of available for sale reserve	4,652	(177,399)
Formation of legal reserve	17,580	12,590
Formation of other reserves	3,341	-
Foreign exchange differences and other adjustments	(66,182)	(66,716)
Closing balance for the year	**(218,195)**	**(177,586)**

Legal reserve of the Bank and its Greek subsidiaries is formed in accordance with Law 2190/1920 and each company's articles of association. Foreign subsidiaries form their legal reserve in accordance with their local legislation.

Available for sale reserve movement	31 December 2009	31 December 2008
Opening balance for the year	(162,414)	14,986
Gains/ (losses) from the valuation of available for sale bonds	(27,151)	(47,459)
Gains/ (losses) from the valuation of available for sale shares and mutual funds	22,562	(158,231)
Deferred income tax	6,607	43,063
Recycling of the accumulated fair value adjustment of disposed available for sale securities	(28)	296
Foreign exchange differences and other adjustments	2,663	(15,069)
Closing balance for the year	**(157,762)**	**(162,414)**

Retained earnings movement	31 December 2009	31 December 2008
Opening balance for the year	721,359	561,058
Profit after tax for the year attributable to equity holders of the parent entity	201,749	315,087
Prior year dividends	(35,664)	(118,122)
Profit / (losses) from sales of treasury shares	(70,722)	(13,431)
Expenses on issuance of preference shares	(4,110)	-
Transfer to other reserves	(20,921)	(12,590)
Acquisitions, absorptions and movement in subsidiaries holding	(7,935)	(8,246)
Differences from currency translations and other adjustments	(1,137)	(2,397)
Closing balance for the year	**782,619**	**721,359**

43 Dividend per share

In accordance with L. 3756/2009 and in conjunction with the circular no. 20708/B/1175/23-04-2009 issued by the Ministry of Economy and Finance and the draft bill submitted to the Greek Parliament on March 17th, 2010, the Banks participating in the Stability and Growth Programme of the Greek Economy are not permitted to distribute dividends in the form of cash to their shareholders in respect of the fiscal years 2008 and 2009.

44 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 2009	31 December 2008
Cash and balances with central banks (note 18)	2,379,833	2,950,261
Treasury bills and other eligible bills	-	56,474
Loans and advances to credit institutions (note 19)	968,502	2,002,529
Trading securities (note 21)	40,690	-
	3,389,025	**5,009,265**

45 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%.

Amounts in thousand euros (Unless otherwise stated)

	Board of Directors members and key management personnel	
	31 December 2009	**31 December 2008**
Loans	145,661	244,345
Deposits	36,516	130,101

Letters of guarantee and letters of credit to the members of the board of directors and to the key management personnel as at 31/12/2009 are € 1.5 million (31/12/2008: € 1.7 million). The total income on loans to members of the board of directors and to key management personnel for the year 2009 is € 5.0 million (31/12/2008: € 13.8 million). The total expense on deposits of the prementioned related parties for the year 2009 is € 0.5 million (31/12/2008: € 1.8 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.

Director's Remuneration	**31 December 2009**	**31 December 2008**
Salaries and other remuneration	5,563	12,062
Termination benefits	7,377	3,464
	12,940	**15,526**

The aggregate provisions in respect of Members of the Board of Directors and key management personnel, following the resignation of certain key management personnel and the relevant adjustments effected during the current year, amount to € 27.4 million as at 31/12/2009 (31/12/2008: € 36.8 million). The full amount of the above provisions has been included in retirement benefit obligation (note 39).

	Associates	
	31 December 2009	**31 December 2008**
Deposits	90,726	116,477
Loans and advances to customers and credit institutions	53,490	400,367
Interest expense	1,664	(3,849)
Interest income	1,441	4,855

46 Changes in the portfolio of subsidiaries and associates

In the period from 1/1/2009 to 31/12/2009, the following changes took place in the Group's portfolio of subsidiaries and associates:

a) Increases of participation:

On 16/1/2009, Piraeus Bank S.A. has increased its participation in Euroinvestment & Finance LTD with the amount of € 5 thousand, increasing its shareholding, by 0.06%, to 90.85%. On 31/12/2009 Piraeus Bank Cyprus S.A., 100% subsidiary of Piraeus Bank S.A, acquired a direct percentage of 0.002% in Euroinvestment & Finance LTD with the amount of € 0.2 thousand, without having a significant influence in the Group's shareholding percentage to the company (90.85%).

On 20/1/2009 Piraeus Bank increased its shareholding in Tirana Bank I.B.C. S.A. from 91.24% to 92.28% with the amount of € 1.33 million. A further shareholding increase with the amount of € 1.33 million was completed in April 2009, resulting to a shareholding of 94.72% of Piraeus Bank in Tirana Bank I.B.C. S.A. On 13/7/2009 Piraeus Bank increased its shareholding percentage to Tirana Bank I.B.C. from 94.72% to 96.71% with the amount of € 1.53 million.

During February and March 2009, Piraeus Bank purchased shares of Marathon Banking Corporation with the amount of € 2.18 million increasing its shareholding from 87.91% to 90.47%.

On February and March 2009, Piraeus Bank Cyprus S.A., 100% subsidiary of Piraeus Bank S.A., increased its shareholding in Atlantic Insurance Public Co LTD from 2.67% to 20.94% with the amount of € 14.4 million, resulting at a transfer from the Bank's available for sale portfolio to the associates' portfolio, due to significant influence. In June 2009 Piraeus Bank Cyprus S.A. has proceeded to the additional purchase of shares of Atlantic Insurance Public Co LTD with the amount of € 0.4 million, increasing its shareholding to 21.66%. On 30/9/2009 and 31/12/2009, Piraeus Bank Cyprus S.A. increased its shareholding percentage to Atlantic Insurance Public Co. Ltd. to 21.70% with the amount of € 0.021 million.

b) Acquisitions:

On 20/2/2009, Piraeus Bank acquired 100% of PLG Finance S.A. with the amount of € 60 thousand.

On 15/9/2009, New Evolution S.A.,100% subsidiary of Piraeus Bank S.A, acquired the 100% of Prospect N.E.P.A. with the amount of € 10 thousand.

On 18/12/2009, Piraeus Bank S.A. acquired with the amount of € 1 thousand, 99,9% of KELETZEC LTD, which was renamed in R.E. Anodus LTD.

On 24/12/2009, Piraeus Real Estate S.A., 100% subsidiary of Piraeus Bank S.A, acquired the 100% of Erechtheas Investments and Holdings S.A. with the amount of €149 thousand.

c) Participation in share capital increases:

On 23/3/2009, Piraeus Bank fully covered the share capital increase of Marathon Banking Corporation for the amount of € 3.68 million increasing in this way its shareholding from 90.47% to 91.02%. Furthermore, on 24/4/2009, through the purchase of shares of value € 7 thousand the Bank increased its shareholding in Marathon Banking Corporation to 91.03%

On 27/3/2009, Piraeus Bank covered the total amount of share capital increase of Piraeus Bank Cyprus LTD with the amount of € 17 million (without altering its shareholding (100%)). The amount was covered fully by cash contribution from Piraeus Bank S.A.

Piraeus Bank has participated in the share capital increase of OJSC Piraeus Bank ICB, which was realized on 14/4/2009, with the amount of € 10.76 million increasing in this way its shareholding from 99.95% to 99.96%.

On 29/5/2009 Piraeus Bank fully covered the share capital increase of Piraeus Insurance Agency S.A., amounting to € 1.14 million, obtaining in such way a direct shareholding of 95% without altering its effective shareholding (100%).

On 24/6/2009 Piraeus Bank has participated in the share capital increase of APE Investment Property S.A. The amount covered was of € 3.37 million and the shareholding was not altered (27.2%). On 2/11/2009, a new increase at the share capital of APE Investment Property S.A. followed, in which Piraeus Bank participated with the amount of €1.22 million and without altering its shareholding (27.2%).

On 23/7/2009, Piraeus Bank covered the total amount of share capital increase of Picar S.A. with the amount of € 71 million (without altering its shareholding of 100%). The amount was covered fully by cash contribution from Piraeus Bank S.A.

On 24/7/2009, Piraeus Bank S.A. participated in a share capital increase of its 100% subsidiary, Piraeus Bank Romania S.A., with the amount of € 18 million. Moreover on the same date followed a share capital increase of Piraeus Bank Romania S.A. with the amount of € 2.1 million. This share capital increase was a result of profit capitalization with free distribution of shares.

On 24/7/2009 Piraeus Bank fully covered the share capital increase of Piraeus Leasing Romania S.R.L., amounting to € 2 million, increasing in such way its direct shareholding percentage from 99.81% to 99.85% (without altering its effective shareholding of 100%).

On 19/8/2009 PLG Finance S.A, subsidiary company of Piraeus Bank S.A. with a percentage of 100%, increased its share capital with an amount of € 4 million. Piraeus Bank S.A. participated in the increase by an amount of € 2.58 million, resulting to a Bank's shareholding decrease from 100% to 65%.

On 18/9/2009, Piraeus Bank S.A., participated in share capital increases of the companies Rebikat S.A and Abies S.A. with the amounts of € 52.5 thousand and € 22.5 thousand respectively, without altering its shareholding percentage (30%) to each company.

On 26/9/2009 Piraeus Leasing Bulgaria EAD, subsidiary company of Piraeus Bank with a percentage 100%, covered the amount of share capital increase of its 100% subsidiary company Piraeus Auto Leasing Bulgaria EAD with the amount of € 77.8 thousand without altering its shareholding (100%).

On 09/12/2009, New Evolution S.A. and Piraeus Green Investments S.A., subsidiaries companies of Piraeus Bank with a percentage 100%, increased their share capital with the amounts of € 200 thousand and € 60 thousand respectively. The amount was covered fully by cash contribution from Piraeus Bank S.A, without altering its shareholding percentage (100%) to each company.

On 11/12/2009, Piraeus Bank S.A increased it's acquisition at AGR Investments S.A. Securitised Receivable Investments from 99.83% to 100%, by acquiring the shareholding percentage that Piraeus Real Estate S.A., a 100% subsidiary of Piraeus Bank S.A, held. On the same day, Piraeus Bank covered the amount of share capital increase of AGR Investments S.A. Securitised Receivable Investments with the amount of € 13.5 thousand without altering its shareholding (100%).

d) Liquidation and disposal of shareholding percentages:

On 14/5/2009, Borg El Arab Company, 27.47% associate of Piraeus Bank Egypt SAE which is a 95.37% subsidiary of Piraeus Bank, was sold for a consideration of € 2.35 million.

On 9/6/2009 Piraeus Bank sold its shareholding (25%) in the associate company Stalko S.A. for a consideration of € 750 thousand.

On 12/12/2009 Piraeus Bank sold its shareholding in the 100% subsidiary company AGR Investments S.A. Securitised Receivable Investments for a consideration of € 8 thousand.

On 30/12/2009 Piraeus Bank sold its shareholding (31.31%) in the associate company Proton Bank S.A. for a consideration of € 70.52 million.

On 16/12/2009 Piraeus Bank, because of the absorption of the 100% subsidiary company Piraeus Leasing S.A., acquired a direct participation of 100% shareholding percentage in Piraeus Leases S.A, an indirect participation until then, amounting to € 162.17 million. Moreover, because of the absorption above, the Bank increased by 20,01% it's shareholding in Olympic Commercial & Tourist Enterprises S.A. amounting to € 2.58 million and therefore, its direct shareholding percentage increased from 54.89% to 74.90%.

On 26/10/2009, the decision of dissolution and liquidation of the subsidiary company Multicollection S.A., 51% subsidiary of Piraeus Bank, was registered in the Societes Anonymes Registry of Prefecture of Athens in accordance with the provisions of Laws 2190/1920.

Amounts in thousand euros (Unless otherwise stated)

e) Renames:

"Piraeus – Egypt Asset Management", "Piraeus Egypt Brokerage CO" and "Piraeus Insurance Consultants – Egypt" have been renamed to "Phoenix Kato Asset Management Co", "Piraeus – Egypt for Securities Brokerage Co" and "Piraeus Insurance Brokerage – Egypt", respectively. The companies above are subsidiaries of Piraeus Bank Egypt S.A.E. and they consist of indirect participations of Piraeus Bank.

The associate company Piraeus Real Estate Investment Property S.A. was renamed to Trastor Real Estate Investment Company.

The subsidiary company 'PLG Finance S.A.' was renamed to 'Piraeus Wealth Management A.E.P.E.Y'.

f) Transformation of companies:

On 16/12/2009 Piraeus Bank absorbed its 100% subsidiary company 'Piraeus Leasing S.A.'

The changes in subsidiaries companies shown in the above paragraphs are presented as follows:

	2009	2008
Participation in share capital increases	126,514	216,882
Incorporation of companies	-	32
Total participation in share capital increases and incorporation of companies	**126,514**	**216,913**
Increase of shareholding percentage in Group subsidiaries	6,374	16,426
Acquisition of subsidiaries	220	15,000
Less: Cash and cash equivalents of subsidiaries acquired	(104)	(176,173)
Total net cash outflow/ (inflow) from acquisition of subsidiaries and increase of shareholding percentage	**6,491**	**(144,747)**

During the year 2009, the goodwill raised from the acquisition of subsidiaries and the increase of shareholding in Group subsidiaries was € 2,354 thousand (2008: € 23,981 thousand).

47 Post Balance Sheet events

On 23 February 2010, the credit agency Fitch Ratings downgraded the Long-term Issuer Default Ratings (IDR) of Piraeus Bank to BBB from BBB+, with negative outlook.

On 3 March 2010, Moody's rating agency placed the Bank's ratings (A2 with negative outlook) on review for possible downgrade.

On 16 March 2010, Standard & Poor's affirmed BBB/A-2 credit ratings on Piraeus Bank with negative outlook, while it removed the ratings on the bank from CreditWatch, where it had placed them on 17 December 2009.

In early 2010 there has been deterioration in the Greek sovereign risk, as reflected in the widening of the Greek Government spreads versus the German Government bonds. The macroeconomic risks affecting the Bank and the measures announced by the Greek Government in 2010 to address the fiscal imbalances are analysed in the BoD Management Report

Athens, March 29th, 2010

CHAIRMAN OF THE BOARD OF DIRECTORS and CHIEF EXECUTIVE OFFICER	MANAGING DIRECTOR	GENERAL MANAGER	DIRECTOR, GROUP FINANCE & PARTICIPATIONS DIVISION
MICHAEL G. SALLAS	ALEXANDROS ST. MANOS	DIMITRIS D. PAPADIMITRIOU	AGAMEMNON E. POLITIS

PIRAEUS BANK S.A.

Financial Statements

31 December 2009

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 29th, 2010 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.

Index to the Financial Statements

Amounts in thousand euros (Unless otherwise stated)

INCOME STATEMENT

	Note	Year ended 31 December 2009	Year ended 31 December 2008
Interest and similar income	6	2,149,833	3,230,268
Interest expense and similar charges	6	(1,366,120)	(2,380,580)
NET INTEREST INCOME		**783,713**	**849,687**
Fee and commission income	7	128,081	151,700
Fee and commission expense	7	(42,567)	(44,086)
NET FEE AND COMMISSION INCOME		**85,514**	**107,614**
Dividend income	8	43,907	47,496
Net trading income	9	45,982	(72,950)
Net income from financial instruments designated at fair value through profit or loss	10	(916)	17,587
Gains/ (Losses) from investment securities	11	13,654	(44,761)
Other operating income	12	41,914	31,868
TOTAL NET INCOME		**1,013,767**	**936,542**
Staff costs	13	(256,967)	(266,401)
Administrative expenses	14	(256,921)	(263,826)
Depreciation and amortisation	27, 28	(36,961)	(29,251)
Gains/ (Losses) from sale of assets		441	(99)
TOTAL OPERATING EXPENSE BEFORE PROVISIONS		**(550,408)**	**(559,578)**
PROFIT BEFORE PROVISIONS AND INCOME TAX		**463,358**	**376,964**
Impairment losses on loans and receivables	22	(262,584)	(239,875)
PROFIT BEFORE INCOME TAX		**200,774**	**137,089**
Tax for the year		(26,580)	(23,941)
Tax contribution		(28,256)	-
INCOME TAX	15	**(54,835)**	**(23,941)**
PROFIT AFTER TAX		**145,939**	**113,148**
Earnings per share (in euros):			
- Basic	16	0.3865	0.3426
- Diluted	16	0.3865	0.3426
PROFIT AFTER TAX WITHOUT TAX CONTRIBUTION		**174,194**	**113,148**

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2009	31 December 2008
ASSETS			
Cash and balances with Central Banks	18	1,747,045	2,486,574
Loans and advances to credit institutions	19	4,442,537	4,636,273
Derivative financial instruments - assets	20	170,606	356,820
Trading securities	21	1,041,535	1,166,899
Financial instruments at fair value through profit or loss	21	20,269	84,984
Loans and advances to customers (net of provisions)	22	31,245,446	33,482,619
Investment securities			
-Available for sale securities	23	2,186,728	792,700
-Held to maturity	23	3,305,687	3,263,095
Debt securities - receivables	25	898,794	527,699
Investments in subsidiaries	26	1,923,099	1,815,390
Investments in associated undertakings	26	161,424	181,497
Intangible fixed assets	27	76,597	37,794
Property, plant and equipment	28	313,451	317,266
Investment property	29	121,221	42,676
Assets held for sale	30	84,144	-
Deferred tax assets	38	232,055	216,939
Inventories property	31	82,560	72,577
Other assets	31	868,804	731,196
TOTAL ASSETS		**48,922,004**	**50,212,997**
LIABILITIES			
Due to credit institutions	32	14,250,445	14,445,532
Derivative financial instruments - liabilities	20	160,575	360,907
Due to customers	33	25,729,695	24,109,587
Debt securities in issue	34	4,397,704	6,778,951
Hybrid capital and other borrowed funds	35	507,700	963,745
Retirement benefit obligations	39	173,271	173,222
Other provisions	37	10,665	10,665
Current income tax liabilities		38,023	62,848
Deferred tax liabilities	38	68,438	50,187
Other liabilities	36	347,334	633,526
TOTAL LIABILITIES		**45,683,850**	**47,589,170**
EQUITY			
Ordinary Shares	41	1,604,020	1,571,923
Preference Shares	41	370,000	-
Share premium	41	927,739	927,775
Less: Treasury shares	41	-	(167,319)
Other reserves	42	(78,316)	(91,573)
Retained earnings	42	414,711	383,022
TOTAL EQUITY		**3,238,154**	**2,623,827**
TOTAL LIABILITIES AND EQUITY		**48,922,004**	**50,212,997**

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Fiscal Year ended at 31 December 2009	Fiscal Year ended at 31 December 2008
PROFIT AFTER TAX (A)		**145,939**	**113,148**
Other comprehensive income			
Net change in available for sale investments	17	1,299	(163,860)
Other comprehensive income, net of tax (B)	17	**1,299**	**(163,860)**
Total comprehensive income, net of tax (A+B)		**147,237**	**(50,712)**

STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	TOTAL
Opening balance as at 1st January 2008		**1,617,977**	**1,099,903**	**(250,860)**	**71,208**	**406,057**	**2,944,285**
Other comprehensive income, net of tax	17				(163,860)		(163,860)
Profit after tax for the year 2008	42				5,657	107,490	113,148
Total recognised income for the year 2008		**0**	**0**	**0**	**(158,202)**	**107,490**	**(50,712)**
Prior year dividends						(118,122)	(118,122)
Share capital increase due to reinvestment of dividend	41	3,589	12,398				15,987
Cancelation of treasury shares	41	(49,644)	(184,526)	234,170			0
Purchases of treasury shares	41			(188,745)			(188,745)
Sale of treasury shares				38,116		(13,431)	24,685
Merger of company and other movements					(4,578)	1,027	(3,551)
Balance as at 31th December 2008		**1,571,923**	**927,775**	**(167,319)**	**(91,573)**	**383,022**	**2,623,827**
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				1,299		1,299
Profit after tax for the year 2009	42				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	42					(35,664)	(35,664)
Share capital increase due to reinvestment of dividend	41	32,097	(36)				32,061
Issue of preference shares	41, 42	370,000				(4,110)	365,890
Purchases of treasury shares	41			(4,119)			(4,119)
Sale of treasury shares	41, 42			171,438		(70,722)	100,716
Absorptions					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**

Amounts in thousand euros (unless otherwise stated)

CASH FLOW STATEMENT

	Note	Year ended 31 December 2009	Year ended 31 December 2008
Cash flows from operating activities			
Profit before tax		200,774	137,089
Adjustments to profit before tax:			
Add: impairment for loans and advances and other provisions	22	262,584	239,875
Add: depreciation and amortisation charge	27.28	36,961	29,251
Add: retirement benefits	39	22,786	28,848
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		(31,367)	50,811
(Gains)/ losses from investing activities		(88,463)	(11,233)
Cash flows from operating profits before changes in operating assets and liabilities		**403,275**	**474,641**
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		(374)	1,200
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		208,314	1,846,868
Net (increase)/ decrease in loans and advances to credit Institutions		(2,104,222)	718,816
Net (increase)/ decrease in loans and advances to customers		1,974,589	(6,966,712)
Net (increase)/ decrease in debt securities - receivables		(371,095)	-
Net (increase)/ decrease in other assets		(3,434)	(479,682)
Net increase/ (decrease) in amounts due to credit institutions		(195,086)	3,740,689
Net increase/ (decrease) in amounts due to customers		1,620,108	5,079,565
Net increase/ (decrease) in other liabilities		(509,261)	300,578
Net cash flow from operating activities before income tax payment		**1,022,813**	**4,715,964**
Income tax paid		(12,121)	(39,115)
Net cash inflow/ (outflow) from operating activities		**1,010,692**	**4,676,849**
Cash flows from investing activities			
Purchases of property, plant and equipment	28.29	(80,322)	(91,792)
Sales of property, plant and equipment		2,765	10,680
Purchases of intangible assets	27	(14,874)	(17,998)
Purchases of held for sale assets	30	(65,013)	-
Purchases of available-for-sale securities	23	(1,552,594)	(431,463)
Disposals of available-for-sale securities	23	124,786	753,651
Purchases of held- to- maturity securities	23	(42,593)	(2,389,664)
Acquisition of subsidiaries and participation in share capital increases		(135,015)	(214,888)
Disposals of subsidiaries		8	5,697
Acquisition of associates and participation in share capital increases	26	(4,672)	(31,290)
Disposal of associates		71,267	120
Dividends from subsidiaries		32,097	21,803
Dividends from associates		2,412	4,830
Dividends from available for sale securities		5,629	12,963
Dividends from trading securities		-	2,342
Net cash inflow/ (outflow) from investing activities		**(1,656,120)**	**(2,365,010)**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(2,837,292)	(950,377)
Net proceeds from issue of share capital due to the reinvestment of dividends		32,061	15,987
Net proceeds from issue of preference shares-Greek State	41, 42	365,890	-
Reinvestment/ Payment of dividends	42	(35,664)	(118,122)
Purchases of treasury shares	41	(4,119)	(188,745)
Sales of treasury shares			
Net cash inflow/ (outflow) from financing activities		**(2,479,123)**	**(1,241,257)**
Effect of exchange rate changes on cash and cash equivalents		2,888	(7,527)
Net increase/ (decrease) in cash and cash equivalents		**(3,121,663)**	**1,063,057**
Cash and cash equivalents at beginning of year	44	**6,417,609**	**5,354,552**
Cash and cash equivalents at end of year	44	**3,421,346**	**6,417,609**

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 5,070 people.

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices such as FTSE/ATHEX (Banks, 20, 140, International), FTSE/ATHEX-CSE Banking Index, GT-30, MSCI (World, Europe, EMU, EAFE, Greece), Bloomberg (BE500, BEBanks), Dow Jones (Euro Stoxx, Euro Stoxx Banks) 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.

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.

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 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) Published standards and interpretations effective in 2009:

- **IAS 1 (Revision) 'Presentation of financial statements' (effective from 1 January 2009).** The amendments refer to the Changes on Equity Financial Statement as well as the presentation of Other Comprehensive Income in the Statement of Total Comprehensive Income. The change in accounting policy impacts the presentation of Financial Statements.

- **IFRS 8 'Operating segments' (effective from 1 January 2009).** IFRS 8 requires the determination of reporting segments to be based on internal reports reviewed by management in order to allocate resources to the segments and assess their performance. IFRS 8 replaces IAS 14, 'Segment reporting'. The application of IFRS 8 has an impact on segment disclosure of the Bank.

- **IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009).** IFRS 2 provides guidance and redefines the requirements of entrenchment and also refers to the cancellation of share-based payments. The relevant amendment does not have any material effect on the Bank.

- **IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).** The amendments of IAS 23 eliminate the option of immediate recognition of borrowing costs as an expense for assets that require a substantial period of time to get ready for their intended use. The application of the IAS 23 amendment does not have a material impact on the result or items of the statement of financial position of the Bank.

- **IAS 32 and IAS 1 (Amendment), 'Financial Instruments: Presentation' (effective from 1 January 2009).** The amendments to IAS 32 relate to puttable instruments and obligations arising on liquidation. Furthermore, a current/non-current classification of derivatives is being provided under IAS 1 amendments as well as amendments relating to disclosure of puttable instruments and obligations arising on liquidation. The relevant amendments do not have any material effect on the Bank.

- **IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' (effective from 1 January 2009).** Amendments issued concern the reclassification of derivatives into or out of the classification of instruments measured at fair value through profit or loss. Moreover the amendment **refers to** designating and documenting hedges at the segment level and also refers to the applicable effective interest rate on cessation of fair value hedge accounting. Further amendments that were issued in March 2009 (effective for annual periods ending on or after 30 June 2009) clarify that, on reclassification of a financial asset out of the 'fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The amendments apply retrospectively. The amendments do not have any material effect on the Bank.

- **IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective from 1 January 2009).** The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. The Bank included the relevant disclosures at the attached financial statements.

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- **IFRIC 13 'Customer Loyalty Programmes' (effective from 1 July 2008).** IFRIC 13 addresses how entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits. The relevant IFRIC does not have any material effect on the Bank.

- **IFRIC 15 'Agreements for the Construction of Real Estate' (effective from 1 January 2009 and must be applied retrospectively).** IFRIC 15 standardizes accounting practice across jurisdictions for the recognition of revenue among real estate developers for sales of units before construction is complete. The relevant IFRIC does not have any material effect on the Bank.

- **IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (effective from 1 October 2008).** IFRIC 16 clarifies that the presentation currency does not create an exposure to which an entity may apply hedge accounting and provides that the hedging instrument(s) may be held by any entity or entities within the group. Additionally, IFRIC 16 concludes that while IAS 39 "Financial Instruments: Recognition and Measurement" must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 "The Effects of Changes in Foreign Exchange Rates" must be applied in respect of the hedged item. The relevant IFRIC does not have any material effect on the Bank.

- **IAS 16 (Amendment), 'Property, plant and equipment' (effective from 1 January 2009).** The core issues of the amendment consist on the calculation of the Recoverable amount of an asset and the Sale of assets held for rental. The amendment does not have any material effect on the Bank.

- **IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009).** The principal guidelines concern curtailments and negative past service cost, plan administration costs, the replacement of term 'fall due' and finally contingent liabilities. The amendment is not applicable to the Bank.

- **IAS 20 (Amendment), 'Government grants and disclosure of government assistance' (effective from 1 January 2009).** The amendment deals with government loans with a below-market rate of interest. The amendment is not applicable to the Bank.

- **IAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009).** The amendment relates to the measurement of subsidiary held for sale in separate financial statements. The amendment is not material for the Bank.

- **IAS 28 (Amendment), 'Investments in associates' (effective from 1 January 2009).** The amendment clarifies the required disclosures when investments in associates are accounted for at fair value through profit or loss and provides guidelines on the impairment of investment in an associate. The amendment does not have any material effect on the Bank.

- **IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009).** IAS 29 describes the measurement basis in financial statements of entities reporting in the currency of a hyperinflationary economy. The amendment is not applicable to the Bank.

- **IAS 31 (Amendment), 'Interests in joint ventures' (effective from 1 January 2009).** The amendments state the required disclosures when interests in joint-venture entities are accounted for at fair value through profit or loss. The amendment is not applicable to the Bank.

- **IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009).** The disclosure of estimates used to determine the recoverable amount of an asset is being clarified due to the amendment of the Standard. The amendment does not have any material effect on the Bank.

- **IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).** The main guidelines provided relate to advertising and promotional activities and to the unit of production method of amortization. The amendment does not have any material effect on the Bank.

- **IAS 40 (Amendment), 'Investment property' (effective from 1 January 2009).** The amendment provides guidance on the treatment of property under construction or development for future use as investment property. The amendment does not have any material effect on the Bank.

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- **IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009).** IAS 41 clarifies the discount rate for the calculation of fair value and provides guidance mainly on the treatment of additional biological transformation. The amendment is not applicable to the Bank.

(b) The following new standards and interpretations, issued up to 2009, are not yet effective and have not been early adopted:

- **IFRS 3 (Revised), 'Business Combinations' (effective from 1 July 2009).** Comprehensive revision consists on the application of the acquisition method. The revised IFRS 3 states that acquisition-related costs are costs incurred by the acquirer to effect a business combination and shall be accounted for as expenses in the periods in which they are incurred.

- **IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009).** Consequential changes due to IFRS 3 amendment "Business Combinations".

- **IAS 28 (Revised), 'Investments in associates' (effective from 1 July 2009).** Concerns consequential changes due to IFRS 3 amendment "Business Combinations".

- **IAS 31 (Revised), 'Interests in joint ventures' (effective from 1 July 2009).** Concerns consequential changes due to IFRS 3 amendment "Business Combinations".

- **IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2010).** The amendment clarifies the treatment of acquiring goods or services when the return is the reward according to the value of shares. Particularly, the amendment refers to the cases when the buyer of goods or services in a Group (i.e. a subsidiary) is other than the one that is due to pay (i.e. parent company), accordingly to the shares of either the subsidiaries or the parent company.

- **IAS 32 (Amendment), 'Financial Instruments: Presentation' (effective from 1 February 2010).** The amendment to IAS 32 addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.

- **IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 July 2009).** The amendment refers to eligible hedged Items and the applicable effective interest rate on cessation of fair value hedge accounting.

- **IFRS 9 'Financial Instruments' (effective from 1 January 2013).** IFRS 9 was issued in November 2009 and replaced those parts of IAS 39 relating to the classification and measurement of financial assets. However, it has not been adopted by the European Commission (E.C.) and therefore it may not be set to application. The application date for the Bank will be decided after the adoption of IFRS 9 from the E.C.

- **IAS 24 (Revised), 'Related Party Disclosures' (effective from 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.

- **IFRIC 17 'Distributions of Non-cash Assets to Owners' (effective from 1 July 2009).** The interpretation clarifies that a dividend payable should be recognized when the dividend is authorized and is no longer at the discretion of the entity. Additionally, an entity should measure the dividend payable at the fair value of the net assets to be distributed and recognize the difference between the dividend paid and the carrying amount of the net 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 18 'Transfers of Assets from Customers' (effective for transfers received on or after 1 July 2009).** IFRIC 18 provides refers to how to identify the entity's obligation to provide one or more separately identifiable services in exchange for the transferred asset and, therefore, how to measure revenue. IFRIC 18 also provides guidance on how to account for transfers of cash from customers.

'Improvements to IFRS' that were issued in April 2009 (not yet endorsed by the EU) contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments of a variety of individual IFRS standards. Most of the amendments will be effective for annual periods beginning on or after 1 January 2010 respectively, with earlier application permitted.

2.2 Foreign Currencies

(a) Functional and presentation currency
The 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.

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 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. 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.

The 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 during the hedge relationship. The hedge effectiveness should be between 80%-125% at all times.

- Detailed documentation must be in place for all recognised hedging relationships.

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: (1) hedges of the fair value of recognised assets or liabilities or, (2) 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 an 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 the interest income is recognised according to the effective interest rate applied on the carrying amount.

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

This category includes two subcategories: trading portfolio securities which were acquired for the purpose of profit-making from short-term price changes as well as those financial assets designated at fair value through profit or loss at inception (e.g. asset swaps).

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

All the 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 purchase and sale 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 Income. Dividends received are included in "Dividend Income".

Financial assets are designated at fair value through profit or loss 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,

- 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.

2.9 Sale and repurchase agreements

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 loans and advances to credit institutions or customers, as appropriate. 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 also retained in the financial statements. 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 maturity date, then the entire held to maturity portfolio must be transferred to the available for sale portfolio (unless IAS 39 criteria are met) at its fair value and shall disclosed the relevant negative or positive effect of available for sale portfolio. In such case, 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.

Under regular circumstances, purchases and sales of available for sale securities are recognised on 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) 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 on each reporting date whether there is an indication of permanent impairment (significant or persistent decreases in fair value) for these securities based on several pricing models. Such models, for the shares of the AFS portfolio, 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 or deviation of 25% from market value in case of listed securities. In case that an impairment occurs from the above models, the Bank examines in great detail the potential of recovery of 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 removed from equity and recognised in 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, 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 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.

Reclassification of financial assets out of the “available-for-sale” category to investments “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 effective interest rate of the financial assets reclassified to “loans and receivables” category and “held to maturity” category is calculated at the date of the reclassification

Reclassification of financial assets out of the “Held to maturity” Category to other categories is not allowed.

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:

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

2) financial assets that the Bank upon initial recognition designates as available for sale;

3) 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 credit and letters of guarantee.

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) 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 individually or 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. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of 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). Those 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 uncollectable, 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 that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as performing loans.

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:

(a) those that the Bank classifies as trading portfolio, and those that the entity upon initial recognition designates at fair value through profit or loss;

(b) those that the Bank upon initial recognition designates as available for sale ; or

(c) those for which the holder may not recover substantially all of its initial investment for reasons, other than because of credit deterioration.

Debt Securities Receivables are measured at amortised cost and the value of these securities is tested for impairment.

2.14 Software and other intangible assets

An intangible asset is recognized when it is expected that future economic benefits will be realized from its use. Total 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: (a) the staff cost which is directly identified and attributed to a particular intangible asset, (b) payments to outside vendors and collaborators, which are attributed to the intangible asset.

Costs associated with the acquisition of software programs, which will probably generate economic benefits to the Bank, are recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. 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. Other intangible assets are amortised in a period of 5-7 years, depending on the useful life of its intangible asset which is examined in each case.

Other intangible assets are tested 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.

The useful lives of the intangible assets are reviewed and adjusted, if appropriate, at each balance sheet date.

2.15 Property, plant and equipment

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.

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 Buildings: 25-50 years

The residual values and useful lives of the tangible assets are reviewed and adjusted, if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

The range of the useful life in most cases is consistent with the years of useful life as instructed by the effective tax law.

2.16 Investment property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property.

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. Changes in fair value are recognized in the income statement. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. 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 period in which they are incurred.

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 cost for accounting purposes.

Investment property held for sale without redevelopment is classified within non-current assets held for sale, under IFRS 5.

2.17 Held for sale assets

This category includes non current assets assets that will be sold within 12 months and their carrying amount will be recovered principally through the sale transaction. 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 (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. Cost for the property owned by the subsidiaries is determined using the weighted average cost method, excluding any borrowing costs. Net realisable value is the estimated selling price, less any expenses necessary to conclude the sale.

2.19 Leased assets

A. The Bank is the Lessee.

In case that the Bank is the lessee under an operating lease, the lease payments are recognised as an expense in the Income Statement of the lessee on a straight-line basis over the lease term.

In case that the Bank is the lessee under a finance lease, fixed assets under the finance lease are recognised as assets and the respective obligation for the lease payments is recognised as a liability on the balance sheet. At the inception of the lease, fixed assets leased under finance leases 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

In case that the Bank is the lessor under an operating lease, the assets held under the operating lease 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.

2.20 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 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 can be reliably estimated.

When there is 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.

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.

Piraeus Bank Group 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 therefore the Bank has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to pension obligations. 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.

<u>Actuarial gains and losses</u>

Piraeus 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.

<u>Past service costs</u>

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 taxes

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 (valuation according to the IFRS) and the tax base, revaluation of certain assets (such as investment property), allowance for losses (impairment) on loans 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 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 and treasury shares

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

(b) Dividends: 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.

(c) 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.

(d) 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 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 and subordinated loans.

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 the income statement.

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 Board which is Bank's operating decision-maker, allocates resources to and assesses the performance of the operating segments.

In accordance with IFRS 8, the Bank operates in the following 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

Certain accounts of the previous period's financial statements have been adjusted in order to become comparable to the corresponding accounts of the current period. Any differences presented among the amounts of the financial statements and the relevant amounts presented at 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.

The Piraeus Bank Group Risk Management Division 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. Piraeus Bank Risk Management comprises Credit Risk & Capital Management Division as well as Market & Operational Risk Management Division. Its activities are supervised by 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 and 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 fulfill 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 the Management. The Bank's overall exposure to credit risk mainly derives from the 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 a credit policy that portrays the credit risk management principles, ensures effective and uniform credit risk monitoring. 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 and 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 condition in order to timely and efficiently support management and the business units in relation to decision making, policy formulation and the fulfillment 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 current 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. The 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 default of their contractual obligations by applying credit rating models appropriate for their special characteristics and features. Theses 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 arising 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 (MRA), 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 the validation, optimization and calibration project of the existing MRA borrower credit rating system, Piraeus Bank has implemented a credit rating model for all Bank corporate customers that keep "C" category accounting books and have a turnover >€ 2.5 million. In addition, a new credit rating model for all Bank corporate customers having "C" category accounting books and turnover <= €2.5 million has been developed.

Corporate credit customers are rated in fourteen (14) grades, which correspond to the different levels of credit risk and relate to different default probabilities, thus allowing for the provisioning against specific exposures. 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 the Bank's current credit risk exposure

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

(iii) Possible recovery based on the existing associated 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. In general, the worse the credit rating of a borrower, the larger the probability of them defaulting on their obligations to the Bank, and therefore the collateral, security and guarantees required should be correspondingly of better quality in order to ensure the highest possible recovery rate.

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 based on the market value of on or off balance sheet exposures and/or positions. Investments in debt securities and other bills provide means of diversification of credit risk and serve in managing for the Bank.

(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.

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 activity sector 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 or mutual fund shares and treasury bills
- 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 contractual right and the expressed intention to net the recognised amounts owed to the Bank by a counterparty, the Bank is entitled to proceed in netting a claim that arises after the offset 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 occured.

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.

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.

Amounts in thousand euros (Unless otherwise stated)

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 31/12/2009 and 31/12/2008, 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 2009**	**31 December 2008**
Loans and advances to credit institutions	4,442,537	4,636,273
Derivative financial instruments - assets	170,606	356,820
Bonds of trading portfolio	1,041,535	1,166,899
Bonds at fair value through Profit or Loss	16,247	82,564
Loans and advances to customers (net of provisions)		
Loans to individuals:		
- Mortgages	5,977,720	6,030,267
- Consumer/ personal loans	2,198,927	2,485,361
- Credit cards	682,366	661,789
Loans to corporate entities		
- Small/ medium entities	14,356,705	14,934,187
- Large corporate entities	8,029,728	9,371,015
Debt securities - receivables	898,794	527,699
Bonds of investment portfolio	5,301,632	3,877,777
Other assets	868,804	731,196
Credit risk exposures relating to off-balance sheet assets		
Letters of guarantee	2,932,263	2,917,096
Letters of credit	44,466	143,729
Commitments to extent credit	15,754,537	13,369,023
As at 31 December	**62,716,867**	**61,291,694**

3.1.6 Loans and advances

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

	31 December 2009		31 December 2008	
	Loans and advances to customers	Loans and advances to credit institutions	Loans and advances to customers	Loans and advances to credit institutions
Loans neither past due or impaired	25,381,667	4,442,537	27,999,777	4,636,273
Past due but not impaired	5,348,122	-	5,139,985	-
Impaired	1,126,829	-	824,791	-
Gross	**31,856,619**	**4,442,537**	**33,964,553**	**4,636,273**
Less: Allowance for impairment	(611,173)	-	(481,935)	-
Net	**31,245,446**	**4,442,537**	**33,482,619**	**4,636,273**

a) Loans neither past due or impaired:

Loans and advances to customers

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**

31 December 2008	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	541,858	1,898,625	4,781,639	10,031,072	8,348,123	25,601,318
Special monitoring	-	-	-	2,020,364	378,095	2,398,460
Total	**541,858**	**1,898,625**	**4,781,639**	**12,051,437**	**8,726,219**	**27,999,777**

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to credit institutions

Grades	31 December 2009	31 December 2008
Investment grade	1,292,203	2,438,051
Standard monitoring	3,141,598	2,189,037
Special monitoring	8,735	9,185
Total	**4,442,537**	**4,636,273**

b) Loans and advances past due but not impaired:

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	0	44,371	1,036,974	1,547,171	214,187	**2,842,702**

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 2008	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	89,644	501,339	1,064,909	2,532,864	600,644	4,789,399
Past due 91 - 180 days	14,621	31,394	59,703	77,123	-	182,842
Past due > 180 days	-	-	47,540	116,530	3,674	167,744
Total	**104,265**	**532,733**	**1,172,152**	**2,726,517**	**604,318**	**5,139,985**
Fair value of collateral	0	47,277	1,014,755	1,336,202	92,620	**2,490,855**

c) Loans and advances impaired:

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**

The amount of loans with impairment as of 31/12/2009 includes loans of € 314 million which are not past due over 90 days. The respective amount as of 31/12/2008 is € 190 million.

31 December 2008	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	60,161	169,132	117,296	352,354	125,848	**824,791**
Fair value of collateral	-	6,417	91,372	194,809	69,668	**362,266**

d) Loans and advances renegotiated:

Loans and advances include loans and advances that had been overdue or partially overdue and 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 exactly like the rest of the performing loans and advances, as far as their management is concerned.

	31 December 2009	31 December 2008
Loans to individuals	27,043	9,315
Loans to corporate entities	257,734	67,853
	284,777	**77,168**

Amounts in thousand euros (Unless otherwise stated)

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 2009, based on Standard & Poor's ratings or their equivalent:

31 December 2009	Trading securities	Financial instruments at fair value through Profit or Loss	Investment securities	Debt securities - receivables	Total
AAA	9,477	-	71,784	-	81,261
AA- to AA+	6,026	-	-	-	6,026
A- to A+	960,079	16,247	4,927,277	370,917	6,274,520
Lower than A-	65,953	-	299,558	352,478	717,989
Unrated	-	-	3,013	175,399	178,412
Total	**1,041,535**	**16,247**	**5,301,632**	**898,794**	**7,258,208**

3.1.8 Repossessed collateral

During the year 2009, the Bank obtained assets after taking possession of collateral held as security for its receivables:

Nature of assets	31 December 2009	31 December 2008
Property	35,808	22,144
	35,808	**22,144**

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. These assets are included in balance sheet in "Inventories - property".

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 2009.

	Greece	United Kingdom	Total
Loans and advances to credit institutions	4,400,953	41,583	4,442,537
Derivative financial instruments - assets	170,543	63	170,606
Bonds & Treasury Bills of Trading Portfolio	1,041,535	-	1,041,535
Debt securities - receivables	863,491	35,303	898,794
Bonds at fair value through profit or loss	16,247	-	16,247
Loans and advances to customers (net of provisions)	27,054,908	4,190,538	31,245,446
Loans to individuals	8,677,445	181,569	8,859,013
- Mortgages	5,893,104	84,617	5,977,720
- Consumer - personal loans	2,101,975	96,952	2,198,927
- Credit cards	682,366	-	682,366
Loans to corporate entities	18,377,463	4,008,969	22,386,432
Bonds & Treasury Bills of Investment Portfolio	5,235,977	65,655	5,301,632
Other assets	852,309	16,495	868,804
As at 31 December 2009	**39,635,963**	**4,349,637**	**43,985,600**
As at 31 December 2008	**40,374,631**	**4,487,215**	**44,861,846**

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 2009. The Bank has allocated exposure to sectors based on the industry sector of counterparties.

	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Energy, Transport & Logistics	Hotels	Agriculture	Other industries	Individuals	Total
Loans and advances to credit institutions	4,442,537													**4,442,537**
Derivative financial instruments - assets	170,606													**170,606**
Bonds & Treasury Bills of trading portfolio	112,581						928,954							**1,041,535**
Bonds at fair value through P/L							16,247							**16,247**
Loans and advances to customers (net of provisions)														
Loans to individuals (retail customers)														
- Mortgages													5,977,720	**5,977,720**
- Consumer - personal loans													2,198,927	**2,198,927**
- Credit cards													682,366	**682,366**
Loans to corporate entities	1,847,767	4,048,308	2,282,809	1,283,525	1,862,131	3,357,649	539,636	1,232,653	1,269,366	1,428,355	438,449	2,795,785		**22,386,432**
Debt securities-receivables	31,121	4,181					688,092					175,399		**898,794**
Bonds & Treasury Bills of investment portfolio	213,208						5,005,128		21,173			62,123		**5,301,632**
Other assets	499	3,537	1,821	10,141			230,995					421,893	199,918	**868,804**
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**	**1,290,540**	**1,428,355**	**438,449**	**3,455,200**	**9,058,931**	**43,985,600**
Balance at 31st December 2008	**8,485,650**	**4,335,390**	**1,723,109**	**1,289,554**	**1,820,539**	**3,981,121**	**5,087,413**	**1,399,390**	**1,119,826**	**1,387,858**	**452,844**	**4,601,735**	**9,177,417**	**44,861,846**

As the loans of some of the sectors above have not been disclosed discretely in the financial statements of 31/12/2008, the Bank reformed the balances of 2008 per sector for the purpose of compatibility.

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 equity prices, interest rates and foreign exchange rates. Piraeus Bank applies up to date, generally accepted techniques for the measurement of market risk, such as Value-at-Risk (VaR), Earnings at Risk and Sensitivity Indicators.

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 the responsibilities of the units and executives involved. Every risk taking unit of Piraeus Bank has been assigned specific market risk limits, which are monitored on a consistent basis. Limits are established for items both in the trading and the banking book. Limits are set on the Value-at-Risk and Earnings-at-Risk level, and on Sensitivity Indicators. Piraeus Bank monitors Value-at-Risk also for the total portfolio, at which level risk management for the trading and banking portfolio is carried out. Value-at-Risk is calculated also for the trading portfolio which relates to the financial instruments valued at market values.The Value-at-Risk estimate for Piraeus Bank Banking Book at 31/12/2009 was € 23.56 million.

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 RiskMetrics parametric Value-at-Risk methodology, assuming a one-day holding period and utilising a 99% confidence level.

In addition, the Bank estimates for internal monitoring purposes, the Value at Risk measure, taking into account market data that assign increased weight on recent observations (exponentially weighted volatilities and correlations). The bank also estimates a Stressed Value at Risk measure, in order to assess the potential impact of increased volatilities and correlations (calculated during a period of severe economic stress) 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 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 Bank trading book includes positions in bonds, foreign currencies, stocks, exchange traded and over the counter derivatives.

The Value-at-Risk estimate for the Bank's Trading Book at 31/12/2009 was € 9.21 million. This estimate consists of € 6.40 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 of the portfolio. During 2009 there was an increase in the Bank Trading Book VaR due to the increase in the volatility of interest rates and equities, and due to the increase in Greek Government Bond positions.

Respectively, the Value-at-Risk estimate for the Bank's Trading Book at 31/12/2008 was € 5.09 million. This estimate consists of € 2.09 million for interest rate risk, € 4.17 million for equity risk, € 2.37 million foreign exchange risk and € 0.11 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 3.65 million due to the diversification effect in the portfolio.

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

	Bank Trading Book Total VAR	VAR-Interest Rate Risk	VAR Equity Risk	VAR Foreign Exchange Risk	VAR Commodities Risk	Diversification Effect
2009	9.21	6.40	5.44	3.27	0.13	-6.03
2008	5.09	2.09	4.17	2.37	0.11	-3.65

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 31/12/2009. The table includes the Bank's assets and liabilities at carrying amounts categorised by currency, whereas hedging positions in derivatives which reduce significantly the undertaken risk are not included:

	EUR	USD	GBP	JPY	CHF	Other currencies	Total
At 31 December 2009							
Foreign exchange risk of assets							
Cash and balances with central Banks	1,709,766	13,856	2,945	2,082	3,203	15,192	1,747,045
Loans and advances to credit institutions	3,622,613	340,258	788	9,835	213,533	255,509	4,442,537
Derivative financial instruments - assets	71,782	94,022	-	-	4,803	-	170,606
Trading securities	1,040,615	920	-	-	-	-	1,041,535
Debt securities - receivables	863,491	35,303	-	-	-	-	898,794
Financial instruments at fair value through Profit or Loss	11,345	-	-	8,924	-	-	0 20,269
Loans and advances to customers (net of provisions)	26,947,355	2,088,718	96,031	143,358	1,969,491	493	31,245,446
Investment securities	5,379,640	112,776	-	-	-	-	5,492,416
Other assets	844,325	16,567	(450)	1,055	2,183	5,124	868,804
Total financial assets (A)	**40,490,932**	**2,702,419**	**99,314**	**165,255**	**2,193,214**	**276,318**	**45,927,451**

Amounts in thousand euros (Unless otherwise stated)

Foreign exchange risk of liabilities	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Due to credit institutions	13,052,825	884,038	222,569	75,133	90	15,790	14,250,445
Derivative financial instruments - liabilities	47,537	103,798	-	3,390	5,849	-	160,574
Due to customers	22,866,522	1,781,449	132,076	858,860	10,970	79,817	25,729,695
Debt securities in issue	4,207,340	175,202	15,162	-	-	-	4,397,704
Hybrid capital and other borrowed funds	507,700	-	-	-	-	-	507,700
Other liabilities	250,089	21,428	6,230	7,189	7,911	13,280	306,128
Total financial liabilities (B)	**40,932,013**	**2,965,916**	**376,038**	**944,572**	**24,821**	**108,887**	**45,352,247**
Net on-balance sheet financial position (A-B)	**(441,082)**	**(263,497)**	**(276,724)**	**(779,317)**	**2,168,393**	**167,431**	**575,204**

At 31 December 2008	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	40,241,480	3,925,547	99,833	314,832	2,641,047	306,119	47,528,858
Total financial liabiities	38,499,426	4,437,187	182,126	3,952,412	69,810	124,150	47,265,112
Net on-balance sheet financial position	**1,742,054**	**(511,640)**	**(82,293)**	**(3,637,580)**	**2,571,237**	**181,969**	**263,746**

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. 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, amount to € 8.8 billion and represent 50% of the total “Due to customers”, which have been assigned in this particular time band.

In the table, assets and liabilities in foreign currency are converted into EUR using current foreign currency exchange rates.

At 31 December 2009	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	1,747,045	-	-	-	-	-	1,747,045
Loans and advances to credit institutions	3,279,820	1,150,582	12,135	-	-	-	4,442,537
Trading securities	12,735	277,215	347,098	345,926	58,561	-	1,041,535
Financial instruments at fair value through Profit or Loss	-	-	-	-	16,247	4,022	20,269
Loans and advances to customers (net of provisions)	19,021,883	7,558,726	3,484,551	1,216,013	575,446	(611,173)	31,245,446
Debt securities - receivables	-	-	448,794	290,000	160,000	-	898,794
Investment securities	601,586	271,576	3,018,932	1,324,653	84,885	190,784	5,492,416
Other assets	-	-	-	-	-	868,804	868,804
Total financial assets	**24,663,068**	**9,258,099**	**7,311,510**	**3,176,592**	**895,139**	**452,437**	**45,756,845**
Liabilities							
Due to credit institutions	5,909,989	1,717,708	6,572,748	16,677	33,323	-	14,250,445
Due to customers	17,672,005	5,023,975	2,755,590	143,163	-	134,962	25,729,695
Debt securities in issue	1,050,442	2,234,364	42,233	1,070,665	-	-	4,397,704
Hybrid capital and other borrowed funds	507,700	-	-	-	-	-	507,700
Other liabilities	-	-	-	-	-	347,334	347,334
Total financial liabilities	**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**

Amounts in thousand euros (Unless otherwise stated)

The off balance sheet derivatives line that appears at the table above, includes the gap that arises from derivative transactions that are held for trading or hedging purposes without necessarily using hedge accounting.

The table below presents comparative figures:

At 31 December 2008	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Total financial assets	27,187,110	8,486,541	7,735,850	2,892,855	439,983	786,520	47,528,858
Total financial liabiities	30,189,064	11,093,663	4,693,836	203,578	38,882	1,073,224	47,292,248
Net notional amounts of derivative financial instruments	1,754,696	727,910	(1,143,127)	(1,168,497)	(398,168)	-	(227,185)
Total interest rate gap	**(1,247,259)**	**(1,879,212)**	**1,898,887**	**1,520,780**	**2,933**	**(286,704)**	**9,425**

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.

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.

In particular, a parallel shift of 100bp in yield curves would reduce the Bank's net present value by € 11 million (2008: € 30 million).

The Bank also assesses on a regular basis, the impact of a change in the credit spread, for government and corporate issuers, 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 arising from the financial institution's inability 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 directive, which refers to the control framework of banks' liquidity adequacy by the Bank of Greece.

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.

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 and the expansion of diversified core deposits (i.e saving accounts) and competitive term deposits, were taken in order to mitigate liquidity risk.

During 2009, the second and third securitisation of corporate loans, of total nominal value of € 3,250 million, as well as the two securitisation programs of consumer loans of € 1,280 million nominal value, resulted in a further enhancement of the Bank's liquidity position. Moreover, the Bank raised funds through the 12-year term Interbank loan from European Investment Bank of € 100 million and the issuance of EMTNs of € 1 billion.

Finally, the Bank issued preference shares without voting right of € 370 million nominal value, in favor of the Greek State, in accordance with the provisions of law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis". In exchange, the bank received Greek Government Bonds, eligible for ECB refinancing operations.

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 based on the contract. 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 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**

At 31 December 2008

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	12,478,489	886,341	623,766	536,622	45,688	14,570,906
Due to customers	15,750,529	6,036,063	2,501,389	79,880	-	24,367,862
Debt securities in issue	626,602	1,405,949	2,364,430	2,173,241	811,951	7,382,173
Other borrowed funds	5,546	3,561	20,991	117,114	824,043	971,256
Hybrid capital	2,714	-	5,598	31,069	210,381	249,762
Other liabilities	-	-	-	-	633,526	633,526
Total liabilities (contractual maturity dates)	**28,863,880**	**8,331,915**	**5,516,173**	**2,937,927**	**2,525,587**	**48,175,483**
Total assets (expected maturity dates)	**16,828,418**	**2,566,347**	**5,305,758**	**14,824,308**	**19,685,739**	**59,210,568**

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 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)**

At 31 December 2008

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	(1,915)	(1,477)	(21,670)	(22,980)	(3,143)	(51,184)
Derivatives held for fair value hedging						
-Interest rate derivatives	705	1,622	(21,002)	(54,984)	(7,405)	(81,064)
Total	**(1,210)**	**145**	**(42,672)**	**(77,964)**	**(10,548)**	**(132,248)**

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.

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**

At 31 December 2008

	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	(5,450,077)	(1,444,633)	(243,943)	(124,779)	-	**(7,263,432)**
Inflow	5,314,285	1,359,990	241,855	125,223	-	**7,041,353**

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 2009	31 December 2008	31 December 2009	31 December 2008
Financial assets				
Loans and advances to Credit Institutions	4,442,537	4,636,273	4,515,030	4,696,140
Loans and advances to customers (net of provisions)	31,245,446	33,482,619	32,437,892	34,223,580
-Loans to individuals	8,859,013	9,177,417	9,532,681	9,618,310
-Loans to corporate entities	22,386,432	24,305,202	22,905,211	24,605,270
Held to maturity investment securities	3,305,687	3,263,095	2,869,786	3,229,726
Debt securities - receivables	898,794	527,699	897,841	516,240
Financial liabilities				
Due to credit institutions	14,250,445	14,445,532	14,253,248	14,458,362
Due to customers	25,729,695	24,109,587	25,768,885	24,185,210
-Current and sight deposits	4,688,320	3,742,031	4,688,320	3,742,031
-Savings account	4,040,112	3,095,277	4,040,112	3,095,277
-Term deposits	16,757,973	16,583,320	16,797,163	16,658,802
-Other accounts	228,021	155,954	228,021	155,954
-Repurchase agreements	15,268	533,005	15,268	533,145
Debt securities in issue	4,397,704	6,778,951	4,438,906	6,811,418
Hybrid capital and other borrowed funds	507,700	963,745	385,677	884,504

a) The fair value of loans and advances to credit institutions is based on discounting cash flows using money market rates for debts with similar remaining maturity.

b) The fair value of loans and advances to customers is estimated by discounting expected future cash flows using suitable interest rates for instruments with similar credit risk and maturity.

c) 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.

d) The estimated fair value of amounts due to customers is based on discounted cash flows using appropriate interest rates (money market) for instruments with similar maturity.

e) 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.

f) 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. 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 2009 and sensitivity analysis of level 3 measurements:

	Level 1	Level 2	Level 3	Sum
'Financial Assets & Liabilities measured at FV				
Financial Assets				
Derivative financial instruments - assets	-	170,606	-	**170,606**
Trading portfolio				
-Trading Bonds & Other fixed income securities	720,650	-	-	**720,650**
-Trading Treasury bills & Other eligible bills	320,885	-	-	**320,885**
Financial Assets at FV through PL				
-Asset Swap Bonds	16,247	-	-	**16,247**
-Shares at FV	4,022	-	-	**4,022**
Available for Sale Securities				
-Bonds & Other Fixed Income Securities	1,995,945	-	-	**1,995,945**
-Shares & Other variable Income securities	108,298	-	82,485	**190,784**
Financial Liabilities				
Derivative financial instruments - liabilities	166	160,409	-	**160,575**

Reconciliation of Level 3 items	**Shares & Other variable Income securities**
Opening Balance	78,724
Purchases	30,769
Impairment	(3,500)
Other comprehensive income	(4,378)
Transfers into held for sale assets (note 30)	(19,130)
Total	**82,485**

Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:

	Favourable changes	**Unfavourable changes**
Equity Statement		
Available for Sale Shares	8,188	(7,033)

3.7 Fiduciary activities

The Bank provides custody services to third parties for a wide range of financial instruments. These services include procedures such as 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 and companies. 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 2009**	**31 December 2008**
Ordinary Shares	1,604,020	1,571,923
Share premium	927,739	927,775
Preference Shares	370,000	-
Less: treasury shares	-	(167,319)
Available for sale reserve	(148,415)	(149,715)
Legal reserve and other reserves	70,099	58,142
Retained earnings	414,711	383,022
Less: intangible assets	(76,597)	(37,794)
Total regulatory adjustments on Tier I capital	(8,187)	70,766
Total Tier I capital	**3,153,370**	**2,656,800**
Tier II Capital		
Subordinated debt	507,700	963,745
Total regulatory adjustments on Tier II capital	(72,291)	(43,619)
Total Tier II Capital	**435,409**	**920,126**
Regulatory capital	**3,588,779**	**3,576,926**
Total risk weighted assets (on and off- balance sheet items**)**	**30,543,171**	**31,534,034**
Tier I ratio	**10.3%**	**8.4%**
Capital Adequacy ratio	**11.7%**	**11.3%**

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.

4 Critical accounting estimates and judgements

Bank's estimates and assumptions affect the reported amounts of assets and liabilities within the next financial year. 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.

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 profit or loss statement. In determining whether an impairment loss should be recorded in the profit or loss statement the Bank has set a methodology (described in note 2.12). 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 to make estimates. Assumptions 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 of the period. 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, 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 as available for sale. 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 that were initially recorded, differences impact the income tax and deferred tax provisions in the year 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:

1/1-31/12/2009	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						(26,580)
Profit after tax						**174,194**
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

1/1-31/12/2008	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	643,677	161,243	-	81,609	(36,841)	849,687
Net fee and commission income	75,107	27,751	10,904	2,086	(8,234)	107,614
Net income	716,455	186,224	9,105	52,553	(27,795)	936,542
Segment results	67,796	56,521	5,680	7,093	-	137,089
Profit before tax						**137,089**
Income tax expense						(23,941)
Profit after tax						**113,148**
Other segment items						
Capital expenditure	25,057	13	-	194	84,526	109,790
Depreciation	13,389	140	5	476	15,242	29,251
Impairment charge - loans and advances	170,824	59,089	-	-	9,963	239,875
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**
At 31 December 2008						
Segment assets	23,298,770	10,668,011	7	11,974,656	4,271,553	**50,212,997**
Segment liabilities	23,015,876	2,585,954	-	20,827,739	1,159,602	**47,589,170**

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 following table incorporates geographical concentrations of non current assets and net revenues of the Bank, as required by IFRS 8.

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**

As at 31 December 2008	Non Current Assets	Net Revenues
Greece	397,461	881,205
United Kingdom	275	55,336
Total	**397,735**	**936,542**

The cost of issuing debt securities, subordinated loans and hybrid capital are included in Greece's net revenues.

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.

6 Net Interest income

	1/1-31/12/2009	1/1-31/12/2008
Interest income		
Interest on fixed income securities	429,869	641,639
Interest income on loans and advances	1,409,583	1,725,175
Interest on loans and advances to credit institutions	302,492	831,466
Other interest income	7,888	31,988
Total interest income	**2,149,833**	**3,230,268**
Interest expense		
Interest on customer deposits and repos	(577,611)	(923,087)
Interest on debt securities in issue and on other borrowed funds	(159,257)	(420,238)
Interest on due to credit institutions	(499,798)	(884,793)
Other interest expense	(129,453)	(152,463)
Total interest expense	**(1,366,120)**	**(2,380,580)**
Net Interest Income	**783,713**	**849,687**

Accrued interest for impaired loans is € 36,633 thousand (2008: € 34,620 thousand).

7 Net fees and commission income

	1/1-31/12/2009	1/1-31/12/2008
Fees and commission income		
Commercial banking	104,796	130,289
Investment banking	15,932	13,019
Asset management	7,352	8,392
Total fees and commission income	**128,081**	**151,700**
Fees and commission expense		
Commercial banking	(35,991)	(32,368)
Investment banking	(1,029)	(3,492)
Asset management	(5,547)	(8,226)
Total fees and commission expense	**(42,567)**	**(44,086)**
Net fees and commission income	**85,514**	**107,614**

8 Dividend income

	1/1-31/12/2009	1/1-31/12/2008
Dividend from subsidiaries	35,097	27,303
Dividend from associates	2,412	4,830
Dividend from AFS securities	6,398	13,021
Dividend from trading securities	-	2,342
	43,907	**47,496**

Amounts in thousand euros (Unless otherwise stated)

9 Net trading income

	1/1-31/12/2009	1/1-31/12/2008
Gains less losses on FX	9,353	46,156
Gains less losses on shares and mutual funds	-	(21,129)
Gains less losses on derivatives	(28,688)	(131,669)
Gains less losses on bonds	65,317	33,693
	45,982	**(72,950)**

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

	1/1-31/12/2009	1/1-31/12/2008
Gains less losses on shares at fair value through profit or loss	1,602	2,420
Gains less losses on other financial assets at fair value through profit or loss	(2,519)	15,167
	(916)	**17,587**

11 Gains less losses from investment securities

	1/1-31/12/2009	1/1-31/12/2008
Gains less losses on AFS - shares and mutual funds (note 42)	735	3,606
Gains less losses on AFS - bonds (note 42)	(527)	(4,118)
Gains less losses from sales of subsidiaries and associates	46,457	462
Impairment of available for sale portfolio (note 23)	(3,500)	-
Impairment of subsidiaries companies (note 26)	(29,511)	(44,711)
	13,654	**(44,761)**

During the year 2009, Piraeus Bank sold it's shareholding of Proton Bank S.A. (shareholding percentage 31.31%). The gain from the transaction above amounted to € 45.8 million and is included in Gains less losses from sales of subsidiaries and associates.

Impaired charge of subsidiaries of 2009, includes amount of € 25 million which concerns the subsidiary Bank in Ukraine. This impairment is due to the negative operating results of the Bank subsidiary related to the special economic conditions of the country in which it operates.

12 Other operating income

	1/1-31/12/2009	1/1-31/12/2008
Rental income	2,541	1,918
Gains less losses from valuation of investment property	31,248	8,597
Other operating income from banking activities	2,188	4,599
Other operating income	5,937	16,754
	41,914	**31,868**

Relevant to Investment property is note 29.

13 Staff costs

	1/1-31/12/2009	1/1-31/12/2008
Wages & salaries	(183,169)	(188,368)
Social insurance contributions	(41,886)	(39,399)
Other staff costs	(9,126)	(9,786)
Retirement benefit charges (note 39)	(22,786)	(28,848)
	(256,967)	**(266,401)**

The number of staff employed by Piraeus Bank as at 31 December 2009 was 5,070 compared to 5,142 at the end of 2008. The average number of staff employed by the Bank during the year 2009 is 5,106.

14 Administrative expenses

	1/1-31/12/2009	1/1-31/12/2008
Rental expense	(46,114)	(45,092)
Taxes & duties	(37,569)	(39,191)
Promotion and advertising expenses	(27,251)	(29,315)
Servicing - promotion of banking products	(44,577)	(42,627)
Fees and third parties expenses	(30,124)	(32,417)
Security & maintenance of fixed assets	(13,791)	(14,348)
Telecommunication & electricity expenses	(10,900)	(11,265)
Other administrative expenses	(46,596)	(49,571)
	(256,921)	**(263,826)**

Other administrative expenses include rental expense for equipment, donations, travel expenses, subscriptions and consumables.

Amounts in thousand euros (Unless otherwise stated)

15 Income tax expense

	1/1-31/12/2009	1/1-31/12/2008
Current Tax	(16,116)	(88,939)
Deferred Tax (note 38)	(7,866)	72,811
Tax provisions	(2,597)	(7,813)
Tax Contribution	(28,256)	-
	(54,835)	**(23,941)**

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, a provision has been raised according to International Financial Reporting Standards (IFRS).

The tax rate for Greek legal entities, in accordance with the provisions in force of article 109, par. 1 of Law 2238/1994, amounts to 25% for the years 2008 and 2009.

Based on article 2 of Law 3808/ 2009, a one-off tax contribution of social responsibility was imposed on the total 2008 net income of legal entities of article 2 par. 4 and 101 par. 1 of Income Tax Code (Law 2238/1994). The tax contribution for the Bank amounted to €28.3 million and was paid within January 2010. 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 2009 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:

	1/1-31/12/2009	1/1-31/12/2008
Profit before tax	200,774	137,089
Tax calculated (25%)	(50,194)	(34,272)
Income not subject to tax (corresponding tax)	24,812	29,997
Non deductible expenses (corresponding tax) and provisions for unaudited fiscal years	(2,984)	(8,188)
Impact on deferred tax from the future legally approved change of tax rate	1,898	(11,380)
Supplementary tax 3% on real estate income	(113)	(98)
Tax Contribution	(28,255)	-
Income Tax	**(54,835)**	**(23,941)**

16 Earnings per share

Basic earnings per share is calculated by dividing the profit 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. For the calculation of the diluted earnings per share, all the dilutive potential common shares are taken into consideration.

	1/1-31/12/2009	1/1-31/12/2008
Basic earnings per share		
Profit after tax	145,939	113,148
Less: Accrued dividends of preference shares after tax	(18,006)	-
Profit attributable to common shareholders	127,933	113,148
Weighted average number of shares in issue	330,983,341	330,233,854
Basic earnings per share (in euros)	0.3865	0.3426

Potential common shares of the 3rd share option scheme did not affect the calculation of diluted earnings per share, as the average market price of common shares during the year 2009, as well as during the year 2008, did not exceed the option's exercise price. Consequently, the diluted earnings per share for the years 2008 and 2009 are equal with the basic earnings per share.

According to the requirements of IAS 33, the weighted average number of common shares has been adjusted for the year 2008 by a 1.020419 factor, in order to adjust earnings per share (basic and diluted) for the share capital increase performed through reinvestment of dividend with the issue of 6,728,991 new common shares of nominal value of € 4.77 each.

Amounts in thousand euros (Unless otherwise stated)

17 Analysis of other comprehensive income

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**

1/1 - 31/12/2008	Before- Tax amount	Tax	Net-of-Tax amount
Net change in available for sale investments	(205,975)	42,115	(163,860)
Other comprehensive income	**(205,975)**	**42,115**	**(163,860)**

The change of deferred income tax in available for sale reserve in 2009 includes the initial recognition of a deferred tax asset relating to valuation of the available for sale bonds.

18 Cash and balances with the Central Bank

	31 December 2009	31 December 2008
Cash in hand	268,414	319,574
Nostros and sight accounts with other banks	113,666	138,606
Balances with Central Bank	932,210	1,618,653
Cheques clearing system - Central Bank	432,382	409,741
Included in cash and cash equivalents less than 90 days (note 44)	**1,746,671**	**2,486,574**
Mandatory reserves with Central Bank	374	-
	1,747,045	**2,486,574**

The interest rates for nostros and sight accounts are floating.

19 Loans and advances to credit institutions

	31 December 2009	31 December 2008
Placements with banks	1,482,131	3,827,722
Reverse repurchase agreements	175,630	127,998
Included in cash and cash equivalents less than 90 days (note 44)	**1,657,762**	**3,955,720**
Placements with banks	2,784,775	676,902
Reverse repurchase agreements	-	3,652
	4,442,537	**4,636,274**
Current loans and advances to credit institutions (up to 1 year)	1,975,505	4,370,326
Non current loans and advances to credit institutions (more than 1 year)	2,467,031	265,947
	4,442,537	**4,636,273**

The interest rates for the total of 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.

Amounts in thousand euros (Unless otherwise stated)

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**
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		**170,606**	**160,574**

At 31 December 2008	Contract/Notional Amount	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	185,800	-	-
Asset swaps	75,507	176	15,049
Interest rate swaps	11,184,351	144,268	147,819
Currency swaps	6,549,781	-	1,437
FX forwards	389,164	151,163	139,653
Options and other derivative instruments	225,834	56,353	7,019
		351,959	**310,977**
Embedded equity derivatives			
Customer deposits/ loans linked to options	153,778	4,861	4,398
Derivatives held for fair value hedging			
Interest rate swaps	1,323,655	-	45,533
Total recognised derivative assets/ liabilities		**356,820**	**360,908**

Piraeus Bank undertakes most of its transactions in foreign exchange and interest rate contracts with other financial institutions. The top four counterparties account for 76% of the total outstanding notional amount of interest rate swaps. The remaining 24% 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 4%.

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.

The net fair value of these interest rate swaps as at 31/12/2009 was € 47.4 million liability (2008: € 45.5 million liability). The losses on the hedging instruments were € 16.2 millions (2008: € 41.9 million loss). The gains on the hedged item attributable to the hedged risk were € 16.2 million (2008: € 42.6 million gain).

21 Financial assets at fair value through Profit or Loss

Trading securities	31 December 2009	31 December 2008
Greek Government bonds	16,914	-
Included in cash and cash equivalents less than 90 days (note 44)	**16,914**	**0**
Greek Government bonds	598,749	872,439
Greek Government treasury bills	303,971	101,945
Foreign Government bonds	63	15,653
Corporate entities bonds	87,645	166,658
Bank Bonds	34,192	10,204
	1,024,622	**1,166,899**
Total trading securities	**1,041,535**	**1,166,899**
Other financial assets at fair value through profit or loss	**20,269**	**84,984**

Amounts in thousand euros (Unless otherwise stated)

From the above mentioned bonds of trading securities as at 31/12/2009, amount of € 902 million relates to fixed income securities and amount of € 139 million relates to floating rate securities. The respective amounts as at 31/12/2008 are € 563 million, € 462 million and € 142 million (zero-coupon).

Other financial assets at fair value through profit or loss include mostly 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 if these financial instruments had been recognized in 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 and include accrued interest of amount € 0.3 million (2008: € 2 million).

Securities pledged are presented in note 40.

22 Loans and advances to customers

	31 December 2009	31 December 2008
Loans to individuals		
Mortgages	6,012,192	6,071,087
Consumer/ personal loans	2,383,860	2,600,490
Credit cards	766,416	706,284
	9,162,468	**9,377,861**
Loans to corporate entities	**22,694,151**	**24,586,692**
Total loans and advances to customers	**31,856,619**	**33,964,553**
Less: Allowance for losses (impairment) on loans and advances to customers	(611,173)	(481,935)
Total loans and advances to customers (after allowance for losses)	**31,245,446**	**33,482,619**
Current loans and advances to customers (up to 1 year)	12,492,409	14,840,282
Non current loans and advances to customers (more than 1 year)	18,753,037	18,642,337
Total	**31,245,446**	**33,482,619**

Fixed rate loans amount to € 3,137 million (2008: € 3,049 million) and floating rate loans amount to € 28,720 million (2008: € 30,916 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 2008	**110,730**	**206,428**	**317,158**
Charge for the year	89,716	149,161	238,877
Loans written-off	-	(74,101)	(74,101)
Balance at 31 December 2008	**200,446**	**281,488**	**481,935**
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**

Allowance for losses on loans and advances	31 December 2009	31 December 2008
Individually impaired	235,993	197,633
Collective allowance	375,180	284,301
Total	**611,173**	**481,935**

The charge for the year 2008 of amount € 239.9 million in the income statement included amount of € 1 million which related to impairment of other receivables.

Reversals of loans impairment for the year 2009 amounts to € 44.4 (2008: 5.5 million).

Amounts in thousand euros (Unless otherwise stated)

23 Investment securities

	31 December 2009	31 December 2008
Available for sale securities		
Bonds and other fixed income securities		
Greek Government bonds	1,668,495	218,836
Foreign Government bonds	-	5,240
Corporate entities bonds	279,971	334,576
Bank bonds	47,479	56,031
	1,995,945	**614,682**
Shares and other variable income securities		
Listed shares	102,972	92,327
Unlisted shares	78,985	78,724
Mutual funds	8,828	6,967
	190,784	**178,018**
Total available for sale securities	**2,186,728**	**792,700**

As at 31/12/2009, amount of € 1,413 million relates to investment portfolio bonds with fixed rates and amount of € 583 million relates to floating rate bonds. The respective amounts for 31/12/2008 are € 209 million (fixed) and € 406 million (FRN).

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

	31 December 2009	31 December 2008
Opening balance	**792,700**	**1,274,431**
Additions	1,552,594	431,463
Transfers from associates (note 26)	-	14,358
Disposals	(124,786)	(753,651)
Transfers to associates (note 26)	-	(15,250)
Transfers from trading portfolio	-	390,528
Transfers to Debt securities - receivables and Loans and advances to credit institutions	-	(77,615)
Transfers to assets held for sale (note 30)	(19,131)	-
Changes in fair value (note 42)	(7,816)	(197,590)
Transfers to held to maturity	-	(272,191)
Impairment of available for sale portfolio (note 11)	(3,500)	-
Foreign exchange differences	(3,333)	(1,783)
Closing balance	**2,186,728**	**792,700**

Held to maturity	31 December 2009	31 December 2008
Greek government bonds	3,305,687	3,263,095
Total held to maturity	**3,305,687**	**3,263,095**

As at 31/12/2009 as well as 31/12/2008, the total of held to maturity amount relates to floating rate bonds.

Movement of the held to maturity securities	31 December 2009	31 December 2008
Opening balance	3,263,095	-
Additions	42,593	2,389,664
Transfers from trading portfolio	-	601,240
Transfers from AFS portfolio	-	272,191
Closing balance	**3,305,687**	**3,263,095**

	31 December 2009	31 December 2008
Current investment securities (up tp 1 year)	105,202	9,385
Non current investment securities (more than 1 year)	5,196,431	3,868,391
Total	**5,301,632**	**3,877,776**

Amounts in thousand euros (Unless otherwise stated)

24 Reclassification of financial assets

Investment portfolio on 31/12/2009 includes shares and bonds, which have been reclassified on 1/7/2008 and 1/10/2008 respectively, in accordance with the amendments of IAS 39 and IFRS 7. Specifically, the “Available for sale securities” portfolio as at 31/12/2009 includes shares and mutual funds with fair value of € 29.9 million, which were reclassified from the “Trading securities” on 1/7/2008. The revaluation gain of € 2.9 million for the year 2009 has been recognized in the “Available for sale reserve”. The “Available for sale securities” portfolio as at 31/12/2009 also includes bonds with fair value of € 206.8 million which were reclassified from the “Trading securities” on 1/10/2008. The revaluation gain of € 1.0 million for the year 2009 has been recognized in the “Available for sale reserve”. Losses of € 2.2 million and € 0.2 million from the sale of reclassified bonds and shares have been recognized in the Income Statement for the year 2009 respectively.

“Held to maturity” portfolio includes bonds with fair value of € 739.2 million as at 31/12/2009 (amortized cost of € 859.6 million), which were reclassified on 1/10/2008, from “Trading securities” and “Available for sale securities”. If these bonds had not been reclassified, a revaluation loss of € 77.7 million would be recognized in “Net trading Income” for the year 2009 and a revaluation loss of € 33.4 million would be recognized in the “Available for sale reserve” for the year.

"Debt securities - receivables" include corporate bonds with fair value of € 34.9 million as at 31/12/2009 (amortized cost of € 35.3 million) and "Loans and advances to credit institutions" include bank bonds with fair value of € 29.6 million as at 31/12/2009 (amortized cost of € 27.7 million) which were reclassified on 1/10/2008 from the “Available for sale securities”. If these bonds had not been reclassified, a revaluation gain of € 31.2 million would have been recognized in the “Available for sale reserve” for the year 2009.

25 Debt securities - receivables

	31 December 2009	31 December 2008
Corporate Entities Debt securities - receivables	210,702	209,479
Greek Government bonds Debt securities - receivables	688,092	318,220
Total debt securities - receivables	**898,794**	**527,699**

	31 December 2009	31 December 2008
Current debt securities - receivables (up to 1 year)	-	3,593
Non current debt securities - receivables (more than 1 year)	898,794	524,106
Total	**898,794**	**527,699**

26 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	91.03%	U.S.A.
2.	Tirana Bank I.B.C. S.A.	Banking Activities	96.72%	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	95.37%	Egypt
7.	OJSC Piraeus Bank ICB	Banking Activities	99.96%	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.	Piraeus ATFS S.A.	Accounting and tax consulting	100.00%	Greece
24.	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece
25.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece
26.	Exodus S.A.	Information technology & software	50.10%	Greece
27.	Komotini Real Estate Development S.A.	Property Management	100.00%	Greece
28.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece
29.	ND Development S.A.	Property Management	100.00%	Greece
30.	Property Horizon S.A.	Property Management	100.00%	Greece
31.	ETBA Industrial Estates S.A.	Development/ Management of Industrial Areas	65.00%	Greece
32.	Piraeus Property S.A.	Property Management	100.00%	Greece
33.	Piraeus Development S.A.	Property Management	100.00%	Greece
34.	Piraeus Asset Management S.A.	Mutual Funds Management	100.00%	Greece

Amounts in thousand euros (Unless otherwise stated)

a/a	Companies	Activity	% holding	Country
35.	Piraeus Developer S.A.	Property Management	100.00%	Greece
36.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
37.	Euroinvestment & Finance Public LTD	Asset Management, real estate operations	90.85%	Cyprus
38.	Lakkos Mikelli Real Estate LTD	Property Management	40.00%	Cyprus
39.	Philoktimatiki Public LTD	Land and property development	6.39%	Cyprus
40.	New Evolution S.A.	Property, tourism & development company	100.00%	Greece
41.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
42.	Piraeus Cards S.A.	Financial services and consultancy	59.16%	Greece
43.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
44.	Maples Invest & Holding S.A.	Investment company	100.00%	British Virgin Islands
45.	Margetson Invest & Finance S.A.	Investment company	100.00%	British Virgin Islands
46.	Vitria Investments S.A.	Investment company	100.00%	Panama
47.	SSIF Piraeus Securities Romania S.A.	Stock Exchange Operations	79.46%	Romania
48.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
49.	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and Reinsurance Brokerage	95.00%	Romania
50.	Olympic Commercial & Tourist Enterprises S.A.	Operating Leases - Rent-a-Car and long term rental of vehicles	74.90%	Greece
51.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia
52.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
53.	Piraeus Leasing Doo Beograd	Financial Leasing	100.00%	Serbia
54.	Piraeus Capital Management S.A.	Venture Capital Fund	100.00%	Greece
55.	Estia Mortgage Finance III PLC	SPE for securitization of mortgage loans	-	United Kingdom
56.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	0.17%	Greece
57.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
58.	Piraeus Wealth Management A.E.P.E.Y.	Wealth Management	65.00%	Greece
59.	Axia Finance II PLC	SPE for securitization of corporate loans	-	United Kingdom
60.	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
61.	Piraeus Insurance Agency S.A.	Insurance Agency	95.00%	Greece
62.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
63.	Praxis II Finance PLC	SPE for securitization of consumer loans & credit cards	-	United Kingdom
64.	Gaia Lease PLC	SPE for securitization of finance leases	-	United Kingdom
65.	Axia III APC LTD	SPE for securitization of corporate loans	-	United Kingdom
66.	Praxis II APC LTD	SPE for securitization of consumer loans & credit cards	-	United Kingdom
67.	R.E. Anodus LTD	Consultancy Services for Real Estate Development	99.90%	Cyprus

Companies numbered 36, 52, 55, 57, 59, 60 and 62-66 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 39 and 56, which are consolidated with ownership percentage of 6.39% and 0.17%, respectively are bank's subsidiaries because of indirect ownership.

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 & Develop.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 (former Piraeus Real Estate Investment Property S.A.)	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	29.80%	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

The movement for investments in subsidiaries is analysed as follows:

	31 December 2009	31 December 2008
Opening Balance	1,815,391	1,694,919
Additions	6,434	16,228
Reduction of share capital	-	(15,565)
Participation in share capital increases of subsidiaries	128,532	214,225
Acquisition of direct shareholding due to absorption	164,754	-
Cancellation of participation due to absorption	(162,473)	(1,715)
Disposals	(73)	(5,352)
Transfers to associates	-	(36,169)
Impairment charge (note 11)	(29,511)	(44,710)
Reduction of cost of subsidiaries	-	(6,472)
Foreign exchange differences	46	-
Closing balance	**1,923,099**	**1,815,391**

Amounts in thousand euros (Unless otherwise stated)

The movement for investments in associates is analysed as follows:

	31 December 2009	31 December 2008
Opening Balance	181,497	105,011
Additions	-	24,777
Participation in share capital increases of associates	4,672	6,513
Transfers from subsidiaries	-	36,169
Transfers from the available for sale portfolio (note 23)	-	15,250
Disposals	(24,745)	-
Derecognition of loans according to IAS 39	-	8,135
Transfers to available for sale portfolio (note 23)	-	(14,358)
Closing balance	**161,424**	**181,497**

27 Intangible fixed assets

2008	**Software**	**Other intangible**	**Total**
Cost			
Opening balance as at 1 January 2008	73,268	1,643	74,911
Additions	17,998	-	17,998
Transfers	2,932	1,884	4,816
Balance as at 31 December 2008	**94,197**	**3,527**	**97,724**
Accumulated depreciation	**Software**	**Other intangible**	**Total**
Opening balance as at 1 January 2008	(52,135)	(1,576)	(53,711)
Charge for the year	(5,915)	(305)	(6,219)
Accumulated depreciation at 31 December 2008	**(58,050)**	**(1,881)**	**(59,930)**
Net book value as at 31 December 2008	**36,147**	**1,647**	**37,794**

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**
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**

28 Property, plant and equipment

2008	**Land and buildings**	**Furniture, electronic and other equipment**	**Assets under construction**	**Other tangible assets**	**Leasehold improvements**	**Total**
Cost						
Opening balance as at 1 January 2008	75,045	190,000	36,560	6,429	155,847	463,881
Additions	1,307	19,142	43,939	284	25,398	90,069
Transfers	381	2,342	(16,377)	-	11,838	(1,816)
Disposals	-	(48)	-	(5)	(504)	(558)
Write - offs/ impairment	-	-	(777)	-	-	(777)
Balance as at 31 December 2008	**76,733**	**211,435**	**63,345**	**6,707**	**192,579**	**550,799**
Accumulated depreciation						
Opening balance as at 1 January 2008	(5,106)	(138,408)	-	(5,827)	(61,543)	(210,884)
Charge for the year	(1,933)	(13,221)	-	(104)	(7,774)	(23,032)
Disposals	-	23	-	5	353	382
Accumulated depreciation as at 31 December 2008	**(7,039)**	**(151,606)**	**0**	**(5,925)**	**(68,963)**	**(233,534)**
Net book value as at 31 December 2008	**69,693**	**59,829**	**63,345**	**782**	**123,615**	**317,265**

Amounts in thousand euros (Unless otherwise stated)

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**

29 Investment property

	31 December 2009	31 December 2008
Opening balance	42,675	39,562
Additions	21,792	1,723
Revaluation	31,248	8,597
Transfers	27,164	2,608
Disposals	(1,658)	(9,815)
Closing balance	**121,221**	**42,675**

In 2009 the Bank proceeded to a more efficient exploitation and management of its real estate property. Among other actions taken, an amount of € 27.164 thousand was transfered to “Investment Property” which in the current year meets all relevant conditions and criteria set out in IAS 40.

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.

30 Assets held for sale

	31 December 2009	31 December 2008
Additions	65,013	-
Transfers to investment securities (note 23)	19,131	-
Closing balance	**84,144**	**0**

Assets held for sale include a real estate management company which was acquired in 2009 and is expected to be sold within 2010.

31 Other assets

	31 December 2009	31 December 2008
Inventory property	82,560	72,577
	82,560	**72,577**
Prepaid expenses and accrued income	98,151	183,792
Prepaid taxes & taxes withheld	111,158	133,761
Claims from tax authorities and the Greek State	119,837	90,293
Dividends receivable	3,371	5,959
Credit cards	87,848	73,503
Receivables from subsidiaries	165,382	73,339
Other items	283,056	170,549
Other receivables	**868,804**	**731,196**
Other assets	**951,364**	**803,773**

Amounts in thousand euros (Unless otherwise stated)

	31 December 2009	31 December 2008
Current other assets (up to 1 year)	499,068	643,414
Non current other assets (more than 1 year)	452,296	160,360
Total	**951,364**	**803,773**

Other items mainly comprise of other accounts that relate to the ordinary activity of the Bank.

32 Due to credit institutions

	31 December 2009	31 December 2008
Due to the Central Bank	6,750,000	8,850,567
Deposits from other banks	4,510,005	3,022,780
Repurchase agreement - credit institutions	1,977,698	1,187,700
Other obligations to banks	1,012,742	1,384,485
	14,250,445	**14,445,532**
Current due to banks (up to 1 year)	13,900,445	13,895,532
Non current due to banks (more than 1 year)	350,000	550,000
	14,250,445	**14,445,532**

Balances due to banks bear floating rates.

Other obligations to Banks include the balance of the Schuldschein loan. The outstanding balance of the Schuldschein loan as at 31/12/2009 amounts to € 500 million against € 950 million as at 31/12/2008.

33 Due to customers

	31 December 2009	31 December 2008
Current and sight deposits	4,688,320	3,742,031
Savings account	4,040,112	3,095,277
Term deposits	16,757,973	16,583,320
Other accounts	228,021	155,954
Repurchase agreements	15,268	533,005
	25,729,695	**24,109,587**
Current due to customers (up to 1 year)	25,586,532	24,032,719
Non current due to customers (more than 1 year)	143,163	76,868
	25,729,695	**24,109,587**

Due to customers include blocked deposits of € 6.8 million (2008: 49 million). Other accounts include cheques payable of € 135 million (2008: € 79 million). Customer deposits (corporate and retail) with floating rates are € 8,808 million (2008: € 6,914 million) and with fixed rate are € 16,772 million (2008: € 16,583 million).

34 Debt securities in issue

		Average interest rate (%)			
	Currency	**2009**	**2008**	**31 December 2009**	**31 December 2008**
ETBA bonds	EUR	5.22%	4.70%	**153,057**	**2,603,581**
Euro Commercial Paper (Short term securities)	EUR	3.32%	4.84%	212,129	455,647
	USD	2.34%	3.84%	175,203	41,741
	GBP	3.56%	5.85%	15,162	15,698
				402,494	**513,086**

Euro Medium Term Note	**Interest rate (%)**	**31 December 2009**	**31 December 2008**
€ 32.5 m. floating rate notes due 2010	Variable	-	705
€ 21.65 m. floating rate notes due 2010	Variable	-	430
€ 700 m. floating rate notes due 2010	Euribor + 0.30%	447,371	492,560
€ 3.43 m. floating rate notes due 2009	Variable	-	390
USD 15 m. floating rate notes due 2009	Libor + 0.10%	-	7,263
USD 20 m. floating rate notes due 2009	Libor + 0.20%	-	1,748
€ 500 m. floating rate notes due 2009	Euribor + 0.20%	-	497,269
€ 60 m. floating rate notes due 2015	Variable	60,000	60,000
€ 10 m. floating rate notes due 2013	Euribor + 0.30%	9,987	9,987
€ 650 m. floating rate notes due 2011	Euribor + 0.25%	423,083	487,898
€ 5.05 m. floating rate notes due 2011	Variable	3,750	4,750

Amounts in thousand euros (Unless otherwise stated)

	Interest rate (%)	31 December 2009	31 December 2008
€ 50 m. floating rate notes due 2010	Euribor + 0.225%	50,000	50,000
€ 750 m. floating rate notes due 2010	Euribor + 0.20%	687,700	706,700
€ 20 m. floating rate notes due 2012	Euribor + 0.20%	19,964	19,964
€ 45 m. fixed/ floating rate notes due 2009	Fixed/ Euribor + 0.25%	-	45,000
€ 10 m. fixed/ floating rate notes due 2010	Fixed/ Euribor + 0.35%	3,212	3,412
€ 500 m. fixed rate notes due 2011	Fixed 4.5%	492,398	-
€ 500 m. fixed rate notes due 2012	Fixed 4.0%	469,593	-
Accrued interest and other expenses		19,724	7,822
		2,686,782	**2,395,898**
Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 m. floating rate notes due 2040	Euribor + 0.18%	283,300	330,781
€ 1,250 m. floating rate notes due 2054	Euribor + 0.18%	872,072	935,605
		1,155,372	**1,266,386**
Total debt securities in issue		**4,397,704**	**6,778,951**

	31 December 2009	31 December 2008
Current debt securities in issue (up to 1 year)	1,620,868	4,120,142
Non current debt securities in issue (more than 1 year)	2,776,837	2,658,809
	4,397,704	**6,778,951**

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 financial year 2009 are presented below:

In June 2009 Piraeus Bank issued a 2-year fixed rate senior bond in the amount of € 500 million. The bond was issued under Piraeus Bank's Euro Medium Term Note (EMTN) programme. The two years bond pays a 4.5% fixed coupon and is listed on the Luxembourg Stock Exchange.

In September 2009 Piraeus Bank issued its 3-year fixed rate senior bond in the amount of € 500 million. The bond was issued under the Euro Medium Term Note (EMTN) programme. The three years bond pays a 4.0% fixed coupon and is listed on the Luxembourg Stock Exchange.

In April 2009 the first Consumer Loan Backed Securitisation was completed through the UK-based special purpose vehicle Praxis Finance PLC, in the amount of € 725 million. The bonds bear an average coupon of 1 month Euribor plus 27bps. This issue has been retained by Piraeus Bank and fullfils the requirements for refinancing from the E.C.B.

In May 2009 the second SME Loan Backed Securitisation, Axia II, was completed through the UK-based special purpose vehicle Axia Finance II PLC, in the amount of € 900 million. The bonds have an average coupon of 3 month Euribor plus 99 basis points. This issue has been retained by Piraeus Bank and fullfils the requirements for refinancing from the E.C.B.

In August 2009 the second Consumer and Credit Cards Backed Securitisation was completed through the UK-based special purpose vehicle Praxis II Finance PLC, in the amount of € 558 million. The bonds bear an average coupon of 1 month Euribor plus 38bps. This issue has been retained by Piraeus Bank and fullfils the requirements for refinancing from the E.C.B.

In August 2009 the third SME Loan Backed Securitisation, Axia III, was completed through the UK-based special purpose vehicle Axia Finance III PLC in the amount of € 2,352 million. The bonds bear an average coupon of 1 month Euribor plus 79bps. This issue has been retained by Piraeus Bank and fullfils the requirements for refinancing from the E.C.B.

It should be noted that the third securitisation of mortgage loans, Estia Mortgage Finance III PLC , in the amount of € 800 million and the first securitisation of corporate loans, Axia Finance PLC, in the amount of € 1,750 million continue to be retained by Piraeus Bank and fullfil the requirements for refinancing from the E.C.B.. These issues took place within 2008.

35 Hybrid capital and other borrowed funds

Hybrid Capital (Tier I)	Interest rate (%)	31 December 2009	31 December 2008
€ 200 m. floating rate notes	Euribor + 1.25%	159,036	199,191
Accrued interest and other expenses		716	2,253
		159,752	**201,444**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2014	Euribor + 0.60%	-	379,493
€ 400 m. floating rate notes due 2016	Euribor + 0.55%	347,011	378,335
Accrued interest and other expenses		937	4,473
		347,948	**762,301**
Total hybrid capital and other borrowed funds		**507,700**	**963,745**

Amounts in thousand euros (Unless otherwise stated)

Piraeus Bank, based on each solid capital base and adequate liquidity position and after approval from the Bank of Greece, proceeded to the early redemption of the € 400 million Lower Tier II bonds on the 29th of September 2009, in accordance with the original terms and conditions of the notes, had been issued by its subsidiary Piraeus Group Finance PLC.

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. The balance of hybrid capital and other borrowed funds on 31/12/2009 (€ 507.7 million) reflects non-current maturity, i.e. beyond one year.

36 Other liabilities

	31 December 2009	31 December 2008
Prepaid income and accrued expenses	111,096	230,136
Withheld tax and contributions	30,086	57,983
Transactions with Interbank Systems (DIAS)	15,875	189,960
Creditors	49,833	43,565
Other liability accounts	140,443	111,881
	347,334	**633,526**
Current other liabilities (up to 1 year)	347,334	633,526
	347,334	**633,526**

Other liability accounts include credit balances that result from the daily transactions of the Bank. As at 31/12/2009 and 31/12/2008, there are no obligations arising from finance leasing.

37 Other provisions

	31 December 2009	31 December 2008
Opening balance	10,665	10,360
Opening balance due to mergers	-	305
Closing balance	**10,665**	**10,665**

38 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 2009	31 December 2008
Adjustment for depreciation of property, plant and equipment	4,663	2,913
Other loans' receivables	8,426	10,206
Securities valuation	5,999	9,755
Valuation of investment property	13,101	5,755
Intangible assets	27,409	14,290
Deferred tax of merged company	2,639	-
Other deferred tax liabilities	6,200	7,268
	68,438	**50,187**

Deferred tax assets	31 December 2009	31 December 2008
Pensions and other post retirement benefits	36,177	33,903
Intangible assets derecognition	2,774	911
Derivative financial instruments valuation	12,504	20,625
Securities valuation	138,720	132,684
Impairment of loans	32,649	20,529
Recognition of commision according to effective interest rate calculation	9,232	8,286
	232,055	**216,939**
Net deferred tax asset	**163,618**	**166,752**

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

	2009	2008
Net deferred tax asset as at 1 January	**166,751**	**51,826**
Effect of deferred tax on profit or loss	(7,866)	72,810
Sale/ valuation of the available for sale portfolio securities	7,370	42,115
Deferred tax of merged company	(2,639)	-
Net deferred tax asset as at 31 December	**163,618**	**166,751**

Amounts in thousand euros (Unless otherwise stated)

The deferred tax charge in the Income Statement is analysed as follows:

Deferred tax (Income Statement)	**1/1-31/12/2009**	**1/1-31/12/2008**
Pensions and other post retirement benefits	2,274	(745)
Impairment of loans	12,120	20,529
Other loans' receivables	1,780	(8,425)
Recognition of commision according to effective interest rate calculation	946	(682)
Derivative financial instruments valuation	(8,122)	18,555
Adjustment of depreciation of property, plant and equipment	(1,749)	(546)
Valuation of investment property	(7,347)	(1,547)
Intangible assets	(11,257)	(7,884)
Securities valuation	2,421	61,684
Other deferred tax charges	1,068	(8,129)
	(7,866)	**72,810**

During the year 2009, a) deferred tax of amount € 7,370 thousands relating to sales and valuation of the available for sale securities did not affect the profit and loss for the year, but instead decreased the available for sale reserve (note 42) according to the relevant IFRS requirements and b) amount of € 2,639 thousands relating to the merge of Piraeus Leasing S.A affected previous year's profit and loss income statement.

39 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.

An actuarial study has been carried out as at 31/12/2009. The estimation of the liability at this date is based on the results of this study and is as follows:

Amounts recognised in the balance sheet	**31 December 2009**	**31 December 2008**
Pension schemes-funded	65,286	66,772
Other post retirement benefits - not funded	107,826	106,006
	173,112	**172,778**
Provision for outstanding annual leaves	-	284
Provisions due to mergers	159	159
Total obligation	**173,271**	**173,221**

Income statement	**1/1-31/12/2009**	**1/1-31/12/2008**
Pension schemes-funded	(7,981)	(7,133)
Other post retirement benefits - not funded	(14,805)	(21,686)
Cost of benefits due to mergers	-	(29)
	(22,786)	**(28,847)**

A) Pension schemes - funded

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

	31 December 2009	**31 December 2008**
Present value of funded obligations	94,758	88,903
Fair value of plan assets	(17,537)	(15,411)
	77,221	**73,492**
Unrecognised actuarial (losses)/ gains	(11,935)	(6,720)
Liability in the balance sheet	**65,286**	**66,772**

Although TEAPETE is no longer among funded benefits, it is featured as part of funded benefits on 31/12/2009 and on 31/12/2008 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 5 instalments of total amount € 35.5 million were paid until 31/12/2009. The obligation, which is the present value of the other 5 instalments, amounts to € 31.0 million as at 31/12/2009.

The amounts recognised in the income statement are as follows:

Pension schemes - Income statement	**1/1-31/12/2009**	**1/1-31/12/2008**
Current service cost	(3,933)	(3,464)
Interest cost	(4,512)	(4,186)
Expected return on plan assets	630	570
Net actuarial gains/ (losses) recognised in year	(165)	424
Past- Services Cost	-	(476)
Total, included in staff costs	**(7,981)**	**(7,133)**

Amounts in thousand euros (Unless otherwise stated)

The movement of the defined benefit obligation for the years 2009 and 2008 is analysed as follows:

	31 December 2009	31 December 2008
Beginning of year	**88,903**	**88,095**
Current service cost	3,933	3,464
Interest cost	4,512	4,186
Contributions by plan participants	1,612	1,527
Benefits paid from the fund	(2,031)	(2,108)
Benefits paid directly by the employer	(7,134)	(7,134)
Expenses	(71)	(58)
Past- Services Cost	-	476
Net actuarial (gains)/ losses recognised in year	5,034	454
End of year	**94,758**	**88,903**

The movement of the fair value of plan assets of the years 2009 and 2008 is analysed as follows:

	2009	2008
Opening balance	**15,410**	**13,763**
Expected return on plan assets	630	570
Employer contributions	2,333	1,842
Employee contributions	1,612	1,527
Benefits paid	(2,031)	(2,108)
Expenses	(71)	(58)
Assets gains/ (losses)	(346)	(125)
End of year	**17,537**	**15,410**

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

	31 December 2009	31 December 2008
Opening balance	**66,772**	**68,615**
Movement for the year	7,981	7,133
Contributions paid by the employer	(2,333)	(1,842)
Benefits paid directly by the employer	(7,134)	(7,134)
Closing balance	**65,286**	**66,772**

B) Other post retirement benefits - not funded

The amounts recognised in the balance sheet are as follows:

	31 December 2009	31 December 2008
Present value of unfunded obligations	158,749	160,265
Unrecognised actuarial (losses)/ gains	(17,403)	(7,765)
Unrecognized past service cost	(33,520)	(46,494)
Liability in the balance sheet	**107,826**	**106,006**

The movement in the defined benefit obligation for the years 2009 and 2008 is analysed as follows:

	31 December 2009	31 December 2008
Opening balance	**160,265**	**128,965**
Current service cost	9,784	9,282
Interest cost	6,676	5,691
Benefits paid by the employer	(12,985)	(8,071)
Additional (gains)/ cost	1,656	(3,916)
Past service cost	(16,124)	23,731
Actuarial (gains)/ losses recognised in year	9,477	4,583
Closing balance	**158,749**	**160,265**

The amounts recognised in the income statements of 2009 and 2008 are as follows:

Income statement	**1/1-31/12/2009**	**1/1-31/12/2008**
Current service cost	(9,784)	(9,282)
Interest cost	(6,676)	(5,691)
Net actuarial gains/ (losses) recognised in year	(214)	(64)
Past service cost recognized	3,150	(9,882)
Additional gains/ (cost)	(1,281)	3,234
Total included in staff costs	**(14,805)**	**(21,686)**

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

	31 December 2009	31 December 2008
Opening balance	**106,006**	**92,391**
Movement for the year	14,805	21,686
Benefits paid by the employer	(12,985)	(8,071)
Closing balance	**107,826**	**106,006**

Amounts in thousand euros (Unless otherwise stated)

The main actuarial assumptions used for the funded and not funded benefits are as follows:

	31 December 2009	31 December 2008
Discount rate	5.00%	5.60%
Expected return on plan assets	4.50%	4.50%
Future increase of salaries	4.00%	4.00%
Future increase of pensions	2.50%	2.50%

40 Contingent liabilities and commitments

A) Legal procedures

The legal proceedings outstanding against the Bank as at 31/12/2009, 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 31/12/2009 the Bank had the following capital commitments:

	31 December 2009	31 December 2008
Letters of guarantee	2,932,263	2,917,096
Letters of credit	44,466	143,729
Commitments to extent credit	15,754,537	13,369,023
	18,731,266	**16,429,848**

C) Assets pledged

	31 December 2009	31 December 2008
Trading securities	3,909,673	1,054,675
Investment securities	2,088,041	3,677,779
Loans and advances to customers	865,000	865,000
Debt securities - receivables	761,966	450,000
	7,624,680	**6,047,455**

In the “Trading securities” category, an amount of € 3,323 million refers to securities, which are not included in assets, derived from the securitization of mortgage, consumer and corporate loans.

D) Operating lease commitments

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

	31 December 2009	31 December 2008
Up to 1 year	50,346	49,098
From 1 to 5 years	210,496	215,807
More than 5 years	447,631	467,409
	708,473	**732,314**

41 Share capital

	Share capital	Share premium	Treasury shares	Total
At 1 January 2008	**1,617,977**	**1,099,903**	**(250,860)**	**2,467,020**
Cancelation of threasury shares	(49,644)	(184,526)	234,170	0
Issue of share capital by reinvestment of dividend	3,589	12,398	-	15,987
Purchases of treasury shares	-	-	(188,745)	(188,745)
Sales of treasury shares	-	-	38,116	38,116
At 31 December 2008	**1,571,923**	**927,775**	**(167,319)**	**2,332,378**

	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**

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 2008	**339,198,587**	**(11,081,930)**	**328,116,657**
Cancelation of threasury shares	(10,407,537)	10,407,537	0
Issue of share capital by reinvestment of dividend	752,478	-	752,478
Purchases of treasury shares	-	(14,228,664)	(14,228,664)
Sales of treasury shares	-	2,379,303	2,379,303
Balance at 31st December 2008	**329,543,528**	**(12,523,754)**	**317,019,774**

	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**

The Ordinary General Meeting of Shareholders on 30th of April 2009 decided the distribution of dividend to the shareholders in the form of Bank shares, namely the distribution of one new common voting share with nominal value of € 4.77 each for every 47 old shares. This distribution corresponds to a net dividend value of € 0.10 per share, incorporating the dividend corresponding to own shares and deduction of the tax due. Consequently, the General Meeting approved the increase of the Bank’s share capital by the amount of € 32,097,287.07, with capitalization of the net amount of the distributable dividend and with the issuance of 6,728,991 new shares. These shares were issued on 5/6/2009.

The Bank, within the framework of article 1 of L.3723/2008 “Liquidity Support of the Economy for mitigating the consequences of the international financial and credit crisis” and following the resolution of the Extraordinary General Meeting on 23/1/2009, issued on the 14/5/2009, 77,568,134 preferential non-voting shares for the total amount of € 370 million, each having a nominal and issue value of € 4.77. These shares have been acquired by the Greek State with the transfer to the Bank of bonds of the Greek State having equal value. In accordance with the existing legal and regulatory framework, the capital provided forms part of the Bank’s Tier I capital.

The aforementioned preferential shares provide the right to receive a fixed, non cumulative return of 10%, which is tax deductible and calculated on the share issue price, provided that: (a) the capital adequacy indices of the Bank and the Group, following payment of the aforementioned return, remain above the minimum limits set by the Bank of Greece, (b) the existence of distributable funds within the meaning of the provisions of article 44a of Codified Law 2190/1920 and (c) the Ordinary Shareholders’ Meeting of common shares, has previously resolved upon the same. Pursuant to the draft legislation submitted to the Greek Parliament by the Ministry of Economy and Finance, on the 17th March 2010, the return increases by 2% each year after the first five years. Upon the lapse of five years from the date of issuance of the preferential shares, the Ministry of Economy and Finance may convert the preferential shares into common shares, subject the prior approval of the Bank of Greece. On the 31st December 2009, the dividend payable in respect of preferential shares amounted to € 22.8 million.

Following the above increases, the Bank's share capital amounts to € 1,974,019,914.81, divided to 336,272,519 ordinary registered shares with voting rights and 77,568,134 preference shares without voting rights L. 3723/2008, of nominal share value € 4.77.

The Annual General Meeting of shareholders of the Bank held on 3/4/2008 has decided, according to the article 16 of codified Law 2190/1920, the purchase of treasury shares, until 3/4/2010 the latest, up to a maximum number of 33,000,000 treasury shares, which may be distributed to the staff of the Bank or the staff of any affiliated company with the minimum and maximum purchase price for the shares being between € 4 and € 40. It is noted that the above-mentioned share repurchase program of Piraeus Bank has been suspended, in accordance with the provisions of article 28 par. 2 of Law 3756/2008.

In accordance with the provisions of applicable law Piraeus Bank S.A. sold, on 1/6/2009, 13,280,976 treasury shares, representing 3.95% of the Bank's issued and outstanding ordinary shares, with a trade price set at € 7.70 per share.

3rd share option plan

In the above share option plan that has been implemented since 2006 and will expire in December 2010, no rights were exercised during the year 2009. The remaining 71,900 granted rights are exercisable until the ultimate expiry date of the scheme.

Amounts in thousand euros (Unless otherwise stated)

42 Other reserves and retained earnings

	31 December 2009	31 December 2008
Legal reserve	68,995	57,038
Available for sale reserve	(148,415)	(149,715)
Other reserves	1,104	1,104
Retained earnings	414,711	383,022
Total other reserves and retained earnings	**336,395**	**291,449**

Movements in reserves for the year were as follows:

Legal reserve	31 December 2009	31 December 2008
Opening balance for the year	57,038	51,263
Transfer from retained earnings	7,296	5,657
Absorptions	4,661	118
Closing balance for the year	**68,995**	**57,038**

Legal reserve of the Bank is formed in accordance with Law 2190/1920 and the Bank's articles of association.

Available for sale reserve	31 December 2009	31 December 2008
Opening balance for the year	(149,715)	14,145
Gains/ (losses) from the valuation of available for sale bonds (note 23)	(28,940)	(45,305)
Gains/ (losses) from the valuation of available for sale shares and mutual funds (note 23)	21,124	(152,285)
Deferred income tax (note 38)	7,370	42,115
Recycling of the accumulated fair value adjustment of disposed available for sale securities (note 11)	(208)	512
Foreign exchange differences and other adjustments	1,953	(8,897)
Closing balance for the year	**(148,415)**	**(149,715)**

Retained earnings	31 December 2009	31 December 2008
Opening balance for the year	383,021	406,057
Profit after tax for the year	145,939	113,148
Transfer to legal reserve	(7,296)	(5,657)
Prior year dividends	(35,664)	(118,122)
Profit/ (losses) from sales of treasury shares	(70,722)	(13,431)
Expenses on issuance of preference shares	(4,110)	-
Absorptions	3,543	1,027
Closing balance for the year	**414,711**	**383,021**

43 Dividend per share

In accordance with L. 3756/2009 and in conjunction with the circular no. 20708/B/1175/23-04-2009 issued by the Ministry of Economy and Finance and the draft bill submitted to the Greek Parliament on March 17th, 2010, the Banks participating in the Stability and Growth Programme of the Greek Economy are not permitted to distribute dividends in the form of cash to their shareholders in respect of the fiscal years 2008 and 2009.

Amounts in thousand euros (Unless otherwise stated)

44 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 2009	31 December 2008
Cash and balances with Central Banks (note 18)	1,746,671	2,486,574
Loans and advances to credit institutions (note 19)	1,657,762	3,955,720
Trading securities (note 21)	16,914	0
	3,421,346	**6,442,294**

45 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 2009	31 December 2008
Loans	144,230	231,659
Deposits	36,502	130,085

Letters of guarantee and letters of credit to the members of the board of directors and to the key management personnel as at 31/12/2009 are € 1.5 million (31/12/2008: € 1.7 million). Letters of guarantee to subsidiaries as at 31/12/2009 are € 91.3 million (31/12/2008: € 93.2 million). The total income on loans to members of the board of directors and the key management personnel for the year 2009 is € 4.9 million (31/12/2008: € 11.2 million). The total expense on deposits of the prementioned related parties for the year 2009 is € 0.5 million (31/12/2008: € 1.8 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 2009	31 December 2008
Salaries and other remuneration	5,563	12,062
Termination benefits	7,377	3,464
	12,940	**15,526**

The aggregate provisions in respect of Members of the Board of Directors and key management personnel, following the resignation of certain key management personnel and the relevant adjustments effected during the current year, amount to € 27.4 million as at 31/12/2009 (31/12/2008: € 36.8 million). The full amount of the above provisions has been included in retirement benefit obligations (note 39).

Bank's balances from transactions to subsidiaries and associates and the relevant results are as follows:

I. Subsidiaries	31 December 2009	31 December 2008
Assets		
Cash and Balances with Central Bank	2,480	8,408
Loans and advances to credit institutions	3,618,214	2,475,348
Loans and advances to customers	830,081	2,802,362
Other assets	168,932	76,990
Total	**4,619,707**	**5,363,109**

Liabilities	31 December 2009	31 December 2008
Due to credit institutions	482,809	653,122
Due to customers	652,605	324,195
Debt securities in issue	4,085,526	4,191,406
Hybrid capital and other borrowed funds	507,700	964,564
Other liabilities	33,643	23,782
Total	**5,762,282**	**6,157,070**

Amounts in thousand euros (Unless otherwise stated)

Revenues	**31 December 2009**	**31 December 2008**
Interest and similar income	203,864	302,440
Fee and commission income	17,117	13,356
Other operating income	1,699	1,588
Total	**222,681**	**317,384**

Expenses	**31 December 2009**	**31 December 2008**
Interest expense and similar charges	(189,259)	(383,920)
Fee and commission expense	(24,461)	(27,820)
Administrative expenses	(46,774)	(43,620)
Total	**(260,494)**	**(455,360)**

II. Associates

	31 December 2009	**31 December 2008**
Deposits	88,137	116,477
Loans and advances to customers and credit institutions	53,299	400,367
Interest/ expense	(1,163)	(3,849)
Interest/ income	1,415	4,855

46 Post Balance Sheet events

On 23 February 2010, the credit agency Fitch Ratings downgraded the Long-term Issuer Default Ratings (IDR) of Piraeus Bank to BBB from BBB+ with negative outlook.

On 3 March 2010, Moody's rating agency placed the Bank's ratings (A2 with negative outlook) on review for possible downgrade.

On 16 March 2010, Standard & Poor's affirmed BBB/A-2 credit ratings on Piraeus Bank with negative outlook, while it removed the ratings on the bank from CreditWatch, where it had placed them on 17 December 2009.

In early 2010 there has been deterioration in the Greek sovereign risk, as reflected in the widening of the Greek Government spreads versus the German Government bonds. The macroeconomic risks affecting the Bank and the measures announced by the Greek Government in 2010 to address the fiscal imbalances are analysed in the BoD Management Report.

Athens, March 29, 2010

CHAIRMAN OF THE BOARD OF DIRECTORS and CHIEF EXECUTIVE OFFICER	MANAGING DIRECTOR	GENERAL MANAGER	DIRECTOR, GROUP FINANCE & PARTICIPATIONS DIVISION
MICHAEL G. SALLAS	ALEXANDROS ST. MANOS	DIMITRIOS D. PAPADIMITRIOU	AGAMEMNON E. POLITIS

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 PERIOD from 1st January 2009 to 31st December 2009

(Published according to Codified Law 2190/20, art. 135 for companies preparing annual financial statements, consolidated or not, according to the 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 2009 is posted, as well as the auditor's report.

COMPANY'S PROFILE

Responsible Authority:	Ministry of Economy, Competitiveness and Shipping
Company's web side:	www.piraeusbank.gr
Date of Approval of Financial Statements:	March, 29th 2010
The Certified Auditor:	Konstantinos I. Michalatos
Auditing Company:	PricewaterhouseCoopers S.A.
Type of Auditor's Report:	Non qualified

BOARD OF DIRECTORS COMPOSITION

Michael G. Sallas	Chairman and Chief Executive Officer
Alexander S. Manos	Managing Director
Stavros M. Lekkakos	Managing Director
Christodoulos G. Antoniadis	Deputy Managing Director
Ilias D. Milis	Deputy Managing Director
Spiridonas A. Papaspirou	Deputy Managing Director
Konstantinos P. Aggelopoulos	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
Iakovos G. Georganas	Non-Executive Member
Stylianos D. Gkolemis	Non-Executive Member
Vassilios S. Fourlis	Non-Executive Member

STATEMENT OF FINANCIAL POSITION

Amounts in thousand euros

	GROUP				BANK			
		31 December 2009		31 December 2008		31 December 2009		31 December 2008
ASSETS								
Cash and balances with central banks		2,977,561		3,740,708		1,747,045		2,486,574
Treasury bills and other eligible bills		0		207,023		0		0
Loans and advances to credit institutions		992,325		2,348,289		4,442,538		4,636,273
Derivative financial instruments - assets		171,467		366,253		170,606		356,820
Trading securities		1,393,237		1,300,519		1,041,535		1,166,899
Financial instruments at fair value through profit or loss		162,817		89,224		20,269		84,984
Loans and advances to customers								
Loans and advances to customers	38,683,228		39,015,655		31,856,619		33,964,553	
Less: Provisions for losses on loans and advances	(994,970)	37,688,258	(702,987)	38,312,668	(611,173)	31,245,446	(481,935)	33,482,618
Investment securities								
Available for sale securities	2,338,460		875,892		2,186,728		792,700	
Held to maturity	3,363,535	5,701,995	3,372,205	4,248,097	3,305,688	5,492,416	3,263,095	4,055,795
Debt securities - receivables		1,183,006		527,699		898,794		527,699
Investments in associated undertakings		184,023		219,399		161,424		181,497
Investments in subsidiaries		0		0		1,923,099		1,815,390
Intangible fixed assets								
Goodwill	193,090		200,921		0		0	
Other Intangible fixed assets	146,070	339,160	102,073	302,994	76,597	76,597	37,794	37,794
Property, plant and equipment		987,271		970,990		313,451		317,266
Investment Property		819,894		710,374		121,221		42,676
Assets held for sale		101,771		10,557		84,144		0
Other assets								
Deferred tax assets	282,653		254,421		232,055		216,939	
Inventories - property	206,015		186,069		82,560		72,577	
Other assets	1,088,338	1,577,006	1,094,572	1,535,062	868,804	1,183,419	731,196	1,020,712
TOTAL ASSETS		54,279,791		54,889,856		48,922,004		50,212,997
LIABILITIES								
Due to credit insitutions		14,432,854		14,121,872		14,250,445		14,445,532
Derivative financial instruments - liabilities		162,023		369,692		160,575		360,907
Due to customers		30,063,606		28,380,817		25,729,695		24,109,587
Debt securities in issue		4,206,276		6,488,225		4,397,704		6,778,951
Hybrid capital and other borrowed funds								
Hybrid capital (Tier I)	159,752		201,444		159,752		201,444	
Subordinated debt capital (Tier II)	351,526	511,278	765,959	967,403	347,948	507,700	762,301	963,745
Other Liabilities								
Retirement benefit obligations	202,461		198,605		173,271		173,222	
Deferred tax liabilities	140,058		127,770		68,438		50,187	
Other provisions	18,089		24,160		10,665		10,665	
Current income tax liabilities	71,030		98,758		38,023		62,848	
Other liabilities	857,881	1,289,519	1,087,354	1,536,647	347,334	637,731	633,526	930,448
Total Liabilities		50,665,556		51,864,656		45,683,850		47,589,170
EQUITY								
Ordinary shares		1,604,020		1,571,923		1,604,020		1,571,923
Preference shares		370,000		0		370,000		0
Share premium		927,739		927,775		927,739		927,775
Less: Treasury shares		(123)		(167,321)		0		(167,319)
Other reserves and retained earnings		564,423		543,772		336,395		291,448
Capital and reserves attributable to owners of the parent		3,466,059		2,876,149		3,238,154		2,623,827
Minority interest		148,176		149,051		-		-
Total Equity		3,614,235		3,025,200		3,238,154		2,623,827
TOTAL LIABILITIES AND EQUITY		54,279,791		54,889,856		48,922,004		50,212,997

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008
Interest and similar income	2,789,159	3,897,769	2,149,833	3,230,268
Interest expenses and similar charges	(1,684,275)	(2,737,999)	(1,366,120)	(2,380,580)
Net interest income	1,104,884	1,159,770	783,713	849,688
Fee and commission income	256,157	285,622	128,081	151,700
Fee and commission expense	(50,116)	(43,975)	(42,567)	(44,086)
Net fee and commission income	206,041	241,647	85,514	107,614
Dividend income	13,303	25,887	43,907	47,496
Net trading income	174,863	(13,348)	45,982	(72,950)
Net income from financial instruments designated at fair value through profit or loss	(916)	20,706	(916)	17,587
Gains / (losses) from investment securities	3,529	297	13,654	(44,761)
Other operating income	160,921	216,737	41,913	31,868
Total net income	1,662,625	1,651,696	1,013,767	936,542
Staff costs	(426,170)	(442,076)	(256,967)	(266,401)
Administrative expenses	(377,190)	(382,516)	(256,922)	(263,826)
Gains / (losses) from sale of assets	2,686	4,978	441	(99)
Depreciation and amortisation	(92,805)	(76,979)	(36,961)	(29,251)
Total operating expenses before provisions	(893,479)	(896,593)	(550,409)	(559,577)
Profit before provisions and tax	769,146	755,103	463,358	376,964
Impairment losses on loans and receivables	(488,099)	(386,303)	(262,584)	(239,876)
Other provisions	(3,053)	(1,881)	-	-
Share of profit of associates	8,621	18,869	-	-
Profit before tax	286,615	385,788	200,774	137,089
Income tax expense	(46,792)	(54,521)	(26,580)	(23,941)
Tax contribution	(34,194)	-	(28,255)	-
Profit after tax (A)	205,629	331,267	145,939	113,148
Less: Minority interest	3,880	16,180	-	-
Profit after tax attributable to owners of the parent	201,749	315,087	145,939	113,148
Profit after tax attributable to owners of the parent without tax contribution	235,495	315,087	174,194	113,148
Other comprehensive income, net of tax (B)	(63,688)	(235,246)	1,298	(163,860)
Total comprehensive income for the period, net of tax(A+B)	141,941	96,021	147,237	(50,712)
-Owners of the parent	138,350	79,440	-	-
-Minority Interest	3,591	16,581	-	-
Profit after tax per share (in euros) :				
- Basic	0.5551	0.9541	0.3865	0.3426
- Diluted	0.5551	0.9541	0.3865	0.3426

STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008
Opening balance	3,025,200	3,309,579	2,623,827	2,944,285
Total comprehensive income for the period, net of tax	141,941	96,021	147,237	(50,712)
Prior year dividends	(37,871)	(120,338)	(35,664)	(118,122)
Issue of share capital by reinvestment of dividend	32,061	15,987	32,061	15,987
Issue of preference shares	365,890	-	365,890	-
Share capital decrease due to cancellation of treasury shares	-	(234,170)	-	(234,170)
Cancellation of treasury shares	-	234,170	-	234,170
(Purchases)/sales of treasury shares	96,476	(164,059)	96,597	(164,059)
Acquisitions, disposals, absorptions and movement in participating interests	(9,559)	(103,866)	8,206	-
Other movements	97	(8,124)	-	(3,552)
Closing balance	3,614,235	3,025,200	3,238,154	2,623,827

STATEMENT OF CASH FLOWS

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008	1 Jan - 31 Dec 2009	1 Jan - 31 Dec 2008
Total inflows/ (outflows) from operating activities	2,438,666	3,746,167	1,010,692	4,676,849
Total inflows/ (outflows) from investing activities	(1,748,921)	(2,161,990)	(1,656,120)	(2,365,009)
Total inflows/ (outflows) from financing activities	(2,261,391)	(1,597,767)	(2,378,407)	(1,216,571)
Net increase/ (decrease) in cash and cash equivalents of the year	(1,571,646)	(13,590)	(3,023,835)	1,095,269
Effect of exchange rate changes on cash and cash equivalents	(48,595)	(39,713)	2,888	(7,527)
Total inflows/ (outflows) for the year	(1,620,241)	(53,303)	(3,020,947)	1,087,742
Cash and cash equivalents at the beginning of the year	5,009,265	5,062,568	6,442,294	5,354,552
Cash and cash equivalents at the end of the year	3,389,024	5,009,265	3,421,347	6,442,294

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 2008. Piraeus Bank has adopted the amended International Accounting Standard (IAS) 1, "Presentation of financial statements". Additionally, Piraeus Bank has adopted IFRS 8, "Operating segments".

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 26 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 € 2.7 million. The provision raised for the unaudited tax years of the Bank and the Group, which is included in the current tax liabilities, amounts to € 2.6 million and € 7.1 million respectively. Other provisions raised for the Bank and the Group amount to € 10.7 million and € 15.4 million respectively.

5) The companies which have been consolidated as at 31/12/2009, apart from the parent company Piraeus Bank S.A., are included in note 26 of the Consolidated Financial Statements. Note 26 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 26 of the Bank's Financial Statements.

6) The following companies are consolidated under the Full Method of Consolidation as at 31/12/2009 and had not been included in the consolidation as at 31/12/2008: a) Piraeus Wealth Management A.E.P.E.Y., b) Axia Finance II PLC, c) Praxis Finance PLC, d) Axia Finance III PLC, e) Axia III APC Limited, f) Praxis II Finance PLC, g) Praxis II APC Limited, h) Gaia Lease PLC, i) PROSPECT N.E.P.A., j) R.E. Anodus LTD and k) Erechtheas Investments & Holdings S.A.. From these companies, the companies numbered (a)-(h) were consolidated under the Full Method of Consolidation as at 30/09/2009, as well, though the companies (i) - (k) were not included in the consolidation as at 30/09/2009. The company numbered (a) was acquired in February 2009. The companies (b) – (h) are newly established. The company numbered (i) was acquired on September 2009, while the companies numbered (j)-(k) were acquired on December 2009. The companies: a) Piraeus Best Leasing S.A., b) AGR Investments S.A. and c) Piraeus Leasing S.A. that were fully consolidated as at 31/12/2008, are not included in the Consolidated Financial Statements as at 31/12/2009. On 31/12/2008, the merge between the subsidiaries of Piraeus Bank, Piraeus Best Leasing S.A. and Olympic Commercial and Tourist Enterprises S.A., was completed by the establishment of a new subsidiary company of Piraeus Bank. The companies numbered (b) and (c) were consolidated as well as at 30/09/2009. The company numbered (b) was sold on December 2009. The company numbered (c) was absorbed by the Bank. 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. The most important corporate event that took place among the subsidiaries of the Group during the period 01/01/2009-31/12/2009 was the absorption of Piraeus Leasing S.A. by the Bank on 16/12/2009. 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. Note 46 of the Consolidated Financial Statements includes information about the changes in the subsidiaries' portfolio of the Group. 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 profit of the Group.

7) The company Atlantic Insurance Company Ltd is included in the consolidation as at 31/12/2009, as well as at 30/09/2009, whereas it was not included in the consolidation as at 31/12/2008.The company has been transferred from the available for sale portfolio to the associate companies due to the increase of the percentage of holding on February 2009. The companies: a) Borg El Arab Company, b) Stalko S.A. and c) Proton Bank S.A. that were consolidated under the equity method of accounting as at 31/12/2008, were disposed and are not included in the Consolidated Financial Statements as at 31/12/2009. The company numbered (c) was included in the consolidation as at 30/09/2009. The most important corporate event that took place among the associate companies during the period 01/01/2009-31/12/2009 is the sale on 30/12/2009 of Proton Bank by the Bank for the amount of € 70.5 million. The effect from the disposal is included in Note 11 of the Group's and the Bank's Financial Statements. 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. Note 46 of Consolidated Financial Statements includes information about the changes in the associates' portfolio of the Group. As at 31/12/2009, as well as at 30/09/2009, there are no associates that have been excluded from consolidation.

8) The Group's transactions with related parties are as follows: assets € 199.2 million, liabilities € 127.2 million, letters of guarantee € 1.5 million, income € 6.4 million and expenses € 2.2 million. The Bank's transactions with related parties (subsidiaries included) are as follows: assets € 4,817.2 million, liabilities € 5,886.9 million, letters of guarantee € 92.8 million, income € 229.0 million and expenses € 262.2 million. The balances of assets and liabilities of the Group with members of the Board of Directors and key management personnel amount to € 145.7 million and € 36.5 million respectively. The respective amounts for the Bank amount to € 144.2 million and € 36.5 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 € 12.9 million.

9) As at 31/12/2009 Piraeus Group owned a total number of 14,451 treasury shares of the parent company Piraeus Bank S.A., at a value of € 123 thousand. On 1/6/2009 Piraeus Bank S.A. sold 13,280,976 treasury shares, representing 3.95% of the Bank's issued and outstanding ordinary shares, at a trade price set at € 7.70 per share and it did not hold any treasury shares as at 31/12/2009.

10) At the Statement of Comprehensive Income of Consolidated Financial Statements, "Other comprehensive income net of tax" of € 63,688 thousands includes the positive net change in available for sale reserve, which amounts at € 4,870 thousands and the negative change in currency translation reserve of € 68,558 thousands. At the Statement of Comprehensive Income of the Bank's Financial Statements, "Other comprehensive income net of tax" of € 1,298 thousands includes the positive change of the available for sale reserve.

11) On May 14th 2009, an increase of the Bank's share capital, amounting to € 370,000 thousand, has been completed with the issuance of 77,568,134 non-voting preference shares at a nominal value of € 4.77 per share, which was realized according to the requirements of L. 3723/2008 relating to the enhancement of the Greek Economy. These shares have been subscribed to by the Greek State in exchange of Greek Government Bonds of equal value transferred to the Bank. In accordance with the terms of issuance and the conditions of IAS 32 the issued shares have been classified as capital and for this reason the accrued for the year 2009 dividend of the preference shares amounting to € 22.8 million didn't affect the Group's results. Relevant disclosure is note 41 of the Consolidated Financial Statements, as well as of the Bank's Financial Statements.

12) On June 5th 2009 the share capital increase of amount € 32,097 thousand was completed with the issuance of 6,728,991 new common voting shares with nominal value € 4.77 each. The share capital increase was concluded with capitalization of the net dividend amount and it was realized by the distribution of one new common nominal share for every 47 old shares. Following the above increase and the increase mentioned in the note 41 of the Consolidated Financial Statements as well as of the Bank's Financial Statements, the Bank's share capital amounts at € 1,974,020 thousand divided to 336,272,519 ordinary registered shares with voting rights and 77,568,134 preference shares without voting rights according to the L. 3723/2008, of nominal value € 4.77 each.

13) On April 30th 2009 Piraeus Bank completed its first securitization of consumer loans in the amount of € 725 million and on May 7th 2009 Piraeus Bank completed its second securitization of business loans in the amount of € 900 million. On August 14th 2009 the first leasing loans securitisation of Piraeus Leases S.A. was concluded with a total issue size of € 540 million and the second consumer loans securitization of the Bank with a total issue size of € 558 million. On August 17th 2009 the third business loans securitization of the Bank was concluded with a total issue size of € 2,352 million.

14) On October 1st 2009, Piraeus Bank and Victoria General Insurance Company- a subsidiary of Ergo International in Greece and member of the German insurance Group Munich Re - announced the agreement for the implementation of a 10-year exclusive cooperation in non-life insurances. Both parties have agreed that Piraeus Bank will distribute for the next decade, through its branch network in Greece, the non-life insurance products of Victoria General Insurance Company S.A.

15) In accordance with L. 3756/2009 and in conjunction with the circular no. 20708/B/1175/23-04-2009 issued by the Ministry of Economy and Finance and the draft bill submitted to the Greek Parliament on March 17th, 2010, the Banks participating in the Stability and Growth Programme of the Greek Economy are not permitted to distribute dividends in the form of cash to their shareholders in respect of the fiscal years 2008 and 2009.

16) The number of staff employed by the Group and the Bank as at 31st December 2009 was 13,417 and 5,070 respectively. The number of staff employed by the Group and the Bank as at 31st December 2008 was 14,255 and 5,142 respectively.

Athens, March 29th, 2010

CHAIRMAN OF THE BOARD OF DIRECTORS and CHIEF EXECUTIVE OFFICER	MANAGING DIRECTOR	GENERAL MANAGER	DIRECTOR, GROUP FINANCE and PARTICIPATIONS DIVISION
MICHALIS G. SALLAS	ALEXANDROS ST. MANOS	DIMITRIS D. PAPADIMITRIOU	AGAMEMNON E. POLITIS

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 2009, 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
Purchase of own shares	2/1/2009
Purchase of own shares	5/1/2009
Purchase of own shares	7/1/2009
Invitation to the extraordinary general meeting of shareholders of Piraeus Bank	9/1/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	15/1/2009
Reconstitution of the board of directors as a body	15/1/2009
Purchase of own shares	16/1/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	16/1/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	19/1/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	20/1/2009
Comments on Deutsche Bank's report	21/1/2009
Purchase of own shares	22/1/2009
New programme of € 1 billion from Piraeus Bank to small and medium-sized enterprises	23/1/2009
Resolutions of Extraordinary General Meeting (23.1.2009)	23/1/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	27/1/2009
Purchase of own shares	28/1/2009
Purchase of own shares	3/2/2009
Purchase of own shares	12/2/2009
Purchase of own shares	17/2/2009
Announcement of the date of Full Year 2008 Financial Results of Piraeus Bank	17/2/2009
Information for the full year 2008 Financial Statements	25/2/2009
Annual Results 2008	27/2/2009
Mr Goutakis has joined Piraeus Group	9/3/2009
Financial Calendar 2009	12/3/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	13/3/2009
Presentation of 2008 FY Results to Analysts	16/3/2009
New Financing Program for Supporting Enterprises and Protecting Job Positions	18/3/2009
Mr. Constantinos Liapis no longer joins Piraeus Bank	24/3/2009
Announcement of regulated information according to Law 3556/2007	27/3/2009
Invitation to the ordinary General Meeting of shareholders of Piraeus Bank	1/4/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	27/4/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	27/4/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	28/4/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	28/4/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	30/4/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	30/4/2009
Piraeus Bank's Ordinary General Meeting of Shareholders	30/4/2009
General Meeting Resolutions	30/4/2009
Announcement on ex-dividend date / dividend payment	30/4/2009
Constitution of the Board of Directors as a Body	30/4/2009
Consumer amortizing loans securitization transaction	30/4/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	5/5/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	5/5/2009
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	5/5/2009
Informative document pursuant to article 4 par. 1 (d) of law 3401/2005	5/5/2009
Second Securitization AXIA II	7/5/2009
Interest Rate Reduction of Consumer and Business Loans	12/5/2009
Modification of the Financial Calendar 2009	12/5/2009
Q1 2009 Results	20/5/2009
Completion of the share capital increase (Extraordinary General Meeting of 23.01.09)	22/5/2009
Refusal about Proton Bank	25/5/2009

	Date
Informative document pursuant to law 3401/2005 (article 4 par. 2e) concerning the listing of shares resulting from a share capital increase due to capitalization of the distributable divident of fiscal year 2008	26/5/2009
Announcement for the listing of new shares resulting from a share capital increase by capitalization of dividend for fiscal year 2008	26/5/2009
Announcement of ex-dividend date/dividend payment	26/5/2009
Announcement of the resolution to sell treasury shares	1/6/2009
Piraeus Bank announces completion of the sale of treasury shares to institutional investors	2/6/2009
New € 500 million 2-Year bond issue successfully launched	4/6/2009
Statement of Managing Director Mr. Manos	17/6/2009
Piraeus Bank share capital	25/6/2009
Piraeus Bank and BNP Paribas Wealth Management join forces to create a strategic partnership in global Wealth Management	2/7/2009
Piraeus Bank has successfully completed € 3.5 bio new loan securitizations, increasing the total amount issued to € 5.1 bio since the beginning of the year	18/8/2009
First Half 2009 Financial Results	26/8/2009
New € 500 million 3-Year bond issue successfully launched	9/9/2009
10-Year Bancassurance Agreement between Piraeus Bank and Victoria General Insurance Company S.A. in the field of General Insurances in Greece	1/10/2009
Statement of Managing Director Mr Alex Manos	19/10/2009
Modification of the Financial Calendar 2009	20/10/2009
Interest Rate for Credit Cards Reduced to 8.75% for purchases from 01.11.2009 to 28.02.2010	26/10/2009
9Month 2009 Results	19/11/2009
Mr Theodoros Pantalakis' resignation	3/12/2009
Reconstitution of the Board of Directors	17/12/2009
Proton Bank 31.31% share transfer	30/12/2009

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).

b) Interim stand alone and consolidated financial information

Q1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	20/5/2009
Q1 Interim Condensed Financial Information	20/5/2009
Q1 Consolidated Interim Condensed Financial Information	20/5/2009
H1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	26/8/2009
Mid year financial report	26/8/2009
9M Financial Statements Information of Piraeus Bank Group and Piraeus Bank	19/11/2009
9M Interim Condensed Financial Information	19/11/2009
9M Consolidated Interim Condensed Financial Information	19/11/2009

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 2008

The annual financial report of Piraeus Bank for the year 2008 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=283798).

d) Annual Report 2008 - Corporate Responsibility Report 2008

The annual report of the year 2008 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/2009/EE_en.pdf).

The corporate social responsibility of the year 2008 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/2009/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 2009, 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=).