ANNUAL FINANCIAL REPORT

For the period from 1st January to 31st December 2011

According to the Law 3556/ 2007

April 2012

INDEX

BOARD OF DIRECTORS' MANAGEMENT REPORT [1]

During 2011, the world economy exhibited a deceleration of growth to 3.9% compared to 5.3% in 2010, while for 2012 a further slowdown to 3.5% is anticipated. Over the past year, the debt crisis in the European Union (EU) was dominant, resulting in a limited growth of 1.4% in Eurozone, while it is expected to push it into recession in 2012 with its economy contracting by 0.3%.

The year 2011 was the second year of implementation of the Economic Adjustment Programme of Greece, which was agreed with the EU, the International Monetary Fund (IMF) and the European Central Bank (ECB). During the same year, the Greek economy encountered its fourth year of recession, with its GDP shrinking by 6.9% versus -3.5% in 2010. The main macroeconomic aspects were the significant reduction of the domestic consumption (-7.5%), the reduction of inflation to 3.3% from 4.7% in 2010, the rapid deterioration of the unemployment rate to 17.7% versus 12.5% in 2010, thus exhibiting an accelerating pace (Hellenic Statistical Authority). Despite of the substantial economic recession, the current account deficit decreased by only €1.9 bn setting at 9.8% of GDP in 2011, compared to 10.1% in 2010 (Bank of Greece). From a fiscal point of view, in spite of the deviation from the initial target of the Economic Adjustment Programme although undertaking additional measures, the general government deficit reached 9.2% of GDP in 2011, from 10.6% of GDP in 2010 (Ministry of Finance).

Notwithstanding the progress accomplished during the last two years (2010-2011) with the implementation of the Economic Adjustment Programme (fiscal deficit reduction, legislation of significant structural reforms and partial recovery of the last decade's lost competitiveness), the excessive public debt as a percentage of the GDP implied the inability to access capital markets in the long term. These facts led to the agreement of a 2nd Economic Adjustment Programme for Greece, totaling €130 bn and the implementation of the private sector bond exchange, broadly known as PSI (Private Sector Involvement). The signing of the agreement and the subsequent execution of the PSI diminished to a large extent the uncertainty regarding the prospects of the country, without this signifying the future challenges of the course of the economy are not significant.

In March 2012, within the framework of the EU Summit decisions of 21 February 2012 which defined the PSI Programme principles to reduce the public debt by 53.5%, the Greek Government bonds (GGB) exchange process was implemented. Private GGB holders (individuals and legal entities) participating in the programme received new GGBs with a face value equal to 31.5% of the nominal value of the exchanged bonds, and notes (annual and biannual) issued by the European Financial Stability Facility (EFSF), with a face value equal to 15% of the nominal value of the exchanged bonds. The PSI process was concluded smoothly and the exchange terms were implemented through bonds with a face value of €199 bn or 97% of the total nominal value of the exchanged bonds.

Greek banks' participation in the PSI had a significant negative impact on their equity and capital adequacy. For this reason, the EU/ECB/IMF, through the 2nd economic adjustment programme, has already fully safeguarded the capital adequacy of the banking system and its capability to finance the Greek economy.

In the context of the recapitalization process of the Greek banks, Bank of Greece (BoG) requested and received (at end January 2012) their detailed Strategic-Business Plans for the period 2012-2015. The banks' capital needs will be based on these plans, including the PSI impact and the results of BlackRock Solutions diagnostic exercise - commissioned by Bank of Greece - on the domestic loan portfolios of the Greek banking groups.

1. All figures in 2011 BoD's management report exclude Group's activities in Egypt (referred as discontinued operations in 2011 Annual Financial Report), unless otherwise stated

At the same time, the capital plans of the Greek banks were submitted to the BoG at the end of March 2012. According to the Memorandum of Economic and Financial Policies, *"banks submitting viable capital raising plans will be given the opportunity to apply for and receive public support in a manner that preserves private sector incentives to inject capital and thus minimizes the burden for taxpayers. Specifically, banks will be able to access capital from the Hellenic Financial Stability Fund (HFSF) through common shares and contingent convertible bonds."* In this framework, the HFSF has already provided a Commitment Letter up to the amount of €5.0 bn for its participation in the impending share capital increase of Piraeus Bank. The Greek banking sector recapitalization should be consummated by the end of September 2012, in order for the Greek banking groups to comply with a 9% Core Tier 1 ratio by September 2012 and 10% by June 2013.

The low credit rating of the Greek Banks, resulting from the downgrades of the country's credit ratings, the banks' continuous isolation from the international capital markets, and the liquidity constraints stemming from the deposit reduction, were mainly offset by the combined liquidity enhancement measures advanced by the Greek State and the Eurosystem.

The large deposit outflow from the Greek banking system is primarily attributed to the increased needs that households and businesses display for savings spending in order to cover operating, fixed and tax requirements, and secondly, to the persisting uncertainty triggered by the sovereign crisis. The implementation of the EU Summits' decisions regarding the new economic programme, is expected to gradually restore the depositors' confidence in the Greek financial system.

At the same time, the banking system continued in 2011 to focus on further decreasing its operating costs and restructuring its activities, as well as undertaking initiatives to enhance its capital adequacy and confront this challenging situation. It is noted that before the implementation of the PSI and despite the economic crisis, the level of capital adequacy had remained at satisfactory level. This fact was displayed in the 2nd European Union wide stress test results conducted by the European Banking Authority (EBA) and announced on July 15, 2011 (Piraeus Bank Group, Core Tier I ratio at 5.3% on the adverse scenario with 5% minimum threshold).

Over the past year, Piraeus Bank placed its emphasis on preserving sufficient liquidity and managing credit risk, in order to safeguard its balance sheet. Focal point of interest continued to be the support of the Group's customers, businesses and households, by improving the quality of service and effectively managing customer relationships. Thus, despite the contraction of the banking activities in the Greek market, the extensive network coverage and the intense efforts of the Group's human resources contributed to the increase of the Bank's customer base by approximately 180 thousand in Greece, reaching a total of 2.5 million customers at the end of 2011. Simultaneously, the overseas customers of the Group reached approximately 1 million, bringing the total number of customers to 3.5 million. It is worth noting that at the end of 2011, the Group's international operations (excluding the subsidiary bank in Egypt set for sale and appearing as discontinued operations in the annual financial report) accounted for 19% of total assets, thus displaying a wide dispersion in 8 countries.

On a corporate level, among the most important events for Piraeus Bank Group during 2011 were the following:

- On January 31 2011, Piraeus Bank concluded a €807 mn share capital increase.
- On February 9 2011, the issue of 3-year covered bonds totaling €1,250 mn was completed, enhancing the Bank's liquidity.
- On February 10, 2011 Mr. Stavros Lekkakos was appointed CEO & Managing Director.
- On December 30 2011, Piraeus Bank completed a share capital increase by €380 mn with the issuance of 1,266,666,666 new preference shares, undertaken by the Greek State. The share capital increase took place following the resolution of Piraeus Bank's

extraordinary General Shareholders' Meeting on 23.12.2011 according to L.3723/2008 re "for the liquidity enhancement of the Greek economy".

- At the Board of Directors' meeting on 18 May 2011 Messrs Jiri Smejc and Konstantin Yanakov were elected as non executive Board members of Piraeus Bank. Furthermore, Mr. Panagiotis Roumeliotis was elected as non-executive Vice-Chairman at a relevant BoD meeting on January 18 2012.

Regarding Piraeus Groups' financial performance, total assets amounted to €49.4 bn (of which €1.2 bn corresponded to discontinued operations) at the end of December 2011, decreased by 14% on an annual basis. The Group's gross loans reached €37.1 bn at end December 2011: €29.7 bn in Greece and €7.3 bn international operations (-3% and -4% year on year respectively). On the liability side, the Group's total deposits and retail bonds contracted by 23% at €22.0 bn. Deposits in Greece marked an annual reduction of 26%, mainly affected by the total deposit withdrawal in the Greek banking market; also the Greek State deposits nullified at the end of 2011 versus €1.65 bn on December 2010, playing a notable role in this negative trend. During the same period, deposits stemming from the Group's international operations declined by 8%.

Piraeus Bank's liquidity, as all major Greek banks, has been reinforced during 2011 with the aid of the state programme for the enhancement of the Greek economy's liquidity, under L.3723/2008. Within this framework, Piraeus Bank received from Pillar II (state guaranteed bonds issued by the Bank) additional guarantees of €5 bn, totaling €13.1 bn. Moreover, the Bank has received €424 mn from Pillar III (special bonds) of L.3723/2008 as of 31.12.11. It is noted that according to this law, Mr. Athanassios Tsoumas is the representative of the Greek State, participating in the meetings of the Board of Directors of Piraeus Bank.

Regarding asset quality, Piraeus Group's loans in arrears above 90 days according to IFRS 7 reached 13.5% of total gross loans, at the end of 2011. The deterioration of the ratio from 7.5% in 2010 came primarily from Greece, due to the deepening of the recession and the extensive deterioration of the economic climate, and secondly from its international operations. Especially for Greece, it is noted that the respective ratio for the total market reached 16% (BoG, estimate) from 10% in 2010. In addition, the quality of the domestic loan portfolio of the Greek banks and their domestic subsidiaries was thoroughly examined during the diagnostic exercise of BlackRock Solutions, following a relevant mandate by Bank of Greece. The results, which are expected to be announced by BoG and incorporated in the banks' recapitalization plans, confirm the prudent credit policy that Piraeus Bank has pursued over time, as the expected loss as a percentage on loans was estimated at 10% versus 11% for the Greek market, exhibiting a significantly better performance in loans to SBLs, to Small and to Medium Sized Enterprises and to consumer credit.

Revenues from organic sources (net interest income and net commissions) remained almost stable at €1,364 mn in 2011 from €1,376 mn in 2010 (-1%). In particular, net interest income presented a marginal decline of 1% at €1,173 mn, mainly due to the increased cost of deposits and funding from the Eurosystem, while loan repricing acted as a stabilizing factor. Net commission income demonstrated resilience (+1% year on year), amounted to €190 mn from €188 mn in 2010, attributed to the increase of commercial banking commissions to €168 mn from €162 mn in 2010 (+4%).

During 2011, the Group's operating costs significantly decreased by 5% compared to 2010, thus successfully attaining the management target. The effectiveness of this policy is confirmed by the Group's operating costs declining course since the onset of the crisis (2008: €865 mn, 2009: €858 mn, 2010: €837 mn, 2011: €796 mn). More specifically, personnel costs decreased by 5%, while the effort for the rationalization of the general administrative expenses recorded an annual decrease of 8%. During the three-year period of 2009-2011, the Group's operating costs fell by 8%, while the relevant decline in Greece was 13%.

The total impairment charge on loans, bonds and other assets significantly increased during 2011 at €7.9 bn versus €0.6 bn in 2010, including the PSI impairment charge and the impairment charge on loans, which was particularly increased due to the macroeconomic conditions. Besides the aforementioned two impairments, an amount of €84 mn, mainly referring to the impairment on the value of intangible assets (goodwill), and an amount of €0.3 bn referring to the recycling of the negative reserve of the available for sale portfolio (AFS) in the income statement were also included. It is noted that both the impairment of the intangible assets and the “recycling” of the negative AFS reserve did not affect the Group’s regulatory capital, as they already constituted deducted elements. Finally, the total impairment charge amount incorporated an amount of €47 mn related to an impairment loss on other receivables.

Piraeus Group, following the resolution of the Bank’s Board of Directors on 07.03.2012, participated in the PSI programme with all eligible bonds and loans owned, whose nominal value amounted to €7.7 bn.

In this framework, the total PSI impairment charge amounted to €5.9 bn (€1.1 bn booked in 9 month 2011 results and €4.8 bn in 4th quarter 2011). It is noted that there was a charge in the net trading income of the income statement, due to the fair value valuation of the GGBs trading portfolio of €0.4 bn face value, and €0.1 bn fair value as of 31.12.11.

The Group’s pre tax and provision profit for 2011 amounted to €385 mn compared to €635 mn in 2010, while excluding net trading income, which was negatively affected by the significant reduction of the value of GGBs during 2011 and the negative valuation of the participation in Citylink real estate property, the pre tax and provision profit amounted to €592 mn from €638 mn in 2010.

The Group’s after tax result from continuing operations recorded a loss of €6.6 bn in 2011, while total comprehensive income, in which the valuation of the AFS portfolio has affected total equity, amounted to -€6.3 bn. The result of the discontinued operations amounted to -€37 mn in 2011, of which -€0.8 mn is attributable to the minority interests.

The Group’s total capital adequacy ratio turned negative, mainly due to the PSI impact. The HFSF has already committed itself to participate in the Bank’s impending share capital increase up to the amount of €5.0 bn, resulting in the restoration of the capital adequacy ratio to 9.7% (pro-forma).

It should be noted that the amount of €0.4 bn of deferred tax (income) related to PSI will be most probably booked on Q1’12, thus increasing the net results and equity by the equivalent amount.

In regards with the Group’s presence, the branch network at the end of December 2011 comprised 797 branches, 346 of which were in Greece and 451 in 8 countries abroad. The Group employed 11,246 people, 6,171 in Greece and 5,075 abroad on 31.12.2011.

With reference to the transactions of Piraeus Bank with associated parties, such as members of the Board of Directors and the management of the Bank and its subsidiaries, these were not of significant importance during 2011, while in any case are included in the Group’s financial statements.

The share capital of Piraeus Bank on 31.12.11 amounted to €1,092,997,968.18, divided into 285,831,641 ordinary registered voting shares with a nominal value of €1.20 each and a) 77,568,134 non-voting preferential shares, having a nominal value of €4.77 each and b) 1,266,666,666 non-voting preferential shares, with a nominal value of €0.30 each. The ordinary shares of Piraeus Bank are dematerialised and traded on the Athens Stock Exchange. It should be noted, however, that listing procedures following the relevant decision of the General Meeting of Shareholders on 20.05.11 have not been finished yet, so that 1,143,326,564 ordinary registered voting shares are traded in the Athens Stock Exchange with a nominal value of €0.30 each. At the end of 2011, Piraeus Bank had no treasury shares.

For 2012, the fiscal situation in Greece remains the main risk factor for the Greek banking sector and Piraeus Bank. Any possible negative outcome in this field strongly affects the Bank's liquidity and the asset quality. Piraeus Bank's capital adequacy is expected to be strengthened significantly with the implementation of the recapitalization plan of the Greek Banks by September 2012. The recent removal of "Restricted Default" from the long-term foreign and local currency Issuer Default Ratings of Greece and its upgrade by 4 grades to "B-" with stable outlook from Fitch rating agency, is considered to be an encouraging sign (Piraeus Bank has received the same rating and outlook as those of Greece since March 20, 2012).

Looking ahead in 2012, the Group's key strategic priorities remain to actively manage liquidity risk, ensure capital adequacy, safeguard asset quality and contain operating costs, with a goal to reduce it further by approximately 10%. Additionally, in the framework of actively supporting its customers, emphasis is given to financing selected economic sectors, characterized by export and growth orientation.

Securing the country's financing needs over the next three years and even further, if needed, following the conclusion of the PSI programme and the approval of the new economic adjustment programme, is expected to significantly reduce the debt service costs. The implementation of the adjustment programme along with the completion of the structural reforms in progress and the execution of the state's real estate development programme, could gradually improve the competitiveness of the economy and the sentiment of the market, and contribute to the creation of a budget surplus – at least primary – and progressively lead to the generation of the necessary conditions for the anticipated recovery of the Greek economy.

Michalis G. Sallas

Chairman of the BoD

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 31/12/2011, regarding the matters arising under paragraph 7 of article 4 of Law 3556/2007.

1) Information regarding the share capital structure of Piraeus Bank.
On the 31/12/2011 the share capital of Piraeus Bank amounted to 1.092.997.968,18 Euro, divided into 285.831.641 ordinary registered voting shares having a nominal value of 1.20 Euro each and a) 77,568,134 non-voting preferential shares, having a nominal value of 4.77 Euro each and b) 1.266.666.666 non-voting preferential shares, having a nominal value of 0.30 Euro each. The ordinary shares of Piraeus Bank are dematerialised and traded on the Athens Exchange. It is noted that the share nominal value increase from 0.30€ to 1.20€ by a simultaneous reduction of the number of the common shares, from 1,143,326,564 to 285,831,641 (reverse split) was approved by the Ordinary General Meeting of Shareholders of 20.05.2011. However, regulatory procedures have not been finished yet so that 1.143.326.564 ordinary registered voting shares are traded in the Athens Stock Exchange.

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

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

The prefential shares of law 3723/2008
The aforementioned preferential shares of the Bank are all held by the Greek State and were issued pursuant to a) 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 and b) the resolution of the Extraordinary Shareholders' Meeting dated 23.12.2011 on the increase of the share capital of the Bank by the amount of € 379.999.999,80, which was covered in full by the Greek State with the contribution of its bonds having equal value. The preferential shares, pursuant to law 3723/2008, confer upon the Greek State the following privileges:

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

- The right to vote in the General Meeting of preferential shareholders in the circumstances provided by Codified Law 2190/20, (i.e. paragraph 5 of article 3, paragraph 5 of article 4, paragraph 12 of article 13, paragraph 5 of article 15a and paragraph 2 of article 72 of Codified Law 2190/1920).
- The right to attend the meetings of the Board of Directors of the Bank through one representative who may be appointed as an additional member of the Board.
- The right of the State representative appointed as member of the Board of Directors to veto on any resolution related to the distribution of dividends, and the remuneration policy toward the Chairman, the Managing Director and the other members of the Board of Directors, as well as the general directors and their deputies, pursuant to the relevant resolution of the Minister of Economy and Finance or in the event the representative judges that the resolution in question may jeopardise the interests of the Bank's depositors or materially affect the credit worthiness and the efficient operation of the Bank.
- The right to attend the General Shareholders' Meeting of the ordinary shareholders of the Bank and veto right of the State representative appointed as member of the Board of Directors with regard to the discussion and resolution upon the aforementioned issues.
- The right of the State representative to freely access the Bank's books and records for the purposes of Law 3723/2008.
- The right to preferential reimbursement, prior to all other shareholders, from the proceeds of the liquidation of the Bank's assets, in the event the Bank's assets are liquidated.

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

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

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

3) Major direct and indirect shareholdings within the meaning of Law 3556/2007
"PPF Group N.V." (its majority shareholder is mr. Petr Kellner) holds 5.72% of voting rights, indirectly through the shareholder "Deutsche Bank Prague", acting as custodian of "PPF Group N.V.".

4) As of 31/12/2011 there are no ordinary shares of Piraeus Bank which provide their holders with special control rights.

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

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

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

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

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

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

8) Pursuant to the resolution of the 2nd Repeated Ordinary General Assembly of the Shareholders of the Bank dated 03/05/2007, as modified and harmonized by the resolution of the 2nd Repeated Extraordinary General Assembly of the Shareholders of the Bank dated 20/12/2011, the Board of Directors was authorized to resolve, by its resolution reached by a majority of at least 2/3rds of its members, upon the increase of its share capital, in whole or in part, and in every event with pre-emption rights in favour of existing shareholders, of up to the amount of 1,288,830,297.87 Euro with the issuance of new shares at the then valid nominal value and an issue value to be decided upon by the respective resolution of the Board of Directors. In accordance with the provisions of art.13, para 1, indent b) of Cod.Law 2190/192, the aforementioned authorization remains valid for a period of 5 years and may be renewed by the General Meeting for a period of time not exceeding five years per each renewal.

9) Pursuant to the provisions of article 28, law 3756/2009 (Gov. Gazette A' 53/31.3.2009) the acquisition of treasury shares is not permitted for so long as the Bank is subject to the provisions of law 3723/2008.

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

11) There are no agreements between the Bank and the members of its Board of Directors or employees which provide for the payment of compensation in the event of their departure as a result of the submission of a public offer.

Michalis G. Sallas

Chairman of the Board of Directors

CORPORATE GOVERNANCE STATEMENT

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

APPLYING INSTITUTIONAL RULES & CORPORATE GOVERNANCE AND OPERATING PROCEDURES

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

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

The main objectives of the Procedures:

i) to ensure transparency, integrity, functionality and efficiency of the existing system of the Bank's corporate governance and internal audit;
ii) to enhance confidence in the Bank for domestic and foreign investors, shareholders, employees and customers;
iii) to ensure the Bank's continued compliance with the laws and regulations governing its organization and operation and its activities;
iv) to develop a self-regulating framework within the Bank by establishing rules for its administration, management and staff, which complement the provisions of the existing regulatory framework and are being established with a view to enhancing the Bank's sound and responsible management and operations.

The organizational structure of the Bank complies with the current principles of the institutional framework governing the operation of financial institutions and it is structured in such a way that it meets the needs of the key business sectors in which it operates. Ensuring an effective organizational structure and a clear definition of the competence and area of accountability of each administrative unit of the Bank constitutes the basis for the Bank's functioning and operations. Particular emphasis is given to designing a clear organizational structure with distinct, transparent and consistent lines of responsibility; to establishing efficient detailed procedures for conducting the Bank's operations and to implement adequate mechanisms for auditing them; and to identifying, managing, monitoring and reporting risks, which the Bank assumes or may undertake within the framework of its activities.

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

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

GENERAL MEETING OF SHAREHOLDERS

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

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

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

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

MANAGEMENT, ADMINISTRATIVE AND SUPERVISORY BODIES AND COMMITTEES

1. The Board of Directors

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

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

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

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

1.1 Composition

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

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

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

8. Antoniadis Christodoulos , Deputy Managing Director, Executive Member
9. Apalagaki Hariklia, Non-Executive Member
10. Vassilakis Eftyhios, Non-Executive Member
11. Golemis Stylianos, Independent Non-Executive Member
12. Milis Ilias, Deputy Managing Director, Executive Member
13. Mylonas Theodoros , Independent Non-Executive Member
14. Papaspyrou Spyridon, Deputy Managing Director, Executive Member
15. Fourlis Vassilios, Non-Executive Member
16. Jiri Smejc, Non-Executive Member
17. Konstantin Yanakov, Non-Executive Member

The Board of Directors of the Bank includes 11 non-executive members, of whom Messrs. Georgios Alexandridis, Theodoros Mylonas and Stylianos Golemis are independent non-executive directors in accordance with the provisions of Law 3016/2002 on corporate governance.

1.2 Operation

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

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

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

2. Committees

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

2.1 Board Committees

2.1.1 Audit Committee

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

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

The main duties of the Audit Committee are:

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

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

Chairman	Mylonas Theodoros
Member	Alexandridis Georgios
Member	Apalagaki Hariklia

2.1.2 Risk Management Committee

The Risk Management Committee is appointed by the Board of Directors in accordance with the provisions of the Bank of Greece Governor's Directive (BGGD) number 2577/2006, as applicable, and consists of members of the Board of Directors with sufficient knowledge and experience in risk management. It is an eight-member Committee, chaired by a Vice-Chairman, Non-Executive Member and its members are the 1st Vice-Chairman, Non-Executive Member, the Managing Director & CEO, the Managing Director, three Deputy Managing Directors and a non-executive (independent) member of the Board of Directors. The Chief Risk Officer of the Risk Management Group is the Executive Secretary of the Committee. The Committee has powers provided for by the BGGD number 2577/2006 and as assigned by the Board of Directors, effectively to cover all forms of risk, including operational risk and to ensure unified control and specialized management over risk and provide the required coordination on an individual and consolidated basis.

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

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

Chairman	Roumeliotis Panagiotis
Members	Lekkakos Stavros
	Georganas Iakovos
	Manos Alexandros
	Antoniadis Christodoulos
	Milis Ilias
	Mylonas Theodoros
	Papaspyrou Spyridon

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

2.1.3 Management Remuneration and Assessment Committee

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

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

The current composition of the Commission is as follows:

Chairman	Golemis Stylianos
Members	Mylonas Theodoros
	Fourlis Vassilios

2.1.4 Board of Directors Succession and Replacement Committee

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

The current composition of the Replacement Committee is as follows:

Chairman	Sallas Michael
Members	Georganas Iakovos
	Mylonas Theodoros
	Fourlis Vassilios

2.2 Executive and Administrative Committees

2.2.1 Group Executive Committee

The Group Executive Committee consists of the Managing Director and CEO, executive directors of the Board of Directors of Piraeus Bank and the Managing Director – CFO, the General Manager of

Technology and Organization Group and Central Operations and the Head of Group Corp. Development. The General Manager of Corporate Affairs is the Executive Secretary of the Committee. The Committee's responsibilities cover both Piraeus Bank and its consolidated subsidiaries. With authorization from the Board of Directors of Piraeus Bank, Group Executive Committee has approval powers, which it may delegate to Administrative Committees, other Committee members and/or Bank officers.

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

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

The current composition of the Group Executive Committee is as follows:

Chairman	Lekkakos Stavros
Deputy Chairman	Manos Alexandros
Members	Antoniadis Christodoulos
	Loizides Constantinos
	Milis Ilias
	Papaspyrou Spyridon
	Poulopoulos Georgios
	Sgourovasilakis John

2.2.2 Strategic Planning Committee

The Strategic Planning Committee consists of the Chairman of the Board of Directors, the Managing Directors, a non-executive member of the Board of Directors and two General Managers. The Strategic Planning Committee regularly follows up, analyses and deliberates over strategic choices (i.e. share capital increase and decrease, acquisitions, mergers, investments or liquidation of participations, strategic alliances, etc), draws the frame of Business Plan within the Group Executive Committee drafts the yearly budget to be approves by the Board of Directors. It furthermore introduces the aforementioned issues to the agenda of the Board of Directors or the General Assembly and, in general, follows up, introduces and decides over strategic Group choices. The competency of the Strategic Planning Committee covers the Bank as well as the Group subsidiaries.

The current composition of the Group Executive Committee is as follows:

Chairman	Sallas Michael
Members	Roumekiotis Panayotis
	Lekkakos Stavros

Manos Alexandros
Arvanitis Athanasios
Poulopoulos Georgios

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

3. Internal audit system (IAuS)

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

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

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

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

The following are responsible for implementing the Internal Audit System:

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

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

Internal Auditor

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

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

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

4. Regulatory Compliance

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

The main responsibilities of the Group Regulatory Compliance Division are:

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

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

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

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

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

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

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

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

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

5. Risk Management

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

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

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

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

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

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

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

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

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

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

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

Michalis G. Sallas

Chairman of the Board of Directors

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

To the best of our knowledge, the Full Year 2011 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 2011 gives a fair and true view of the evolution, performance and position of Piraeus Bank and the group of companies included in the consolidated accounts, including the description of the main risks and uncertainties that they have to deal with.

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

AVAILABILITY OF ANNUAL FINANCIAL REPORT 2011

The Annual Financial Report for the year 2011 which includes:

- The Board of Directors' Management Report
- The Explanatory Report
- Corporate Governance Statement
- The Statement (article 4 par 2 of L. 3556/2007)
- The Independent Auditor's Report of Piraeus Bank S.A. and Piraeus Bank Group
- The Annual Financial Statements of Piraeus Bank S.A and Piraeus Bank Group
- The Financial statements information for the year ended 31/12/2011
- The Information according to article 10, Law 3401/ 2005
- The Report on use of funds raised
- Auditor's report on use of funds raised

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

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of Piraeus Bank S.A.

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "Piraeus Bank S.A." and its subsidiaries which comprise the separate and consolidated statement of financial position as of 31 December 2011 and the separate and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of the "Piraeus Bank S.A." and its subsidiaries as at December 31, 2011, and its/their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the financial statements, which refer to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Bank and Group's regulatory capital, the planned actions to restore the capital adequacy and the existing uncertainties that could adversely affect the going concern assumption until the completion of the recapitalisation process.

Reference on Other Legal and Regulatory Matters

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

b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying separate and consolidated financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/192

Athens, 20th April 2012
THE CERTIFIED AUDITOR

Konstantinos Michalatos
SOEL Reg. No. 17701

PricewaterhouseCoopers S.A.
268 Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

PIRAEUS BANK GROUP

Consolidated Financial Statements

31 December 2011

In accordance with the International Financial Reporting Standards

The attached financial statements have been approved by Piraeus Bank S.A. Board of Directors on 20th of April 2012 and they are available on the web site of Piraeus Bank at www.piraeusbank.gr

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

Index to the Consolidated Financial Statements

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2011	Year ended 31 December 2010
Interest and similar income	6	2,860,865	2,564,951
Interest expense and similar charges	6	(1,687,630)	(1,377,034)
NET INTEREST INCOME		**1,173,235**	**1,187,917**
Fee and commission income	7	224,346	232,967
Fee and commission expense	7	(34,039)	(44,686)
NET FEE AND COMMISSION INCOME		**190,307**	**188,281**
Dividend income	8	3,416	5,855
Net trading income	9	(103,043)	19,577
Net income from financial instruments designated at fair value through profit or loss	10	(6,419)	(8,045)
Results from investment securities	11	(582)	(2,051)
Other operating income	12	(44,269)	85,033
TOTAL NET INCOME		**1,212,645**	**1,476,567**
Staff costs	13	(372,183)	(389,861)
Administrative expenses	14	(334,547)	(363,093)
Depreciation and amortisation	29,30	(88,583)	(83,239)
Gains/ (Losses) from sale of assets		(730)	(1,168)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(796,043)**	**(837,360)**
PROFIT BEFORE PROVISIONS AND INCOME TAX		**416,602**	**639,207**
Impairment losses on loans, debt securities and other receivables	24	(3,811,395)	(568,492)
Impairment on investment securities	25, 45	(3,964,370)	(10,373)
Other provisions and impairment	29, 30, 40	(86,769)	(6,508)
Share of profit of associates	27	(31,341)	(3,707)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(7,477,273)**	**50,127**
Income Tax Expense	16	896,410	(5,092)
Tax contribution	16	-	(24,630)
PROFIT/ (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**(6,580,863)**	**20,406**
Profit/ (loss) after income tax from discontinued operations		(37,256)	(41,597)
PROFIT/ (LOSS) AFTER TAX		**(6,618,119)**	**(21,191)**
From continuing operations			
Profit/ (Loss) for the year attributable to equity holders of the parent entity		(6,576,880)	20,112
Non controlling interest		(3,983)	294
From discontinued operations			
Profit/ (Loss) for the year attributable to equity holders of the parent ei	15	(36,499)	(40,585)
Non controlling interest	15	(757)	(1,011)
Earnings/ (Losses) per share attributable to equity holders of the parent entity (in euros):			
From continuing operations			
- Basic and Diluted	17	(6.0788)	0.0317
From discontinued operations			
- Basic and Diluted	17	(0.0337)	(0.0640)

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2011	31 December 2010
ASSETS			
Cash and balances with Central Banks	19	2,552,717	2,993,275
Loans and advances to credit institutions	20	316,136	1,476,856
Derivative financial instruments - assets	21	379,238	143,967
Trading securities	22	464,313	673,984
Financial instruments at fair value through profit or loss	22	9,922	16,426
Reverse repos with customers	23	57,395	955,401
Loans and advances to customers and debt securities - receivables (net of provisions)	24	35,633,795	40,150,412
Investment securities			
- Available for sale securities	25	2,745,065	2,051,103
- Held to maturity	25	1,249,849	5,056,820
Investments in associated undertakings	27	214,642	211,796
Intangible assets	29	325,454	384,308
Property, plant and equipment	30	896,756	967,023
Investment property	31	877,511	927,129
Assets held for sale	32	14,021	23,242
Deferred tax assets	41	1,177,992	297,882
Inventories property	33	264,891	199,504
Other assets	33	1,015,395	1,032,212
Assets from discontinued operations	28	1,157,214	-
TOTAL ASSETS		**49,352,308**	**57,561,340**
LIABILITIES			
Due to credit institutions	34	25,413,598	19,930,269
Liabilities at fair value through profit or loss	35	18,475	308,864
Derivative financial instruments - liabilities	21	389,728	201,140
Due to customers	36	21,795,677	29,474,998
Debt securities in issue	37	1,268,045	2,659,618
Hybrid capital and other borrowed funds	38	498,968	510,442
Retirement benefit obligations	42	172,856	209,490
Other provisions	40	18,302	19,817
Current income tax liabilities		13,742	95,222
Deferred tax liabilities	41	46,640	41,910
Other liabilities	39	648,774	835,838
Liabilities from discontinued operations	28	1,007,341	-
TOTAL LIABILITIES		**51,292,146**	**54,287,608**
EQUITY			
Share capital	44	1,092,998	470,882
Share premium	44	2,953,356	2,430,877
Less: Treasury shares	44	(192)	(8,790)
Other reserves	45	(131,058)	(432,845)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	45	(14,529)	-
Retained earnings	45	(5,975,642)	672,687
Capital and reserves attributable to equity holders of the parent entity		**(2,075,067)**	**3,132,811**
Non controlling interest		135,228	140,920
TOTAL EQUITY		**(1,939,838)**	**3,273,732**
TOTAL LIABILITIES AND EQUITY		**49,352,308**	**57,561,340**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Year ended 31 December 2011	31 December 2010
CONTINUING OPERATIONS			
Profit/ (loss) after tax fro the year (A)		**(6,580,863)**	**20,406**
Other comprehensive income, net of tax:			
Net change in available for sale reserve	18	271,924	(185,246)
Change in currency translation reserve	18	(2,874)	(19,445)
Premium on equity instrument	18.45	-	(67,805)
Other comprehensive incomefor the year, net of tax (B)		**269,050**	**(272,496)**
Total comprehensive income for the year, net of tax (A+B)		**(6,311,814)**	**(252,090)**
- Attributable to equity holders of the parent entity		(6,307,919)	(261,692)
- Non controlling interest		(3,895)	9,602
DISCONTINUED OPERATIONS			
Profit / (loss) after tax for the year (C)		**(37,256)**	**(41,597)**
Net change in available for sale reserve	18	(2,179)	312
Change in currency translation reserve	18	(2,248)	(1,276)
Other comprehensive income for the year, net of tax (D)		**(4,427)**	**(964)**
Total comprehensive income for the year, net of tax (C+D)		**(41,683)**	**(42,561)**
- Attributable to equity holders of the parent entity		(40,886)	(32,608)
- Non controlling interest		(797)	(9,953)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the parent entity						
	Note	Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	Non controlling interest	TOTAL
Opening balance as at 1 January 2010		**1,974,020**	**927,739**	**(123)**	**(218,195)**	**782,619**	**148,175**	**3,614,234**
Other comprehensive income for the year, net of tax	18, 45				(206,021)	(67,805)	366	(273,460)
Results after tax for the year 2010	45					(20,474)	(717)	(21,191)
Total recognised income for the year 2010		**0**	**0**	**0**	**(206,021)**	**(88,278)**	**(351)**	**(294,650)**
Prior year dividends of ordinary shares							(1,320)	(1,320)
Prior year dividends of preference shares	45					(18,006)		(18,006)
Reduction of the nominal value of ordinary shares	44	(1,503,138)	1,503,138					0
(Purchases)/ sales of treasury shares	44, 45			(8,667)		29		(8,638)
Transfer between other reserves and retained earnings	45				(8,249)	8,249		0
Acquisitions, disposals, liquidation and movement in participating interest	45				(313)	(11,822)	(5,544)	(17,679)
Other movements	45				(67)	(104)	(41)	(211)
Balance as at 31 December 2010		**470,882**	**2,430,877**	**(8,790)**	**(432,845)**	**672,687**	**140,920**	**3,273,732**
Opening balance as at 1 January 2011		**470,882**	**2,430,877**	**(8,790)**	**(432,845)**	**672,687**	**140,920**	**3,273,732**
Other comprehensive income for the year, net of tax	18, 45				264,574	-	50	264,623
Results after tax for the year 2011	45					(6,613,379)	(4,740)	(6,618,119)
Total recognised income for the year 2011		**0**	**0**	**0**	**264,574**	**(6,613,379)**	**(4,691)**	**(6,353,496)**
Prior year dividends of ordinary shares							(30)	(30)
Increase of share capital through cash payment	44	242,116	522,478					764,594
Issue of preference shares	44, 45	380,000				(4,180)		375,820
(Purchases)/ sales of treasury shares and preemption rights	44, 45			8,598		(7,534)		1,064
Transfer between other reserves and retained earnings	45				22,596	(22,596)		0
Acquisitions, disposals, liquidation and movement in participating interest	45				88	(454)	(970)	(1,336)
Other movements	45					(185)		(185)
Balance as at 31 December 2011		**1,092,998**	**2,953,355**	**(192)**	**(145,587)**	**(5,975,641)**	**135,230**	**(1,939,837)**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT

	Note	From January 1st to 31 December 2011	31 December 2010
Cash flows from operating activities from continuing operations			
Profit/ (Loss) before tax		(7,477,273)	50,127
Adjustments to profit/ (loss) before tax:			
Add: provisions and impairment	24,40	7,862,534	585,373
Add: depreciation and amortisation charge	29, 30	88,583	83,239
Add: retirement benefits	42	28,035	29,961
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		195,644	21,337
(Gains)/ losses from investing activities		126,244	(14,181)
Cash flows from operating profits before changes in operating assets and liabilities		**823,767**	**755,854**
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Banks		(71,800)	106,262
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		(22,784)	(53,769)
Net (increase)/ decrease in debt securities - receivables		(812,404)	(516,406)
Net (increase)/ decrease in loans and advances to credit institutions		6,900	(7,599)
Net (increase)/ decrease in loans and advances to customers		810,666	(562,471)
Net (increase)/ decrease in reverse repos with customers		898,005	(955,401)
Net (increase)/ decrease in other assets		26,525	(103,634)
Net increase/ (decrease) in amounts due to credit institutions		5,496,867	5,514,690
Net increase/ (decrease) in liabilities at fair value through profit or loss		(290,389)	308,864
Net increase/ (decrease) in amounts due to customers		(6,358,837)	(820,026)
Net increase/ (decrease) in other liabilities		(255,146)	(73,160)
Net cash from operating activities before income tax payment		251,370	3,593,206
Income tax paid (including tax contribution)		(61,114)	(27,248)
Net cash inflow/ (outflow) from continuing operating activities		**190,256**	**3,565,958**
Cash flows from investing activities of continuing operations			
Purchases of property, plant and equipment	30, 31	(186,898)	(190,187)
Sales of property, plant and equipment		45,775	65,212
Purchases of intangible assets	29	(24,297)	(26,892)
Purchases of held for sale assets	32	(9,834)	(11,396)
Sales of held for sale assets		6,817	25,760
Purchases of investment securities	25	(5,423,677)	(3,029,091)
Disposals/ maturity of investment securities	25	4,801,350	1,340,843
Acquisition of subsidiaries (net of cash & cash equivalents acquired)		(3,769)	(38,692)
Disposals of subsidiaries (net of cash & cash equivalents disposed)		45	12,304
Acquisition and participation in share capital increases of associates	49	(46,156)	(15,146)
Disposal of associates	49	698	17
Dividends received		3,415	5,853
Net cash inflow/ (outflow) from continuing investing activities		**(836,530)**	**(1,861,415)**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(1,403,047)	(1,547,495)
Increase of share capital through cash payment		753,980	-
Net proceeds from issue of preference shares		375,820	-
Payment of prior year dividends		-	(24,170)
Purchases/ sales of treasury shares and preemption rights		1,064	(8,638)
Other cashflows from financing activities		19,354	37,266
Net cash inflow/ (outflow) from continuing financing activities		**(252,829)**	**(1,543,037)**
Effect of exhange rate changes on cash and cash equivalents		10,895	(23,312)
Net increase/ (decrease) in cash and cash equivalents of the year from continuing activities (A)		**(888,210)**	**138,195**
Net cash flows from discontinued operating activities		(431,606)	531,725
Net cash flows from discontinued investing activities		(32,967)	(22,918)
Net cash flows from discontinued financing activities		(1)	4
Effect of exhange rate changes on cash and cash equivalents		(1,012)	(1,102)
Net incease/ (decrease) in cash and cash equivalents of the year from discontinued activities (B)		**(465,586)**	**507,709**
Cash and cash equivalents at the beginning of the year (C)	47	**4,034,929**	**3,389,025**
Cash and cash equivalents at the end of the year (A)+(B)+(C)	47	**2,681,134**	**4,034,929**

The notes on pages 7 to 72 are integral part of these consolidated financial statements.

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 12,806 people of which 1,559 people, refer to discontinued operations (Egypt).

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Banks, 20, International), FTSE/ATHEX-CSE Banking Index, FTSE (Greece Small Cap, RAFI All World & Developed 1000, Med 100, FTSE4Good Index Series), MSCI (World Small Cap, Europe Small Cap, IMI, Greece Small Cap), Euro Stoxx (TMI, Sustainability), S&P (Global BMI, Developed BMI) and Russell Global (SC Growth, SC Value).

2. General accounting policies of the Group

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

2.1 Basis of preparation of the consolidated financial statements

The attached consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the European Union and in particular with those IFRS standards and IFRIC interpretations issued and effective as at the time of preparing these statements.

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

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

The Group has incurred substantial impairment losses as a result of the Hellenic Republic's debt restructuring ("PSI"). Such losses had a respective impact on the accounting and regulatory capital of the Group as of 31 December 2011, as explained in note 4 "Critical accounting estimates and judgements in the application of the accounting policies" and note 3.8 "Capital adequacy" of the consolidated financial statements and also in the Directors' Report.

Having reviewed the Group's forecasts, projections and other relevant evidence, and after considering,

a) Bank of Greece's ("BoG") recommendation of 18 April 2012 to the Hellenic Financial Stability Fund ("HFSF") for the Group's accession to the provisions of the Memorandum of Economic and Financial Policies for the recapitalisation of Greek financial institutions,

b) the HFSF's commitment of 20 April 2012, following the relevant application submitted by the Group, that it will participate in the share capital increase planned to take place in 2012 according to the provisions of the aforementioned Memorandum, and

c) the risks and uncertainties in relation to the recapitalisation process that are summarized as follows:

For 2012, the fiscal situation in Greece remains the main risk factor for the Greek banking sector and Piraeus Bank. Any possible negative outcome in this field strongly affects the Bank's liquidity and the asset quality.

Greek banks' participation in the PSI had a significant negative impact on their equity and capital adequacy. For this reason, the EU/ECB/IMF, through the 2nd economic adjustment programme, has already fully safeguarded the capital adequacy of the banking system and its capability to finance the Greek economy.

In the context of the recapitalization process of the Greek banks, Bank of Greece (BoG) requested and received (at end January 2012) their detailed Strategic-Business Plans for the period 2012-2015. The banks' capital needs will be based on these plans, including the PSI impact and the results of BlackRock Solutions diagnostic exercise - commissioned by Bank of Greece - on the domestic loan portfolios of the Greek banking groups. At the same time, the capital plans of the Greek banks were submitted to the BoG at the end of March 2012.

According to the Memorandum of Economic and Financial Policies, "banks submitting viable capital raising plans will be given the opportunity to apply for and receive public support in a manner that preserves private sector incentives to inject capital and thus minimizes the burden for taxpayers. Specifically, banks will be able to access capital from the Hellenic Financial Stability Fund (HFSF) through common shares and contingent convertible bonds"

It shall be noted that, the HFSF has already provided in this framework a Commitment Letter up to the amount of €5.0 billion for its participation in the impending share capital increase of Piraeus Bank. The Greek banking sector recapitalization should be consummated by the end of September 2012, in order for the Greek banking groups to comply with a 9% Core Tier 1 ratio by September 2012 and 10% by June 2013.

the Bank's management has a reasonable expectation that the recapitalisation of the Bank will be successfully completed within the timetable provisionally agreed between the Bank, the BoG and the HFSF and that the Group will continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

(A) New IFRSs, interpretations and amendments that have been issued by the International Accounting Standards Board and adopted by E.C., which are effective from 1.1.2011:

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

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

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

- **IFRIC Interpretation 14 (Amendment), "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2011).** The amendment to IFRIC 14 refers to the estimation of the economic benefit resulting from an early payment of future contributions in defined benefit programmes where there is a minimum funding requirement. Such an economic benefit can be recognized as an asset.

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

Improvements to IFRS (May 2010)

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

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

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

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

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

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

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

(B) The following amendment has been issued by the International Accounting Standards Board and has been endorsed by the E.U. in November 2011. It is not effective in 2011 and has not been early adopted by the Group:

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

The application of the above mentioned amendment is not expected to have a material effect on the Group’s consolidated financial statements in the period of its initial application.

(C) The following new IFRSs, interpretations and amendments have been issued by the International Accounting Standards Board up to the end of 2011 but they have not been endorsed by the E.U. and they have not been early adopted by the Group:

- **IFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).** IFRS 9 was published in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. According to IFRS 9, financial assets shall be classified at initial recognition at either amortized cost or at fair value. In addition, at initial recognition an entity may make an irrevocable election to present in equity subsequent changes in the fair value of an equity instrument that is not held for trading. IFRS 9 requires all financial assets to be (a) classified on the basis of the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial asset, (b) initially measured at the fair value plus transaction costs in case of financial assets other than those at fair value through profit or loss, and (c) subsequently measured at amortized cost or fair value.

- **IFRS 9 (Amendment), "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).** Amendments to IFRS 9 were issued to address financial liabilities. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value shall be presented in profit or loss, unless presentation of the fair value change in relation to the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. In such cases, the entire change in fair value shall be presented in profit or loss.

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

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

- **IAS 27 (Amendment), "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** Following the issue of IFRS 10 that replaced all the guidance on control and consolidation in IAS 27, IAS 27 was renamed “Separate Financial Statements” and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

- **IAS 28 (Amendment), "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013).** IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

- **IFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities.

- **IFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013).** IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. Joint arrangements are either classified as joint operations or joint ventures. Equity accounting is mandatory for participants in joint ventures.

- **IFRS 12, "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013).** IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 requires entities to disclose information that enables users of financial statements to evaluate the nature and risks associated with the entity's interests in other entities and the effects of those interests in the entity's financial statements.

- **IFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).** IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

- **IAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).** The amendment removes the corridor mechanism and the concept of expected returns on plan assets. Actuarial gains and losses will be recognized in other comprehensive income as they occur. Plan assets will produce a credit to income based on corporate bond yields irrespective of the actual composition of assets held.

- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012).** The amendment requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. If the items are presented before tax, then the tax related to the two groups of other comprehensive income items (those that might be reclassified and those that will not be reclassified) must be shown separately.

- **IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).** This interpretation provides guidance for the accounting of waste removal costs that are incurred in surface mining activity during the production phase of a mine ("production stripping costs").

- **IAS 32 (Amendment), "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).** The amendment was issued in December 2011 to provide application guidance in IAS 32 to clarify the meaning of the criterion "currently has a legally enforceable right to set off". The amendment shall be applied retrospectively.

- **IFRS 7 (Amendment), "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities " (effective for annual periods beginning on or after 1 January 2013).** Amendments to IFRS 7 were issued in December 2011 to require additional disclosures that will enable users of financial statements to evaluate the effect of netting arrangements.

- **IFRS 9 and IFRS 7 (Amendments), "Mandatory Effective Date and Transition Disclosures" (effective for annual periods beginning on or after 1 January 2015).** The amendment to IFRS 9 requires entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015. The amendment to IFRS 7 requires additional disclosures on the transition from IAS 39 to IFRS 9.

2.2 Consolidation

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

A. Investments in Subsidiaries

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

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

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

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

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

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

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

All acquisitions are accounted for using the acquisition method as per IFRS 3 from the date the Group effectively obtains control. For business combinations, the Group recognises and measures goodwill as the difference of (a) over (b) below:

(a) the aggregate of:

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

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

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

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

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

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

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

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

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

B. Transactions and minority interests

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

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

C. Investments in associates

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

Investments in associates are consolidated using the equity method of accounting. Associates are initially recognised in the Statement of Financial Position at cost and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the investee after the date of acquisition. They represent the fair value of the

Group's share in the associates' net assets, which includes goodwill identified on acquisition (net of any accumulated impairment loss). The Group assesses, at each reporting date, whether trigger for impairment exists for an investment in associate. If any such trigger exists, the recoverable amount of the investment is estimated. Where the carrying amount (goodwill is included) of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

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

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

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

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

2.3 Foreign Currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

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

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

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

2.4 Derivative financial instruments and hedge accounting

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

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

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

Hedge accounting

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

- The hedge should be effective at initiation.

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

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

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

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

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

(iii) Net investment hedge

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

(iv) Derivatives that do not qualify for hedge accounting

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

2.5 Recognition of deferred day one profit and loss

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

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

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

2.6 Interest income and expense

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

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

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

2.7 Fees and commission income and expense

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

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

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

2.8 Dividend income

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

2.9 Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

2.10 Sale and repurchase agreements and securities lending

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

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

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

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

2.11 Investment portfolio

A. Held to maturity portfolio

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

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

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

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

B. Available for sale portfolio

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

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

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

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

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

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

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

2.12 Reclassification of financial assets

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

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

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

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

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

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

2.13 Loans and advances to customers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.14 Debt securities receivables

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

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

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

2.15 Intangible assets

2.15.1 Goodwill

For business combinations, goodwill is measured as the difference of (a) and (b) below:

(a) The aggregate of:

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

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

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

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

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

2.15.2 Software

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

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

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

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

2.15.3 Other intangible assets

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

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

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

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

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

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

2.16 Property, plant and equipment

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

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

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

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

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

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

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

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

2.17 Investment property

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

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

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

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

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

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

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

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

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

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

Changes in fair value are recognized in the income statement.

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

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

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

2.18 Assets held for sale and Discontinued operations

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

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

A discontinued operation is a component of the Group, that either has been disposed of or is classified as held for sale, and
(a) represents a separate major line of business or geographical area of operations,
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
(c) is a subsidiary acquired exclusively with a view to resale.

Assets and liabilities from discontinued operations are presented in a separate line in the consolidated balance sheet and they are not offset. Profit or loss after tax from discontinued operations is also presented in a separate line in the consolidated profit or loss statement. Comparatives in the consolidated profit or loss statement and in the consolidated cash flow statement are represented.

2.19 Inventories property

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

2.20 Leases

A. The Group is the Lessee

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

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

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

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

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

B. The Group is the Lessor

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

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

C. Sale and leaseback transactions

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

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

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

2.21 Cash and cash equivalents

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

2.22 Provisions

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

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

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

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

2.23 Financial guarantee contracts

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

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

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

2.24 Employee benefits

A. Funded post employment benefit plans

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

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

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

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

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

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

Actuarial gains and losses

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

Past service costs

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

B. Non funded post employment benefit plans

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

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

C. Share based compensation

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

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

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

2.25 Income tax and deferred tax

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

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

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

Deferred tax related to fair value remeasurement of a) available-for-sale investments and b) cash flow hedges, is credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

The Group offsets deferred tax assets against deferred tax liabilities only when the relevant requirements of IAS 12 are fulfilled. Specifically, deferred tax assets and deferred tax liabilities are offset if, and only if: (a) the Group's subsidiaries have a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.26 Debt securities in issue, hybrid capital and other borrowed funds

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

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

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

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

2.27 Other financial liabilities measured at amortised cost

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

2.28 Securitisation

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

2.29 Share capital

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

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

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

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

2.30 Related party transactions

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

2.31 Segment reporting

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

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

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

2.32 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.33 Comparatives and roundings

Where necessary, the comparative figures of the previous year's consolidated financial statements have been adjusted in order to become comparable to the corresponding figures of the current year (see note 50).

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

3 Financial Risk Management

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

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

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

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

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

3.1 Credit risk

3.1.1 Credit Risk Management Strategies & Procedures

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

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

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

3.1.2 Credit risk measurement and reporting systems

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

a) Loans and advances

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

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

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

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

Corporate Credit

As far as Corporate Credit is concerned, the credit rating models applied depend on the type of operations and size of the enterprise. For large and medium-sized enterprises, Piraeus Bank Group applies the Moody's Risk Advisor borrower credit rating system, whereas for small to medium-sized enterprises an internally developed rating system as well as scoring systems are applied.

In accordance to the mandates of the new banking supervisory framework (Basel II), a separate credit rating model has been developed and is applied for specialized lending, which concerns the shipping portfolio (object finance).

As part of efforts to continuously improve its credit rating systems, the Group has optimised the existing Moody's Risk Advisor (MRA) borrower credit rating model for all Bank corporate customers that keep "C" category accounting books and have a turnover > € 2.5 million and has introduced a new credit rating model for all Bank corporate customers having "C" category accounting books and turnover <= € 2.5 million or without sales.

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

Retail Credit

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

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

(ii) Monitoring credit risk exposure

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

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

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

b) Securities and other bills

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

c) Stress Testing Exercises

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

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

In 2011, the Group participated successfully in the pan-European stress test (2011 EU Wide Stress Testing Exercise of European Banks), which was conducted by the European Banking Authority (EBA), in cooperation with the Bank of Greece, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB)..

3.1.3 Credit limits management and risk mitigation techniques

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

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

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

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

a) Collateral / Security

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

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

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

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

b) Derivatives

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

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

c) Netting arrangements

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

d) Credit - related commitments

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

3.1.4 Impairment and provisioning policy

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

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

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

Amounts in thousand euros (Unless otherwise stated)

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

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

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

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

Write-offs

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

3.1.5 Loans and advances

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

	31 December 2011			31 December 2010		
	Loans and advances to customers	Loans and advances to credit institutions	Reverse repos with customers	Loans and advances to customers	Loans and advances to credit institutions	Reverse repos with customers
Loans neither past due or impaired	21,990,548	316,131	57,395	27,297,962	1,476,856	955,401
Past due but not impaired	8,742,311	6	-	9,144,375	-	-
Impaired	6,325,160	-	-	2,628,816	-	-
Debt securities-receivables	3,324,665	-	-	2,512,337	-	-
Gross	**40,382,684**	**316,136**	**57,395**	**41,583,490**	**1,476,856**	**955,401**
Less: Allowance for impairment	(4,748,888)	-	-	(1,433,077)	-	-
Net	**35,633,795**	**316,136**	**57,395**	**40,150,412**	**1,476,856**	**955,401**

Related to the debt securities - receivables rating is note 3.1.6.

a) Loans neither past due or impaired:

Loans and advances to customers

31 December 2011	**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	457,564	1,757,700	4,389,183	5,754,608	4,418,642	16,777,698
Special monitoring	-	-	-	3,838,494	1,374,356	5,212,850
Total	**457,564**	**1,757,700**	**4,389,183**	**9,593,102**	**5,792,998**	**21,990,548**

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

Loans and advances to credit institutions

Grades	**31 December 2011**	**31 December 2010**
Investment grade	-	1,081,434
Standard monitoring	185,460	389,847
Special monitoring	130,671	5,575
Total	**316,131**	**1,476,856**

Reverse repos with customers

Grades	**31 December 2011**	**31 December 2010**
Standard monitoring	57,395	955,401
Total	**57,395**	**955,401**

Amounts in thousand euros (Unless otherwise stated)

b) Loans and advances past due but not impaired:

31 December 2011

	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	59,101	574,438	1,415,246	3,353,996	1,373,802	6,776,583
Past due 91 - 180 days	26,951	101,819	244,482	203,155	22,483	598,891
Past due > 180 days	-	-	364,861	860,564	141,411	1,366,836
Total	**86,053**	**676,257**	**2,024,589**	**4,417,715**	**1,537,697**	**8,742,311**
Fair value of collateral	-	167,263	1,884,410	2,698,672	1,030,580	**5,780,925**

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 line 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 2010

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

c) Loans and advances impaired:

31 December 2011

	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	207,313	738,943	394,861	3,609,997	1,374,046	**6,325,160**
Fair value of collateral	-	83,309	308,919	1,254,728	560,472	**2,207,428**

31 December 2010

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

3.1.6 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 2011, based on Standard & Poor's ratings or their equivalent:

31 December 2011	**Trading securities**	**Debt securities - receivables**	**Financial instruments at fair value through Profit or Loss**	**Investment securities**	**Total**
AAA	-	-	-	102,116	102,116
AA- to AA+	-	-	-	107,270	107,270
A- to A+	-	-	-	9,793	9,793
BBB- to BBB+	8,916	-	-	22,863	31,780
BB- to BB+	287,546	198,024	-	67,603	553,174
Lower than BB-	125,106	1,416,974	4,043	3,299,128	4,845,251
Unrated	32,314	13,178	-	98,399	143,892
Total	**453,882**	**1,628,176**	**4,043**	**3,707,173**	**5,793,275**

Amounts in thousand euros (Unless otherwise stated)

3.1.7 Repossessed collateral

During the year 2011, the Group obtained assets after taking possession of collateral held as security for its receivables:

Nature of assets	**2011**	**2010**
Property	82,204	45,787
	82,204	**45,787**

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

3.1.8 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 2011. The credit risk exposure is based on the country of domicile of the Group's companies.

	Greece	**Rest of Europe**	**USA**	**Total**
Loans and advances to credit institutions	139,013	177,046	77	316,136
Derivative financial instruments - assets	375,795	3,442	-	379,238
Bonds & Treasury Bills of trading portfolio	125,106	328,776	-	453,882
Bonds at fair value through profit or loss	4,043	-	-	4,043
Loans and advances to customers (net of provisions)	26,501,702	7,082,231	421,686	34,005,619
Loans to individuals	8,122,350	1,726,826	24,031	9,873,207
- Mortgages	5,955,794	703,493	23,308	6,682,595
- Consumer - personal loans	1,606,807	985,385	723	2,592,915
- Credit cards	559,749	37,948	-	597,697
Loans to corporate entities	18,379,352	5,355,405	397,655	24,132,412
Bonds & Treasury Bills of investment portfolio	3,317,671	349,365	40,136	3,707,173
Debt securities - receivables	1,425,318	202,858	-	1,628,176
Revesre repos with customers	57,127	268	-	57,395
Other assets	887,522	89,872	11,337	988,731
As at 31 December 2011	**32,833,298**	**8,233,860**	**473,236**	**41,540,394**
As at 31 December 2010	**39,669,252**	**10,925,313**	**457,700**	**51,052,265**

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 2011. 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	316,136													**316,136**
Derivative financial instruments - assets	234,553	1,081	-	2,857	79,807	387	31,198	21,798	-	-	-	7,558	-	**379,238**
Bonds of Trading portfolio	32,371	-	-	-	-	-	421,511	-	-	-	-	-		**453,882**
Bonds at fair value through profit or loss	-	-	-	-	-	-	4,043	-	-	-	-	-		**4,043**
Loans and advances to customers (net of provisions)	590,213	4,005,314	2,832,019	2,336,462	1,879,703	3,617,573	288,389	1,394,060	1,553,135	458,068	1,408,257	3,769,220	9,873,207	**34,005,619**
Loans to individuals (retail customers)													9,873,207	**9,873,207**
- Mortgages													6,682,595	**6,682,595**
- Consumer - personal loans													2,592,915	**2,592,915**
- Credit cards													597,697	**597,697**
Loans to corporate entities	590,213	4,005,314	2,832,019	2,336,462	1,879,703	3,617,573	288,389	1,394,060	1,553,135	458,068	1,408,257	3,769,220	-	**24,132,412**
Debt securities-receivables	13,178	4,834	-	-	-	-	1,610,164	-	-	-	-	-	-	**1,628,176**
Reverse repos with customers	96	-	-	-	-	-	24,796		-	-	-	2,407	30,096	**57,395**
Bonds of Investment portfolio	128,863	-	-	21	-	-	3,547,452	-	-	-	-	30,836		**3,707,173**
Other assets	11,422	45,636	17,296	221	-	64,495	305,566	39	149	41	2,861	446,996	94,009	**988,731**
Balance at 31st December 2011	**1,326,831**	**4,056,864**	**2,849,315**	**2,339,561**	**1,959,510**	**3,682,455**	**6,233,120**	**1,415,897**	**1,553,285**	**458,109**	**1,411,118**	**4,257,017**	**9,997,313**	**41,540,394**
Balance at 31st December 2010	**2,815,782**	**4,733,655**	**2,998,940**	**2,182,826**	**1,952,269**	**4,216,488**	**10,368,370**	**1,412,303**	**1,684,535**	**471,508**	**1,554,749**	**5,120,198**	**11,540,641**	**51,052,263**

3.2 Market risk

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

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

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

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

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

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

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

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

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

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

The Value-at-Risk estimate for the Group's Trading Book at 31/12/2011, was € 8.81 million. This estimate consists of € 8.06 million for interest rate risk, € 0.04 million for equity risk, € 2.41 million for foreign exchange risk and € 0.21 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 1.91 million due to the diversification effect in the portfolio. During 2011 there was an increase in the Group's Trading Book VaR due to an increase in the volatility of Greek Government interest rates.

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

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

million €	Piraeus Bank Trading Book Group - Total VaR	VaR - Interest Rate Risk	VaR - Equity Risk	VaR - Foreign Exchange Risk	VaR - Commodities Risk	Diversification Effect
2011	8.81	8.06	0.04	2.41	0.21	-1.91
2010	4.05	0.86	3.08	2.68	0.16	-2.73

The Value at Risk estimate for the available for sale portfolio was € 22.54 million on 31/12/2011 against a figure of € 15.53 million on 31/12/2010.

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 31/12/2011. The table includes, the Group's assets and liabilities at carrying amounts categorised by currency and the positions in derivatives which reduce significantly the undertaken risk:

At 31 December 2011	**EUR**	**USD**	**GBP**	**JPY**	**CHF**	**Other currencies**	**Total**
Foreign exchange risk of assets							
Cash and balances with central Banks	1,913,308	228,624	9,303	2,414	7,597	391,473	2,552,717
Loans and advances to credit institutions	212,177	27,170	3,141 -	0 -	0	73,649	316,136
Derivative financial instruments - assets	349,382	26,553	-	-	-	3,302	379,238
Trading securities	193,874	4,874	-	-	-	265,565	464,313
Debt securities - receivables	1,623,343	4,834	-	-	-	-	1,628,176
Financial instruments at fair value through Profit or Loss	5,879	-	-	4,043	-	-	9,922
Reverse repos with customers	57,127	-	-	-	-	268	57,395
Loans and advances to customers (net of provisions)	27,793,960	2,609,186	111,144	180,265	2,623,360	687,705	34,005,619
Investment securities	3,834,693	63,426	-	-	-	96,795	3,994,914
Other assets	910,825	10,196	423	11,006	2,345	53,936	988,731
Total financial assets	**36,894,569**	**2,974,862**	**124,011**	**197,728**	**2,633,301**	**1,572,693**	**44,397,163**
Foreign exchange risk of liabilities							
Due to credit institutions	24,676,747	591,306	9,955	-	55	135,535	25,413,598
Liabilities at fair value through profit or loss	18,475	-	-	-	-	-	18,475
Derivative financial instruments - liabilities	317,318	60,691	-	3,438	-	8,281	389,728
Due to customers	17,676,196	2,156,094	105,427	395,132	18,520	1,444,307	21,795,677
Debt securities in issue	1,268,045	(1)	-	-	-	-	1,268,045
Hybrid capital and other borrowed funds	494,984	3,984	-	-	-	-	498,968
Other liabilities	568,304	12,847	1,168	1,319	1,550	25,864	611,052
Total financial liabilities	**45,020,070**	**2,824,922**	**116,550**	**399,889**	**20,125**	**1,613,987**	**49,995,542**
Net on-balance sheet financial position	**(8,125,501)**	**149,940**	**7,461**	**(202,161)**	**2,613,176**	**(41,294)**	**(5,598,379)**
Net position of non financial assets - liabilities	**4,898,841**	**194,828**	**(2,074)**	**3,438**	**(4)**	**293,744**	**5,388,774**
Off balance sheet items	**2,928,880**	**(656,645)**	**(7,804)**	**193,238**	**(2,597,720)**	**85,575**	**(54,475)**
Currency position	**(297,780)**	**(311,876)**	**(2,417)**	**(5,485)**	**15,452**	**338,025**	**(264,080)**
At 31 December 2010							
Total financial assets	45,249,187	3,573,430	117,886	196,894	2,784,175	2,588,416	54,509,988
Total financial liabiities	46,729,128	3,233,861	206,594	722,439	36,269	2,902,465	53,830,757
Net on-balance sheet financial position	**(1,479,942)**	**339,570**	**(88,709)**	**(525,545)**	**2,747,906**	**(314,049)**	**679,231**
Net position of non financial assets - liabilities	**(883,164)**	**42,347**	**(4,231)**	**3,754**	**301**	**309,348**	**(531,645)**
Off balance sheet items	**2,291,837**	**(625,781)**	**86,902**	**541,934**	**(2,712,290)**	**304,992**	**(112,408)**
Currency position	**(71,270)**	**(243,864)**	**(6,039)**	**20,142**	**35,917**	**300,291**	**35,177**

3.4 Interest rate risk

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

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

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

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

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

In the table, assets and liabilities in foreign currency are converted into EUR using the FX rates as of 31/12/2011.

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2011	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	2,552,697	13	7	-	-	-	2,552,717
Loans and advances to credit institutions	294,640	6,179	256	2,300	12,760	-	316,136
Trading securities	13,261	36,947	58,312	299,678	45,685	10,431	464,313
Debt securities - receivables	-	-	245,191	456,594	926,391	-	1,628,176
Reverse repos with customers	47,776	8,877	742	-	-	-	57,395
Financial instruments at fair value through Profit or Loss	-	-	341	2,560	1,142	5,879	9,922
Loans and advances to customers (net of provisions)	21,826,352	7,512,604	2,992,182	819,004	855,477	-	34,005,619
Investment securities	517,210	609,764	1,087,845	892,133	600,220	287,741	3,994,914
Other assets	6,493	1,788	57,412	827	4,177	918,034	988,731
Total financial assets	**25,258,429**	**8,176,171**	**4,442,289**	**2,473,096**	**2,445,853**	**1,222,086**	**44,017,925**
Liabilities							
Due to credit institutions	24,373,968	384,852	84,471	570,305	1	-	25,413,598
Due to customers	14,007,216	4,640,207	2,428,218	465,175	3,807	251,054	21,795,677
Liabilities at fair value through profit or loss	3,317	7,081	7,989	88	-	-	18,475
Debt securities in issue	278,370	613,483	355,660	20,516	16	-	1,268,045
Hybrid capital and other borrowed funds	494,984	3,984	-	-	-	-	498,968
Other liabilities	8,520	21,759	19,131	4,451	270,314	324,599	648,774
Total financial liabilities	**39,166,375**	**5,671,366**	**2,895,469**	**1,060,535**	**274,138**	**575,653**	**49,643,536**
Net notional amount of derivative financial instruments	**132,225**	**705,460**	**(119,115)**	**(477,998)**	**(264,334)**	**-**	**(23,761)**
Total interest rate gap	**(13,775,721)**	**3,210,266**	**1,427,705**	**934,563**	**1,907,382**	**646,433**	**(5,649,372)**

The new securities and their characteristics, that will be received under the programme for the restructuring of the Greek debt (PSI), have been included In the above table for the year ended 31/12/2011 instead of the old securities. The following table includes figures of the comparative year.

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	25,974,181	11,831,919	8,330,409	4,515,139	1,953,153	1,767,209	54,372,010
Total financial liabiities	39,713,586	7,715,092	3,658,467	1,429,594	264,911	938,381	53,720,030
Net notional amount of derivative financial instruments	(104,935)	1,758,682	(38,775)	(424,087)	(1,295,248)	-	(104,364)
Total interest rate gap	**(13,844,340)**	**5,875,509**	**4,633,167**	**2,661,459**	**392,994**	**828,828**	**547,618**

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

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

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

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

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

3.5 Liquidity risk

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

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

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

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

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

Amounts in thousand euros (Unless otherwise stated)

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

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

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

Means as the maintenance of liquid securities portfolios, the expansion of diversified core deposits (i.e saving accounts) and competitive term deposits, were taken in order to mitigate liquidity risk. Finally, in accordance with the provisions of law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis", the Bank has received Guarantees (Pillar II) and Special Bonds (Pillar III) from the Greek State, that are eligible for ECB refinancing operations, of € 10,322 million. In addition, Piraeus Bank issued a 3-year covered bond in the amount of € 1,250 million.

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

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

a) Non derivative cash flows

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

At 31 December 2011	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Liabilities liquidity						
Due to credit institutions	24,436,637	287,497	29,669	734,788	24,296	25,512,886
Due to customers	14,276,140	4,647,044	2,565,235	506,083	5,751	22,000,253
Liabilities at fair value through profit or loss	3,317	7,081	6,929	88	1,060	18,475
Debt securities in issue	3,869	47,117	401,166	861,682	16	1,313,851
Other borrowed funds	3,047	-	13,573	380,116	-	396,735
Hybrid capital	1,183	-	3,819	167,258	-	172,260
Other liabilities	94,429	57,118	294,919	37,073	241,722	725,261
Total liabilities (contractual maturity dates)	**38,818,622**	**5,045,857**	**3,315,310**	**2,687,088**	**272,845**	**50,139,722**
Total assets (expected maturity dates)	**10,036,422**	**3,380,373**	**7,684,134**	**14,314,482**	**19,177,450**	**54,592,861**

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

"The new securities and their characteristics, that will be received under the programme for the restructuring of the Greek debt (PSI), have been included In the above table for the year ended 31/12/2011 instead of the old securities".

b) Derivative cash flows

bi) Derivatives settled on a net basis

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

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

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2011	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	2	(0)	-	-	-	2
-Interest rate derivatives	571	9,883	(28,814)	(49,001)	13,485	(53,877)
Derivatives held for fair value hedging						
-Interest rate derivatives	-	-	(1,750)	(8,346)	(2,722)	(12,818)
Total	**573**	**9,883**	**(30,565)**	**(57,347)**	**10,763**	**(66,693)**

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

bii) Derivatives settled on a gross basis

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

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

At 31 December 2011	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	(5,807,498)	(60,098)	(27,567)	(840,825)	-	(6,735,989)
Inflow	5,797,820	57,815	33,245	801,458	-	6,690,338

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

On 31 December 2011, Piraeus Bank Group's total exposure in the Eurosystem - European Central Bank (ECB) and Bank of Greece (BoG) - amounted to € 22 billion (2010: € 17.2 billion). The observed increase during 2011, stemming from the refinancing from ECB and BoG against acceptable collateral, is due to the decreased overall liquidity within the Greek banking system. The latter was attributed to deposits' outflows and the non-renewed funding from global markets (interbank and wholesale money markets) which were affected by the multi-notch downgrades in the country's ratings by the international credit agencies.

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 2011	31 December 2010	31 December 2011	31 December 2010
Financial assets				
Loans and advances to credit institutions	316,136	1,476,856	316,136	1,476,856
Loans and advances to customers (net of provisions)	34,005,619	37,638,075	34,067,095	37,638,075
-Loans to individuals	9,873,207	10,723,048	9,873,207	10,723,048
-Loans to corporate entities	24,132,412	26,915,028	24,193,887	26,915,028
Reverse repos with customers	57,395	955,401	57,292	955,401
Held to maturity investment securities	1,249,849	5,056,820	1,374,786	3,511,967
Debt securities - receivables	1,628,176	2,512,337	1,165,849	1,966,188

Amounts in thousand euros (Unless otherwise stated)

	Carrying Value		Fair Value	
Financial liabilities	**31 December 2011**	**31 December 2010**	**31 December 2011**	**31 December 2010**
Due to credit institutions	25,413,598	19,930,269	25,416,684	19,930,269
Due to customers	21,795,677	29,474,998	21,789,085	29,474,998
Debt securities in issue	1,268,045	2,659,618	901,881	2,489,064
Hybrid capital and other borrowed funds	498,968	510,442	232,877	374,609

The fair value for the year 2011 of loans and advances to credit institutions, loans and advances to customers (net of provisions), repurchase agreements, due to credit institutions and due to customers which are measured at amortized cost, are not materially different from the respective carrying values since they bear mainly floating interest rates and as a result being re-priced at regular time periods.

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

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

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

b) Financial assets and liabilities held at fair value:

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

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

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

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

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

The following tables present financial assets and liabilities measured at fair value, categorized in the three levels mentioned above, reconciliation of level 3 items for the year 2011 and sensitivity analysis:

Financial Assets & Liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative financial instruments - assets	3,661	375,577	-	379,238
Trading portfolio				
-Trading bonds	351,500	46,047	-	397,547
-Trading treasury bills	17,504	38,832	-	56,335
-Shares & other variable income securities	10,431	-	-	10,431
Financial Assets at FV through PL				
-Asset Swap bonds	-	4,043	-	4,043
-Shares & other variable income securities	5,879	-	-	5,879
Available for Sale Securities				
-Trading bonds	394,314	99,382	-	493,696
-Shares & other variable income securities	51,485	9,015	227,241	287,741
-Treasury bills	62,469	1,901,159	-	1,963,627
Financial Liabilities				
-Liabilities at fair value through profit or loss	78	18,397	-	18,475
-Derivative financial instruments - liabilities	8,364	381,364	-	389,728

Amounts in thousand euros (Unless otherwise stated)

Reconciliation of Level 3 items	**Shares & Other variable Income securities**
Opening balance	326,442
Purchases and share capital increases	13,088
Impairment	(104,793)
Disposals	(587)
Transfer to associate companies	(7,130)
FX differences	222
Total	**227,241**

Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:	**Favourable changes**	**Unfavourable changes**
Income Statement		
Available for sale securities	-	(16,249)
Equity Statement		
Available for sale securities	10,099	(5,000)

3.7 Fiduciary activities

The Group provides custody services to third parties for a wide range of financial instruments. These services include safekeeping of securities, clearing and settlement of securities transactions in the Greek market and abroad, execution of corporate actions, income collection etc, on behalf of individuals, companies and institutional investors. Those assets and income arising for 3d parties thereon are not included in the Group’s financial statements as they do not constitute property of the Group. The above mentioned services give rise only to operational risk.

3.8 Capital adequacy

Being compliant with the Greek law (3601/2007), Piraeus Bank Group has implemented the Basel II regulatory framework since January 2008.

As the importance to maintain strong capital base has been acknowledged for the Group, 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.

- To retain a sound and stable capital base in order to support the Group’s management business plans

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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 2011**	**31 December 2010**
Ordinary shares	342,998	100,882
Share premium	2,953,356	2,430,877
Preference shares	750,000	370,000
Less: treasury shares	(192)	(8,790)
Minority Interest	135,228	140,920
Available for sale reserve	(72,922)	(342,714)
Legal reserve and other reserves	(72,665)	(90,131)
Retained earnings	(5,975,642)	672,687
Hybrid capital	159,601	159,439
Less: intangible assets	(348,934)	(384,308)
Total regulatory adjustments on Tier I capital	58,334	151,159
Total Tier I capital	**(2,070,838)**	**3,200,021**
Tier II Capital		
Subordinated debt	335,383	347,145
Total regulatory adjustments on Tier II capital	(9,412)	(19,223)
Total Tier II capital	**325,971**	**327,922**
Regulatory capital	**(1,744,867)**	**3,527,943**
Total risk weighted assets (on and off-balance sheet items)	**34,722,311**	**38,123,543**
Tier I ratio	**(6.0%)**	**8.4%**
Total Capital Adequacy ratio	**(5.0%)**	**9.3%**

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.

Greek banks' participation in the PSI had a significant negative impact on their equity and capital adequacy. For this reason, the EU/ECB/IMF, through the 2nd economic adjustment programme, has already fully safeguarded the capital adequacy of the banking system and its capability to finance the Greek economy.

In the context of the recapitalization process of the Greek banks, Bank of Greece (BoG) requested and received (at end January 2012) their detailed Strategic-Business Plans for the period 2012-2015. The banks' capital needs will be based on these plans, including the PSI impact and the results of BlackRock Solutions diagnostic exercise - commissioned by Bank of Greece - on the domestic loan portfolios of the Greek banking groups. At the same time, the capital plans of the Greek banks were submitted to the BoG at the end of March 2012. According to the Memorandum of Economic and Financial Policies, "banks submitting viable capital raising plans will be given the opportunity to apply for and receive public support in a manner that preserves private sector incentives to inject capital and thus minimizes the burden for taxpayers. Specifically, banks will be able to access capital from the Hellenic Financial Stability Fund (HFSF) through common shares and contingent convertible bonds." In this framework, the HFSF has already provided a Commitment Letter up to the amount of € 5.0 billion for its participation in the impending share capital increase of Piraeus Bank. The Greek banking sector recapitalization should be consummated by the end of September 2012, in order for the Greek banking groups to comply with a 9% Core Tier 1 ratio by September 2012 and 10% by June 2013.

4. Critical accounting estimates and judgements of the Group

a. Impairment of Greek Government Bonds (GGBs)

The discussions and negotiations for the specification of the agreed measures on 21 July 2011 and on 26 October 2011 and especially of the revised private sector involvement programme (PSI+), were completed on 21 February 2012. The key terms of the agreement achieved at the Eurogroup are as follows:

- The reduction in the privately held nominal debt by 53.5%, by issuing 20 new GGBs, governed by the English law, with a nominal value equal to 31.5% of the initial nominal value of the eligible securities and loans, that will mature gradually and every year after the completion of the decade (from the 11^{th} to the 30^{th} year) and in addition short-dated bonds issued by the European Financial Stability Facility (EFSF), with a nominal value equal to 15% of the initial nominal value of the eligible securities and loans, plus the accrued interests till the date of the exchange.

- The weighted average coupon of the new GGBs is 3.65% over the full 30-year period (maximum maturity period) and 2.63% for the period up to 2020. The coupon on the new GGBs is 2% (from February 2012 to February 2015), becomes 3% for the following five years (from February 2015 to February 2020), increases to 3.65% for the next year (from February of 2020 to February 2021) and to 4.3% thereafter (from February 2022 to February 2042). The interest rate of the securities of EFSF was set at 0.19% for securities with six months duration, 0.4% for securities with one year duration and 1% for securities with two years duration.

- Securities related to future GDP growth of the Greek economy will be offered to investors that could provide them with an increased yield in the event that growth exceeds currently anticipated levels on or after 2015.

The Bank's Board of Directors decided the participation of the Group in the voluntary exchange of Greek Government bonds and eligible loans.

The finalisation of the revised private sector involvement programme (PSI+) was taken into account in the annual consolidated financial statements as an "adjusting event" at the balance sheet date, in accordance with the rules set out in IAS 10 "Events after the reporting period", as it provides evidence of conditions that existed as at 31.12.2011.

Based on the above mentioned and taking into account the pronouncements of the International Financial Reporting Standards (IAS 39), the Group determined the impairment on the Greek Government bonds and eligible loans that were included in the revised private sector involvement programme (PSI+) as follows:

a.1. GGBs and bonds guaranteed by the Greek Government categorized as "Debt securities - receivables" and "Held to Maturity financial assets" measured at amortised cost

The impairment loss was calculated at 31.12.2011 as the difference between the book value and the present value of the expected future cash flows discounted using the effective interest rate of the bond, that is either using the original effective interest rate at the time when the bond was acquired or, in the case of reclassified bond, the effective interest rate at the date of reclassification.

The ability of the Greek Government to meet its future obligations was assessed, in order to reflect more accurately the uncertainties and risks.

Finally, any unamortised negative "Available for sale" reserve was transferred directly and in its entirety to the consolidated Income Statement.

a.2. Loans guaranteed by the Greek Government categorized as "Loans and advances to customers" measured at amortised cost

For the loans eventually exchanged with new bonds, the impairment loss was calculated at 31.12.2011 as the difference between the book value as at 31.12.2011 and the present value of the expected future cash flows discounted using the effective interest rate of the loan, after applying the above assumption namely to the ability of the Greek Government to meet its future obligations.

For the remaining loans guaranteed by the Greek Government that were not included in the PSI+, the ability of repayment by the debtor was firstly examined and only in the case that the estimated future cash flows were not adequate, the loans were tested for impairment, based on the possibility of Greek Government's default.

a.3. GGBs categorized as "Available for Sale"

For the GGBs categorised in the Available for Sale portfolio, the negative "Available for sale" reserve as this was determined by measuring the GGBs at fair value as at 31.12.2011, was transferred directly and in its entirety to the consolidated Income Statement of the year 2011.

a.4. GGBs categorized as "Trading"

The GGBs categorised in the Trading portfolio, were valued at fair value as at 31.12.2011 and any loss was taken to the consolidated Income Statement of the year 2011.

The Group charged the before tax results for the year 2011 with an amount of €5,911million that relates to the exchange of the securities.

Amounts in thousand euros (Unless otherwise stated)

The following table presents detailed information, by type, of the Group's total exposure to the Greek State and to public institutions (Central Government, Regional Governments, Public Organizations, Insurance Funds, etc) as at 31.12.2011:

Table of total exposure to the Greek State

	Type	Nominal amount	Book value
1	Greek Government Bonds	7,449,364	1,955,913
2	GGBs related to State preference shares	782,190	750,074
3	Treasury Bills	1,956,483	1,900,289
4	Loans and Public sector entities bonds	771,111	563,171
	Total	**10,959,148**	**5,169,447**

Loans guaranteed by the Greek Government of € 671.5 million as at 31.12.2011 are not included in the above balances.

The Group does not have exposure in bonds and debt of other European countries which face increased problems relating to the servicing of their debt.

b. Other critical accounting estimates and judgements in the application of the accounting policies

The Group's accounting estimates and judgements affect the reported amounts of assets and liabilities within the next financial year. Accounting estimates and judgements are continually evaluated based on historical experience as well as on expectations of future events.

The most important areas where the Group uses accounting estimates and judgements, in applying the Group's accounting policies, are as follows:

b.1. Impairment losses on loans and advances

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

b.2. Fair value of derivative financial instruments

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

b.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. Impairment of available for sale investments in shares and bonds exists when the decline in the fair value below cost is significant or prolonged in the case of shares or there are reasonable grounds for the issuer's inability to meet its future obligations in the case of bonds. Then, the available for sale reserve is recycled to the consolidated income statement of the period. The assessment of the decline in fair value as significant or prolonged requires judgement. Judgement is also required for the estimation of the fair value of investments that are not traded in an active market. For these investments, the fair value computation through financial models takes also into account evidence of deterioration in the financial performance of the investee, as well as industry and sector economical performance and changes in technology.

b.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.

b.5. Held to maturity investments

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

b.6. Investment property

Investment property is carried at fair value, as this is estimated by an independent valuer. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific investment property. If this information is not available, valuation methods are used. The fair value of investment property reflects rental income from current leases as well as assumptions about future rentals, taking into consideration current market conditions.

b.7. Income taxes

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

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

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

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

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

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

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

1/1-31/12/2011	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Discontinued operations	Group (Continuing operations)
Net interest income	888,589	283,102	(1,228)	181,006	(181,787)	24,220	**1,193,901**	20,667	1,173,235
Net fee and commision income	139,683	30,837	7,116	3,812	17,529	(171)	**198,806**	8,499	190,307
Net revenues	1,122,730	321,778	16,546	(2,597)	(159,711)	(53,592)	**1,245,154**	32,508	1,212,645
Segment results	(1,506,083)	(300,501)	(30,398)	(5,461,005)	(180,593)	-	**(7,478,581)**	(32,649)	(7,445,932)
Share of results of associates							**(31,308)**	33	(31,341)
Profit before tax							**(7,509,889)**	**(32,616)**	**(7,477,273)**
Income tax expense							**891,770**	(4,640)	896,410
Profit after tax							**(6,618,119)**	**(37,256)**	**(6,580,863)**
Other segment items at 31 December 2011									
Capital expenditure	110,838	11,973	205	1,917	88,475	-	**213,407**	2,212	211,196
Depreciation and amortisation	52,852	8,997	519	948	34,856	-	**98,172**	9,590	88,583
Provisions and impairment	1,579,641	380,036	32,520	5,400,299	491,492	-	**7,883,988**	21,454	7,862,534
Segment assets	26,489,193	8,478,297	78,312	12,796,510	1,509,996	-	**49,352,308**	1,157,214	48,195,094
Segment liabilities	19,888,754	1,153,997	358,798	27,517,254	2,373,343	-	**51,292,146**	1,007,341	50,284,806

1/1-31/12/2010	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Discontinued operations	Group (Continuing operations)
Net interest income	947,354	297,796	(1,216)	147,575	(194,484)	9,874	**1,206,899**	18,981	1,187,918
Net fee and commision income	156,388	25,092	9,977	2,238	478	4,781	**198,954**	10,672	188,282
Net revenues	1,264,264	357,720	13,770	69,697	(132,184)	(63,835)	**1,509,432**	32,864	1,476,568
Segment results	(29,223)	48,152	1,404	17,036	(22,970)	-	**14,399**	(39,436)	53,834
Share of results of associates							**(3,649)**	58	(3,707)
Profit before tax							**10,749**	**(39,378)**	**50,127**
Income tax expense (included tax contribution)							**(31,940)**	(2,219)	(29,721)
Profit after tax							**(21,191)**	**(41,597)**	**20,406**
Other segment items at 31 December 2010									
Capital expenditure	125,349	19,136	9,647	2,596	65,482	-	**222,210**	5,130	217,080
Depreciation and amortisation	57,057	9,381	617	777	27,082	-	**94,914**	11,675	83,239
Provisions and impairment	510,307	82,313	145	10,375	7,936	-	**611,076**	25,702	585,374
Segment assets	26,895,259	10,431,702	122,861	16,029,301	4,082,217	-	**57,561,340**	1,710,144	55,851,197
Segment liabilities	21,346,569	1,692,944	54,122	25,689,448	5,504,525	-	**54,287,609**	1,353,067	52,934,542

Regarding profit before tax of other business segments for 2011, there is not any sector that contributes more than 10%.

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

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

b) By geographical segment

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

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

Amounts in thousand euros (Unless otherwise stated)

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

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

As at 31 December 2011	Net Revenues	Non current assets
Greece	657,756	1,638,121
Rest of Europe	531,956	424,823
U.S.A.	22,933	36,777
Total	**1,212,645**	**2,099,721**
Continuing Operations	**1,212,645**	**2,099,721**
Discontinued Operations	**32,508**	**60,929**

As at 31 December 2010	Net Revenues	Non current assets
Greece	928,706	1,754,184
Rest of Europe	523,069	488,740
U.S.A.	24,792	35,536
Total	**1,476,567**	**2,278,460**
Continuing Operations	**1,476,567**	**2,278,460**
Discontinued Operations	**32,864**	**0**

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

6 Net interest income

	1/1-31/12/2011	1/1-31/12/2010
Interest income		
Interest on fixed income securities	346,748	251,026
Interest income on loans and advances to customers and reverse repos	2,316,663	2,104,872
Interest on loans and advances to credit institutions	164,998	175,000
Other interest income	32,456	34,052
Total interest income	**2,860,865**	**2,564,950**
Interest expense		
Interest on customer deposits and repos	(843,607)	(735,579)
Interest on debt securities in issue and on other borrowed funds	(65,037)	(67,900)
Interest on due to credit institutions	(612,180)	(466,087)
Other interest expense	(166,806)	(107,466)
Total interest expense	**(1,687,630)**	**(1,377,034)**
Net Interest Income	**1,173,235**	**1,187,917**

7 Net fee and commission income

	1/1-31/12/2011	1/1-31/12/2010
Fee and commission income		
Commercial banking	197,665	200,173
Investment banking	18,920	23,480
Asset management	7,762	9,314
Total fee and commission income	**224,346**	**232,967**
Fee and commission expense		
Commercial banking	(29,511)	(38,657)
Investment banking	(4,180)	(5,585)
Asset management	(349)	(444)
Total fee and commission expense	**(34,039)**	**(44,686)**
Net fee and commission income	**190,307**	**188,281**

8 Dividend income

	1/1-31/12/2011	1/1-31/12/2010
Dividend from AFS securities	3,060	4,384
Dividend from trading securities	356	1,471
	3,416	**5,855**

Amounts in thousand euros (Unless otherwise stated)

9 Net trading income

	1/1-31/12/2011	1/1-31/12/2010
Gains less losses on FX	115	38,521
Gains less losses on shares and mutual funds	(82)	1,391
Gains less losses on derivatives	52,413	(36,028)
Gains less losses on bonds	(155,489)	15,693
	(103,043)	**19,577**

During 2011, "Net trading Income" was adversely affected by the significant reduction in the fair value of GGBs.

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

	1/1-31/12/2011	1/1-31/12/2010
Gains less losses on shares	2,257	(401)
Gains less losses on other financial instruments	(8,676)	(7,644)
	(6,419)	**(8,045)**

11 Results from investment securities

	1/1-31/12/2011	1/1-31/12/2010
Gains less losses on AFS - shares and mutual funds	598	108
Gains less losses on AFS - bonds	(516)	(49)
Gains less losses on sale of subsidiaries and associates	(664)	(2,110)
	(582)	**(2,051)**

Impairment of investment securities is included in "Impairment on investment securities" in the consolidated income statement (note 25).

12 Other operating income

	1/1-31/12/2011	1/1-31/12/2010
Income/ expense from real estate (rental income and result from the valuation of investment property)	(98,553)	13,499
Income from the operations of ETVA Industrial Parks S.A.	5,687	9,825
Income from IT activities	557	1,333
Income from operating leasing	43,042	47,060
Other operating income	4,999	13,316
	(44,269)	**85,033**

"Income/ Expense from real estate" includes mainly the valuation results of investment property which amount to a loss of €91.4 million for the year 2011, of which the largest amount relates to the Citylink property (€ 97.1 million).

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2011	31 December 2010
Up to 1 year	37,216	46,397
From 1 to 5 years	147,433	152,109
More than 5 years	2,572,022	3,073,719
	2,756,671	**3,272,226**

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

13 Staff costs

	1/1-31/12/2011	1/1-31/12/2010
Wages & salaries	(266,714)	(279,141)
Social insurance contributions	(61,006)	(64,803)
Other staff costs	(16,428)	(15,956)
Retirement benefit charges (note 42)	(28,035)	(29,961)
	(372,183)	**(389,861)**

The number of persons employed by the Group during 2011 was 12,806 (2010: 13,320). The average number of persons employed by the Group during the year 2011 was 13,063.

14 Administrative expenses

	1/1-31/12/2011	1/1-31/12/2010
Rental expense	(68,904)	(72,467)
Taxes and duties	(48,681)	(49,760)
Promotion and advertising expenses	(27,343)	(40,060)
Servicing - promotion of banking products	(36,572)	(33,297)
Fees and third parties expenses	(35,740)	(37,039)
Security and maintenance of fixed assets	(27,487)	(27,251)
Telecommunication and electricity expenses	(22,952)	(25,776)
Other administrative expenses	(66,868)	(77,442)
	(334,547)	**(363,093)**

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

15 Profit/ (Loss) after income tax from discontinued operations

The results of Piraeus Bank Egypt Group, which is classified as discontinued operations, are included in the account "Profit / (loss) after income tax from discontinued operations" and are analysed as follows:

Amounts in thousand euros (Unless otherwise stated)

	1/1-31/12/2011	1/1-31/12/2010
Net interest income	20,667	18,981
Net fee and commission income	8,499	10,672
Dividend income	1,448	1,679
Net trading income	1,298	1,559
Results from investment securities	26	(538)
Other operating income	569	510
Total net income	**32,508**	**32,864**
Staff costs	(25,439)	(21,105)
Administrative expenses	(8,890)	(13,825)
Depreciation and amortization	(9,590)	(11,675)
Gains/ (Losses) from sale of assets	215	8
Total operating expenses before provisions	**(43,703)**	**(46,597)**
Impairment losses on loans, debt securities and other receivables	(16,669)	(25,670)
Impairment on investment securities	(705)	(1)
Other provisions and impairment	(4,081)	(30)
Share of profit of associates	33	58
Profit/ (loss) before income tax	**(32,616)**	**(39,378)**
Income tax	(4,640)	(2,219)
Profit/ (loss) after income tax from discontinued operations	**(37,256)**	**(41,597)**

16 Income tax expense

	1/1-31/12/2011	1/1-31/12/2010
Current tax	(37,924)	(60,998)
Deferred tax (note 41)	938,377	57,069
Tax provisions	(4,043)	(1,163)
Tax contribution	-	(24,630)
	896,410	**(29,721)**

By virtue of law 3943/2011 (Government Gazette A' 66/31.3.2011), the corporate income tax rate of legal entities in Greece was reduced to 20% for income accrued as of 1.1.2011 and onwards, compared to 24% applicable in the previous year (law 3697/2008). In accordance with the provisions of the above mentioned law, a withholding tax of 21% is imposed on distributed profits of legal entities for the year 2010 and 25% for profits of the following years. 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 2010 and 2011 (Bulgaria: 10%, Romania: 16%, U.S.A.: 35%, Serbia: 10%, Ukraine: 23%, Cyprus: 10%, Albania: 10% and United Kingdom: 26%).

The one-off extraordinary tax contribution of social responsibility, imposed by law 3845/2010 (Government Gazette A' 65/6.5.2010) and recognized in the statement of total comprehensive income for the year 2010, amounted to € 24.6 million.

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2009 have been finalized, while for the unaudited tax years a relevant provision has been raised according to International Financial Reporting Standards (IFRS).

The deferred tax increase, of year 2011, relates mainly to the recognition of an allowance for impairment on Greek government bonds that participated in the voluntary exchange of Greek government bonds programme (PSI) and to the increased provisions for loan portfolio impairment.

	2011	2010
Results before tax	(7,477,273)	50,127
Tax calculated	1,495,455	(12,030)
Income not subject to tax (corresponding tax)	12,038	23,242
Non deductible expenses (corresponding tax) and provisions for unaudited fiscal years	(136,618)	(8,129)
Effect of different tax rates applied abroad	7,520	7,290
Impact on deferred tax from the future legally approved change of tax rate	(26,320)	(33,522)
Effect of results of investment in associates	(6,268)	1,169
Deferred tax on Impairment of securities	12,508	18,325
Additional tax 3% on real estate income	-	(121)
Tax contribution	-	(24,629)
Effect of deferred tax that is estimated not to be offset	(461,904)	(1,315)
Income Tax	**896,410**	**(29,721)**

Audit Tax certificate

From the 2011 financial year and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an "Annual Tax Certificate" as provided for by paragraph 5 of Article 82 of L.2238/1994. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days of the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance will subsequently select a sample of at least 9% of all companies for which a "Tax Compliance Report" has been submitted for the performance of a tax audit by the relevant auditors from the Ministry of Finance. The audit by the Ministry of Finance must be completed within a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance.

Amounts in thousand euros (Unless otherwise stated)

Unaudited tax years

Piraeus Bank S.A. has not been audited by tax authorities for the fiscal years ended in 2010 and 2011.

For the fiscal year of 2011, the tax audit is being performed by PricewaterhouseCoopers S.A. The Company's management does not expect that additional tax liabilities will arise, in excess of those already recorded and presented in the financial statements, upon the completion of the 2011 tax audit.

As regards the Company's subsidiaries and affiliates, they have not been audited by the tax authorities for the financial years which are included in Note 27 of the Consolidated Financial Statements and therefore their tax liabilities for these years have not been finalized.

For the unaudited periods , there might be a possibility to arise additional taxes and charges at the time they will be audited and closed.

When considered appropriate, a provision is booked on a company by company basis, to cover possible additional taxes, based on the findings of the tax audits of prior years.

17 Earnings/ (Losses) per share

Basic earnings/ (losses) per share are calculated by dividing the net profit/ (loss) attributable to ordinary shareholders of the parent entity by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury shares. There is no potential dilution on basic earnings/ (losses) per share.

Basic and diluted earnings/ (losses) per share from continuing operations	**1/1-31/12/2011**	**1/1-31/12/2010**
Net profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	(6,576,880)	20,112
Weighted average number of ordinary shares in issue	1,081,944,334	634,164,709
Basic and diluted earnings/ (losses) per share (in euros) from continuing operations	(6.0788)	0.0317

Basic and diluted earnings/ (losses) per share from discontinued operations	**1/1-31/12/2011**	**1/1-31/12/2010**
Net profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued operations	(36,499)	(40,585)
Weighted average number of ordinary shares in issue	1,081,944,334	634,164,709
Basic and diluted earnings/ (losses) per share (in euros) from discontinued operations	(0.0337)	(0.0640)

According to the requirements of IAS 33, the weighted average number of shares has been adjusted for the year 2010 by a 1.8889 factor, in order to adjust earnings/ (losses) per share for the discount price of the rights issue share capital increase (note 44). Also, the prior year data have been adjusted so as to be comparable with the current year and to reflect the decision of the Ordinary General Meeting of Shareholders in 2011 not to distribute dividend to shareholders of preference shares for the year 2010.

18 Analysis of other comprehensive income

Continuing operations

1/1 - 31/12/2011	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Net change in available for sale reserve	348,283	(76,359)	271,924
Change in currency translation reserve	(2,874)	-	(2,874)
Other Comprehensive Income from continuing operations	**345,409**	**(76,359)**	**269,050**

1/1 - 31/12/2010	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Net change in available for sale reserve	(234,795)	49,549	(185,246)
Change in currency translation reserve	(19,445)	-	(19,445)
Premium on equity instrument	(67,805)	-	(67,805)
Other Comprehensive Income from continuing operations	**(322,045)**	**49,549**	**(272,496)**

Discontinued operations

1/1 - 31/12/2011	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Net change in available for sale reserve	(2,179)	-	(2,179)
Change in currency translation reserve	(2,248)	-	(2,248)
Other Comprehensive Income from discontinued operations	**(4,427)**	**0**	**(4,427)**

1/1 - 31/12/2010	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Net change in available for sale reserve	312	-	312
Change in currency translation reserve	(1,276)	-	(1,276)
Premium on equity instrument	-	-	0
Other Comprehensive Income from discontinued operations	**(964)**	**0**	**(964)**

Amounts in thousand euros (Unless otherwise stated)

19 Cash and balances with the Central Banks

	31 December 2011	31 December 2010
Cash in hand	302,565	328,846
Nostros and sight accounts with other banks	733,887	764,913
Balances with central bank	930,324	1,254,563
Cheques clearing system - Central Banks	158,362	206,772
Included in cash and cash equivalents less than 90 days (note 47)	**2,125,138**	**2,555,094**
Mandatory reserves with Central Banks	427,580	438,181
	2,552,717	**2,993,275**

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

20 Loans and advances to credit institutions

	31 December 2011	31 December 2010
Placements with local banks and banks abroad	160,259	1,117,352
Cheques receivables	2,858	7,773
Reverse repurchase agreements	128,493	320,305
Included in cash and cash equivalents less than 90 days (Note 47)	**291,610**	**1,445,429**
Placements with local banks and banks abroad	21,952	26,896
Cheques receivables	2,574	4,530
Loan and advances to credit institutions above 90 days	**24,527**	**31,426**
Total loans and advances to credit institutions	**316,136**	**1,476,856**

Total loans and advances to credit institutions bear floating rates.

	31 December 2011	31 December 2010
Current loans and advances to credit institutions (up to 1 year)	298,267	1,468,527
Non current loans and advances to credit institutions (more than 1 year)	17,869	8,329
	316,136	**1,476,856**

21 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.

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 2011	**Notional amounts**	**Fair values**	
		Assets	**Liabilities**
Derivatives held for trading			
Futures	20,000	-	-
Asset swaps	10,915	266	3,438
Interest rate swaps	6,518,607	339,534	364,997
Currency swaps	7,272,580	2,450	8,242
FX forwards	135,116	866	165
Options and other derivative instruments	2,418,800	36,081	5
		379,197	**376,846**
Embedded equity derivatives			
Customer deposits/ loans linked to options	29,868	41	15
Derivatives held for fair value hedging			
Interest rate swaps	102,676	-	12,866
Total recognised derivative assets/ liabilities		**379,238**	**389,728**

Amounts in thousand euros (Unless otherwise stated)

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

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

The Group uses derivatives for hedging purposes in order to reduce its exposure to market risk. This is achieved by hedging specific financial instruments or portfolios. The hedging practices and accounting treatment are disclosed in note 2.4. The Group hedges part of its interest rate risk, which results from potential decrease in the fair value of fixed rate bonds included in the "Available-for-sale" portfolio and in the "Debt securities - receivables". The Group also hedges the interest rate risk which results from potential decrease in the fair value of fixed rate loans originated by the Group in local and foreign currencies. Hedging is achieved by using interest rate swaps.

The net fair value of these interest rate swaps as at 31/12/2011 was € 12.9 million liability (2010: € 45.4 million liability). The losses on the hedging instruments were € 0.7 million (2010: € 26 million loss). The gains on the hedged item attributable to the hedged risk were € 0.7 million (2010: € 25.9 million gain).

22 Financial assets at fair value through profit or loss

Trading securities	**31 December 2011**	**31 December 2010**
Greek government bonds/ treasury bills	-	4,335
Foreign government treasury bills	39,944	30,071
Included in cash and cash equivalents less than 90 days (note 47)	**39,944**	**34,406**
Greek government bonds	107,367	147,976
Foreign government bonds	280,585	184,005
Corporate entities bonds	9,538	11,586
Bank bonds	56	56
Greek government treasury bills	8,144	84,391
Foreign government treasury bills	8,247	170,812
	413,938	**598,827**
Athens stock exchange listed shares	9,204	38,241
Foreign stock exchanges listed shares	5	341
Mutual funds	1,221	2,170
	10,431	**40,752**
Total trading securities	**464,313**	**673,984**
Other financial assets at fair value through profit or loss	**9,922**	**16,426**

From the above mentioned trading securities as at 31/12/2011, amount of € 393 million relates to fixed income securities (2010: € 549 million), amount of € 12 million relates to floating rate securities (2010: € 15 million) and amount of € 49 million relates to zero coupon bonds (2010: € 69 million).

Other financial assets at fair value through profit or loss include mainly asset swap bonds.

23 Reverse repos with customers

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

	31 December 2011	**31 December 2010**
Reverse repos with customers - individuals	30,096	668,599
Reverse repos with customers - corporate entities	27,299	286,801
Total reverse repos with customers	**57,395**	**955,401**

Amounts in thousand euros (Unless otherwise stated)

24 Loans and advances to customers and debt securities - receivables

	31 December 2011	31 December 2010
Mortgages	6,808,633	6,909,632
Consumer/ personal and other loans	3,172,900	3,650,891
Credit cards	750,929	844,874
Loans to individuals	**10,732,463**	**11,405,397**
Loans to corporate entities	26,325,555	27,665,756
Total loans and advances to customers	**37,058,018**	**39,071,153**
Corporate entities debt securities - receivables	4,834	197,653
Bank debt securities - receivables	23,178	-
Greek government bonds debt securities - receivables	3,098,629	2,302,166
Foreign government bonds debt securities - receivables	198,024	12,518
Total debt securities - receivables	**3,324,665**	**2,512,337**
Less: Allowance for impairment on loans and advances to customers and debt securities - receivables	(4,748,888)	(1,433,077)
Total loans and advances to customers and debt securities - receivables (net allowances for losses)	**35,633,795**	**40,150,412**
of which:		
Loans and advances to customers (net of provisions)	34,005,619	37,638,075
Debt securities - receivables (net of provisions)	1,628,176	2,512,337

	31 December 2011	31 December 2010
Current loans and advances to customers and debt securities receivables (up to 1 year)	14,172,434	13,849,420
Non current loans and advances to customers and debt securities receivables (more than 1 year)	21,461,362	26,300,992
	35,633,795	**40,150,412**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 1,444 million (2010: € 3,818 million) and floating rate loans amount to € 35,614 million (2010: € 35,253 million).

Debt securities - receivables as at 31/12/2011 include Greek Government Bonds of nominal value € 782 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 issuance of Piraeus Bank's preference shares (note 44) to the Greek State of amounts € 370 million in 2009 and € 380 million in 2011. The value of the above mentioned bond, that was not included in the PSI, was amounted in 31/12/2011 at € 753 million.

Movement in allowance (impairment) for losses on loans and advances to customers and debt securities - receivables

	Loans to individuals	Loans to corporate entities/ Public sector	Total
Balance at 1/1/2010	**492,355**	**502,615**	**994,970**
Charge for the year	**284,792**	**286,864**	**571,655**
-From continuing operations	284,514	261,471	545,985
-From discontinued operations	277	25,393	25,670
Loans written-off	**(95,172)**	**(48,862)**	**(144,034)**
-From continuing operations	(95,093)	(48,862)	(143,955)
-From discontinued operations	(79)	-	(79)
Foreign exchange differences	**374**	**10,112**	**10,486**
-From continuing operations	72	10,378	10,450
-From discontinued operations	303	(266)	37
Balance at end of the year 31/12/2010	**682,349**	**750,729**	**1,433,077**
Balance at 1/1/2011	**682,349**	**750,729**	**1,433,077**
Balance from discontinued operations	(17,151)	(53,574)	(70,725)
Charge for the year from continuing operations	300,011	3,418,435	3,718,445
Loans written-off from continuing operations	(108,413)	(235,468)	(343,881)
Foreign exchange differences from continuing operations	2,460	9,511	11,971
Balance at end of the year 31/12/2011	**859,256**	**3,889,633**	**4,748,888**

An allowance for impairment of € 2,221 million on Greek government bonds included in debt securities - receivables has been recognized and is included in the charge for the year of 2011 in the income statement. In addition, Greek government bonds impairment of € 49 million, which was previously included in available for sale reserve (note 45), that relates to reclassified in previous financial years debt securities - receivables, is recycled to income statement resulting in a total charge related to Private Sector Involvement programme for the year of 2011 of € 2,270 million.

Also, Impairment losses on loans, debt securities and other receivables in the income statement includes an amount of € 44 million that relates to impairment losses on other receivables.

Amounts in thousand euros (Unless otherwise stated)

Allowance for loans and advances to customers and debt securities - receivables	**31 December 2011**	**31 December 2010**
Individually impaired	3,762,124	631,615
Collective allowance	986,765	801,462
Total	**4,748,888**	**1,433,077**

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	**31 December 2011**	**31 December 2010**
Up to 1 year	353,483	402,430
From 1 to 5 years	552,817	671,065
More than 5 years	800,442	807,678
	1,706,741	**1,881,173**
Unearned future finance income	**(399,396)**	**(387,128)**
Net investments in finance leases	**1,307,345**	**1,494,044**

Net investments in finance leases are analysed as follows:

	31 December 2011	**31 December 2010**
Up to 1 year	298,611	345,878
From 1 to 5 years	399,218	515,788
More than 5 years	609,516	632,379
	1,307,345	**1,494,044**

25 Investment securities

Available for sale securities	**31 December 2011**	**31 December 2010**
Bonds and other fixed income securities		
Greek government bonds	154,756	557,436
Foreign government bonds	286,642	196,167
Corporate entities bonds	42,901	229,769
Bank bonds	9,398	37,007
Greek government treasury bills	1,909,471	604,019
Foreign government treasury bills	54,156	639
Total	**2,457,324**	**1,625,036**
Shares and other variable income securities		
Athens stock exchange listed shares	29,177	60,614
Foreign stock exchanges listed shares	18,298	15,994
Unlisted shares	155,074	158,917
Mutual funds	85,193	190,541
Total	**287,741**	**426,066**
Total available for sale securities	**2,745,065**	**2,051,103**

In relation to Greek government bonds, a recycling of € 374 million (note 45) from available for sale reserve to income statement was realized.

As at 31/12/2011, amount of € 501.4 million relates to investment portfolio bonds and treasury bills with fixed rates (2010: € 883.8 million), amount of € 40.8 million relates to floating rate bonds (2010: € 174.2 million) and amount of € 1,915.1 million relates to zero coupon bonds (2010: € 566.4 million).

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

	31 December 2011	**31 December 2010**
Opening balance	2,051,103	2,338,460
Opening balance from discontinued operations	(45,417)	-
Opening balance of subsidiaries companies that sold	(953)	(958)
Opening balance from new companies	-	-
Additions	5,319,270	1,680,866
Transfer from associates (note 27)	15,151	-
Transfers from trading portfolio	-	890,444
Transfer to debt securities - receivables	-	(936,575)
Disposals/ maturities	(4,165,375)	(1,263,856)
Changes in fair value	(363,002)	(258,181)
Transfers to associates (note 27)	(7,130)	-
Transfers to held-to-maturity	-	(397,407)
Impairment charge	(56,540)	(5,122)
Foreign exchange differences	(2,040)	3,431
Balance at the end of the year	**2,745,065**	**2,051,103**

Held to maturity	**31 December 2011**	**31 December 2010**
Greek government bonds	1,198,239	4,954,598
Foreign government bonds	50,043	58,917
Corporate entities bonds	1,567	17,727
Foreign government treasury bills	-	25,578
Total held to maturity	**1,249,849**	**5,056,820**

Amounts in thousand euros (Unless otherwise stated)

For the Greek government bonds included in held to maturity, an allowance for impairment of € 3,262 million has been recognized and is included in the impairment losses for the year of 2011. In addition, Greek government bonds impairment of € 5 million, which was previously included in available for sale reserve, that relates to reclassified in previous financial years bonds, is recycled to income statement resulting in a total charge for the year of 2011 of € 3,267 million.

As at 31/12/2011, amounts of € 3,311.7 million and € 1,200.0 million, both included in held to maturity securities, relate to floating rate bonds (2010: € 3,308.6 million) and to fixed rates (2010: € 1,747.7 million) respectively.

Movement of the held to maturity securities	**31 December 2011**	**31 December 2010**
Opening balance	5,056,820	3,363,535
Opening balance from discontinued operations	(14,459)	-
Additions	104,407	1,374,424
Transfers from AFS portfolio	-	397,407
Sale/ maturity of securities	(634,225)	(80,511)
Impairment of Greek Government bonds	(3,261,866)	-
Coupon receipts	(1,750)	-
Foreign exchange differences	921	1,966
Balance at the end of the year	**1,249,849**	**5,056,820**

During 2011, "Sale – Maturity of securities" includes sales of GGBs of € 505.6 million. The significant deterioration in the issuer's creditworthiness, an isolated event that could not have been anticipated when securities were acquired and initially classified, beyond the Bank's control and non-recurring, altered the Bank's strategy and sold these bonds. Therefore, these sales meet IAS 39 rules and there is no need to apply the tainting provisions.

	31 December 2011	**31 December 2010**
Current investments securities (up to 1 year)	2,251,846	924,608
Non current investments securities (more than 1 year)	1,455,327	5,757,249
Total of investments securities	**3,707,173**	**6,681,857**

26 Reclassification of financial assets

The Investment portfolio as at 31/12/2011 includes shares, mutual funds and bonds, which have been reclassified during the financial years 2008 and 2010 from the "Trading securities" portfolio. Specifically, the "Available for sale securities" portfolio as at 31/12/2011 includes shares and mutual funds with fair value of € 10.4 million. The revaluation loss of € 10 million for 2011 has been recognized in the "Available for Sale reserve". In 2011, due to the impairment of the above mentioned shares and mutual funds, a reserve of € 34.6 million was recycled in the Income Statement. Moreover, the "Available for sale securities" portfolio as at 31/12/2011 includes bonds with fair value of € 63.9 million. The revaluation loss of € 78.5 million for 2011 was initially recognized in the "Available for Sale reserve" and then, due to Piraeus Bank participation in the revised Private Sector Involvement programme (PSI+) a reserve of €89.8 million was recycled in the Income Statement of the year.

"Held to Maturity" portfolio as at 31/12/2011 includes bonds with fair value of € 150.1 million (amortized cost € 200.5 million), which have been reclassified from "Trading securities" portfolio during the financial year 2008. If these bonds had not been reclassified, a revaluation loss of € 187.1 million would have been recognized in the "Net trading Income" of 2011. Due to Piraeus Bank participation in the revised Private Sector Involvement programme (PSI+) an impairment loss of € 394 million was recognized in the Income Statement of the year.

"Debt securities – receivables" portfolio as at 31/12/2011 includes bonds with fair value of € 249.0 million (amortized cost of € 262.3 million) which have been reclassified from the "Available for sale securities" portfolio during the financial years 2008 and 2010. "Loans and advances to credit institutions" portfolio includes bank bonds with fair value of € 6.1 million (amortized cost € 5.6 million), which have been reclassified from the "Available for sale securities" portfolio during the financial year 2008. If these bonds had not been reclassified, a revaluation loss of € 493.3 million would have been recognized in the "Available for sale reserve" of 2011. A loss of € 1.0 million from the sale of reclassified bonds has been recognized in the Income Statement of 2011. Due to Piraeus Bank participation in the revised Private Sector Involvement programme (PSI+) an impairment loss of € 716.2 million was recognized in the Income Statement of the year.

27 Investments in subsidiaries and associate companies

The investments of Piraeus Bank in subsidiaries and associates from continuing and discontinued operations are analysed below:

A) Subsidiaries companies (full consolidation method)

a/a	**Name of Company**	**Activity**	**% holding**	**Country**	**Unaudited tax years**
1.	Marathon Banking Corporation	Banking activities	98.43%	U.S.A	2008-2011
2.	Tirana Bank I.B.C. S.A.	Banking activities	98.48%	Albania	2009-2011
3.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2011
4.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2006-2011
5.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2011
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2011
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus	2007-2011
8.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
9.	Piraeus Leasing Romania S.R.L.	Finance leases	100.00%	Romania	2003-2011
10.	Piraeus Insurance & Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010-2011
11.	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2010-2011
12.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2006-2011

Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
13.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom	-
14.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria	2008-2011
15.	Piraeus Auto Leasing Bulgaria EAD	Auto leases	100.00%	Bulgaria	2008-2011
16.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom	2010-2011
17.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010-2011
18.	Picar S.A.	City link areas management	100.00%	Greece	2010-2011
19.	Bulfina S.A.	Property management	100.00%	Bulgaria	2008-2011
20.	General Construction & Development Co. S.A.	Property development/ holding company	66.67%	Greece	2010-2011
21.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece	2010-2011
22.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010-2011
23.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2010-2011
24.	ND Development S.A.	Property management	100.00%	Greece	2010-2011
25.	Property Horizon S.A.	Property management	100.00%	Greece	2010-2011
26.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece	2010-2011
27.	Piraeus Development S.A.	Property management	100.00%	Greece	2010-2011
28.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010-2011
29.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2011
30.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
31.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.89%	Cyprus	2006-2011
32.	Lakkos Mikelli Real Estate LTD	Property management	50.66%	Cyprus	2009-2011
33.	Philoktimatiki Public LTD	Land and property development	53.31%	Cyprus	2009-2011
34.	Philoktimatiki Ergoliptiki LTD	Construction company	53.31%	Cyprus	2008-2011
35.	New Evolution S.A.	Property, tourism & development company	100.00%	Greece	2010-2011
36.	Imperial Stockbrokers Limited	Stock exchange operations	100.00%	Cyprus	2007-2011
37.	Imperial Eurobrokers Limited	Stock exchange operations	100.00%	Cyprus	2008-2011
38.	EMF Investors Limited	Investment company	100.00%	Cyprus	2008-2011
39.	Euroinvestment Mutual Funds Limited	Mutual funds management	100.00%	Cyprus	2007-2011
40.	Bull Fund Limited	Investment company	100.00%	Cyprus	2008-2011
41.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2011
42.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2005-2011
43.	Sunholdings Properties Company LTD	Land and property development	26.66%	Cyprus	2008-2011
44.	Piraeus Cards S.A.	Financial services and consultancy	100.00%	Greece	2010-2011
45.	Polytropon Properties Limited	Land and property development	39.98%	Cyprus	2008-2011
46.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
47.	Maples Invest & Holding S.A.	Investment company	100.00%	British Virgin Islands	-
48.	Margetson Invest & Finance S.A.	Investment company	100.00%	British Virgin Islands	-
49.	Vitria Investments S.A.	Investment company	100.00%	Panama	-
50.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2011
51.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
52.	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and reinsurance brokerage	100.00%	Romania	2009-2011
53.	Piraeus Real Estate Consultants S.R.L.	Construction company	100.00%	Romania	2007-2011
54.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2007-2011
55.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2011
56.	Olympic Commercial & Tourist Enterprises S.A.	Oper.leases- Rent-a-Car and long term rental of vehicl.	94.98%	Greece	2009-2011
57.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia	2007-2011
58.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
59.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2011
60.	Piraeus Real Estate Consultants Doo	Construction company	100.00%	Serbia	2008-2011
61.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2011
62.	Piraeus Real Estate Egypt LLC	Construction company	99.80%	Egypt	2007-2011
63.	Piraeus Best Leasing Bulgaria EAD	Auto Leases	99.98%	Bulgaria	2007-2011
64.	Piraeus Insurance Agency S.A.	Insurance - agency	100.00%	Greece	2008-2011
65.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010-2011
66.	Estia Mortgage Finance III PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
67.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
68.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	65.00%	Greece	2010-2011
69.	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
70.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
71.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
72.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
73.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
74.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	2010-2011
75.	R.E Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus	2009-2011
76.	Pleiades Estate S.A.	Property management	100.00%	Greece	2010-2011

Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
77.	Solum Ltd Liability Co.	Property management	100.00%	Ukraine	2009-2011
78.	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2011
79.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2011
80.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010-2011
81.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus	2011
82.	Piraeus Equity Advisors Ltd	Investment advise	100.00%	Cyprus	2009-2011
83.	Achaia Clauss Estate S.A.	Property management	74.47%	Greece	2009-2011
84.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2011
85.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
86.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
87.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2008-2011
88.	Piraeus Wealth Management (Switzerland) S.A.	Wealth management	42.25%	Switzerland	-
89.	Curdart Holding Ltd	Holding company	100.00%	Cyprus	2009-2011
90.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2011
91.	Piraeus Clean Energy Holdings LTD	Holding company	100.00%	Cyprus	2010-2011
92.	Visa Rent A Car	Rent a car company	94.98%	Greece	2010-2011
93.	Adflikton Investments LTD	Property management	100.00%	Cyprus	2009-2011
94.	Cospleon Investments LTD	Property management	100.00%	Cyprus	2010-2011
95.	Cutsofiar Enterprises LTD	Property management	100.00%	Cyprus	2010-2011
96.	Gravieron Company LTD	Property management	100.00%	Cyprus	2008-2011
97.	Kaihur Investments LTD	Property management	100.00%	Cyprus	2007-2011
98.	Pertanam Enterprises LTD	Property management	100.00%	Cyprus	2007-2011
99.	Rockory Enterprises LTD	Property management	100.00%	Cyprus	2010-2011
100.	Topuni Investments LTD	Property management	100.00%	Cyprus	2007-2011
101.	Albalate Company LTD	Property management	100.00%	Cyprus	2011
102.	Akimoria Enterprises LTD	Property management	100.00%	Cyprus	2011
103.	Alarconarco Enterprises LTD	Property management	100.00%	Cyprus	2011
104.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece	2010-2011
105.	Parking Kosmopolis S.A.	Parking Management	100.00%	Greece	2010-2011
106.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011
107.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2011

Companies numbered 30, 58, 66-67 and 69-73 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 43, 45 and 88 although presenting less than 50% holding percentage, are subsidiaries due to existence of control.

The company numbered 66 is under liquidation because the third securitisation of mortgage loans was called back (note 37) in February 2011. Also, as at 31/12/2011 the companies numbered 29, 46-49, 55 and 60 were under liquidation, though company 88 was under disolution.

B) Associate companies (equity accounting method)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
1.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece	2010-2011
2.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2011
3.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2011
4.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding company	27.80%	Greece	2010-2011
5.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	27.80%	Greece	2010-2011
6.	Trieris Real Estate LTD	Property management	22.94%	British Virgin Islands	-
7.	European Reliance Gen. Insurance Co. S.A.	General and life insurance and reinsurance	30.23%	Greece	2010-2011
8.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece	2010-2011
9.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010-2011
10.	Ekathariseis Aktoploias S.A.	Ticket settlements	49.00%	Greece	2011
11.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece	2006-2011
12.	Euroterra S.A.	Property management	39.22%	Greece	2010-2011
13.	Rebikat S.A.	Property management	40.00%	Greece	2010-2011
14.	Abies S.A.	Property management	40.00%	Greece	2010-2011
15.	ACT Services S.A.	Accounting and tax consulting	49.00%	Greece	2010-2011
16.	Exodus S.A.	Information technology & software	50.10%	Greece	2010-2011
17.	Good Works Energy Photovoltaics S.A.	Construction & operation PV solar projects	33.15%	Greece	2005-2011
18.	Entropia Ktimatiki S.A.	Property Management	33.30%	Greece	2010-2011
19.	Piraeus - TANEO Capital Fund	Venture capital fund	50.01%	Greece	-

The company numbered 16 is included in the associate companies' portfolio, as Piraeus Bank Group owns 40.10% of the voting rights. The company numbered 10 is under liquidation as at 31/12/2011. The company numbered 19 is included in the associate companies' portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investing committee of the fund, which takes the investment decisions.

The changes in the portfolio of subsidiaries and associates are referred at note 49.

Amounts in thousand euros (Unless otherwise stated)

In case that the financial statements of associate companies are approved at a later date than the date the Group's consolidated financial statements are approved, draft financial data of these associate companies is consolidated under the equity method of accounting.

C) Subsidiaries and associates companies from discontinued operations

Piraeus Bank Group companies that are included in discontinued operations are analyzed below. Companies numbered 1-7 were consolidated as subsidiaries with full consolidation method and companies number 8-9 as associate companies with equity accounting method.

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
1.	Piraeus Bank Egypt S.A.E.	Banking activities	98.03%	Egypt	2003-2011
2.	Piraeus Egypt Leasing Co.	Finance leases	98.03%	Egypt	2007-2011
3.	Piraeus - Egypt Asset Management Co.	Property administration	98.03%	Egypt	2005-2011
4.	Piraeus Egypt for Securities Brokerage Co.	Stock exchange operations	98.02%	Egypt	2007-2011
5.	Piraeus Insurance Brokerage Egypt	Insurance brokerage	96.01%	Egypt	2008-2011
6.	Integrated Services Systems Co.	Warehouse & mail distribution management	96.99%	Egypt	2004-2011
7.	Piraeus Bank Egypt Investment Company	Investment company	97.93%	Egypt	2007-2011
8.	Alexandria for Development & Investment	Investment company	21.57%	Egypt	2008-2011
9.	Nile Shoes Company	Footwear seller- manufacturer	38.56%	Egypt	2003-2011

The movement of investment in associates is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	211,796	184,024
Opening balance from discontinued operations	(1,559)	-
Additions	46,156	15,146
Disposals	(1,377)	(979)
Share of profit/ (loss) after tax	(31,341)	11,570
Transfer from subsidiaries companies	265	3,497
Transfers from available for sale portfolio (note 25)	7,130	-
Transfers to available for sale portfolio (note 25)	(15,151)	-
Share in dividends paid	(2,987)	(3,137)
Impairment	-	(83)
Foreign exchange differences	1,709	1,758
Balance at the end of the year	**214,642**	**211,796**

A) Associates companies from continuing operations

Company	Country	31 December 2011 Participation %	Profit/ (Loss) before tax	Total revenues	Total assets	Total liabilities
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	1	35	186	4
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	(87)	2,117	2,188	2,127
PROJECT ON LINE S.A.	Greece	40.00%	(47)	1,074	155	676
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	2,944	162	70,712	5
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	27,786	8	72,148	235
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.94%	(1,311)	682	51,278	19,992
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	4,051	141,164	256,704	217,045
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(4,689)	17	152,013	137,291
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	28.10%	(95,275)	(86,412)	230,875	112,454
EKATHARISEIS AKTOPLOIAS S.A.	Greece	49.00%	0	-	40	3
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	(131)	2,683	103,926	8,457
EUROTERRA S.A.	Greece	39.22%	9,164	351	127,658	10,323
REBIKAT S.A.	Greece	40.00%	(3,519)	-	18,222	0
ABIES S.A.	Greece	40.00%	(26)	67	2,314	19
ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Greece	49.00%	89	2,568	1,141	812
EXODUS S.A.	Greece	50.10%	838	7,205	10,102	5,894
GOOD WORKS ENERGY PHOTOVOLTAICS S.A.	Greece	33.15%	(58)	0	278	69
ENTROPIA KTIMATIKI S.A.	Greece	33.30%	(20)	0	29,657	7,004
PIRAEUS-TANEO CAPITAL FUND	Greece	50.01%	0	0	15,915	1,001

B) Associates companies from discontinued operations

Company	Country	31 December 2011 Participation %	Profit/ (Loss) before tax	Total revenues	Total assets	Total liabilities
ALEXANDRIA FOR DEVELOPMENT & INVESTMENT	Egypt	21.57%	137	259	9,257	4,444
NILE SHOES COMPANY	Egypt	38.56%	27	1,040	1,349	52

According to stock market prices of 31/12/2011, the fair value of the Bank's shareholding to associate listed companies is as follows: European Reliance Gen. Insurance Co. S.A. € 3.5 million, Sciens International Investments & Holding S.A. € 14.4 million and Trastor Real Estate Investment Company € 12 million.

Amounts in thousand euros (Unless otherwise stated)

Company	Country	31 December 2010				
		Participation %	Profit / (Loss) before tax	Total revenues	Total assets	Total liabilities
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	(7)	35	189	9
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	23	2,191	1,664	1,516
PROJECT ON LINE S.A.	Greece	40.00%	(79)	1,336	970	1,443
ALEXANDRIA FOR DEVELOPMENT AND INVESTMENT	Egypt	21.57%	229	438	9,155	4,545
NILE SHOES COMPANY	Egypt	38.56%	50	1,533	1,299	59
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	(2,051)	177	70,806	66,117
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	(1,690)	9	40,908	41,734
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.80%	(844)	753	32,668	9
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	4,652	126,052	228,250	190,162
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(4,647)	8	143,129	133,718
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	28.10%	(35,008)	(26,159)	355,906	140,307
EKATHARISEIS AKTOPLOIAS S.A.	Greece	49.00%	(13)	0	40	3
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	(4,226)	(1,744)	111,163	9,602
EUROTERRA S.A.	Greece	29.22%	10,864	372	117,096	9,425
REBIKAT S.A.	Greece	30.00%	(27)	0	21,745	4
ABIES S.A.	Greece	30.00%	(53)	57	2,332	11
ATLANTIC INSURANCE COMPANY PUBLIC LTD	Cyprus	21.70%	4,850	20,980	56,533	24,549
ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Greece	49.00%	99	1,666	869	397
EXODUS S.A.	Greece	50.10%	3	5,761	9,304	5,751

28 Balance sheet - Discontinued operations

The assets and liabilities of Piraeus Bank Egypt Group, which is classified as discontinued operations are analysed as follows:

ASSETS	31 December 2011
Cash and balances with Central Banks	113,092
Loans and advances to credit institutions	203,351
Trading securities	2,339
Loans and advances to customers and debt securities receivables (net of provisions)	670,047
Available for sale securities	77,371
Held to maturity	11,181
Investments in associated undertakings	1,406
Intangible assets	23,481
Property, plant and equipment	37,448
Assets held for sale	1,091
Other assets	16,409
Total Assets	**1,157,214**
LIABILITIES	
Due to credit institutions	49,159
Due to customers	930,172
Retirement benefit obligations	5,805
Other provisions	1,486
Current income tax liabilities	799
Deferred tax liabilities	3
Other liabilities	19,917
Total Liabilities	**1,007,341**

29 Intangible assets

2010

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

Amounts in thousand euros (Unless otherwise stated)

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

2011

Cost	**Goodwill**	**Software**	**Other intangible**	**Total**
Opening balance as at 1 January 2011	223,374	231,728	98,327	553,429
Opening balance from discontinued operations	(13,289)	(15,184)	-	(28,473)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	20	-	-	20
Opening balance of new subsidiaries on the date of acquisition	-	30	-	30
Additions	22,146	22,183	2,115	46,443
Transfers	-	19,582	16,969	36,550
Write - offs/ disposals	(1)	(1,135)	(5)	(1,141)
Impairment of goodwill	(83,267)	-	-	(83,267)
Foreign exchange differences	466	(88)	257	635
Cost as at 31 December 2011	**149,448**	**257,116**	**117,663**	**524,226**
Accumulated depreciation				
Opening balance as at 1 January 2011	-	(112,416)	(56,705)	(169,121)
Opening balance from discontinued operations	-	4,052	(994)	3,058
Balance of subsidiaries companies that sold, dispoded or changed portfolio	-	-	-	0
Opening balance of new subsidiaries on the date of acquisition	-	(27)	-	(27)
Charge for the year	-	(24,550)	(9,179)	(33,729)
Write - offs/ disposals	-	1,105	5	1,110
Foreign exchange differences	-	145	(209)	(64)
Accumulated depreciation as at 31 December 2011	**0**	**(131,692)**	**(67,082)**	**(198,773)**
Net book value as at 31 December 2011	**149,448**	**125,424**	**50,581**	**325,453**

Out of total additions in goodwill during 2011, amount of € 19.94 million relates to Kosmopolis A' Shopping Centers S.A., amount of € 1.13 million relates to Parking Kosmopolis S.A. and an amount of € 0.98 million relates to Visa Rent A Car.

Goodwill is examined for impairment on an annual basis or more often if there are trigers of permanent impairment. During 2011, as a result of the impairment testing on goodwill, arised an expense of amount € 83.3 million that concerns the subsidiary company JSC Piraeus Bank ICB and property management companies. The above mentioned impairment loss is mainly due to the current financial conditions and specifically due to the reduced expected cash flows of the abovementioned entities, that result in lower recoverable amounts compared to the respective carrying values.

30 Property, plant and equipment

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

The above total depreciation charge for the year 2010 (€ 112,783 thousand) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises of € 52,463 thousand which is included in "Other operating income" of the Consolidated Income Statement while is not included depreciation of subsidiaries of € 326 thousand, which were transfered to the portfolio of associates during 2010.

Amounts in thousand euros (Unless otherwise stated)

2011	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2011	341,821	358,871	80,467	471,003	311,772	1,563,933
Opening balance from discontinued operations	(37,447)	(15,887)	(2,347)	(1,194)	(13,428)	(70,303)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	-	-	(69)	-	-	(69)
Opening balance of new subsidiaries on the date of acquisition	780	255	-	2,401	51	3,487
Additions	26,911	16,682	35,031	72,881	8,625	160,129
Transfers	1,877	1,837	(39,513)	(17,625)	(5,817)	(59,242)
Disposals	(1,181)	(2,569)	(317)	(68,813)	(3,805)	(76,684)
Write - offs/ impairment	-	(3,300)	(973)	(1,899)	(10,703)	(16,875)
Foreign exchange differences	(132)	194	687	(266)	(99)	384
Cost as at 31 December 2011	**332,629**	**356,082**	**72,966**	**456,488**	**286,595**	**1,504,760**
Accumulated depreciation						
Opening balance as at 1 January 2011	(47,734)	(256,531)	-	(167,614)	(125,034)	(596,912)
Opening balance from discontinued operations	6,169	10,998	-	668	8,445	26,281
Balance of subsidiaries companies that sold, dispoded or changed portfolio	-	-	-	-	-	0
Opening balance of new subsidiaries on the date of acquisition	(19)	(173)	-	(744)	(9)	(945)
Charge for the year	(6,294)	(24,993)	-	(52,257)	(19,688)	(103,232)
Transfers	(910)	(168)	-	10,571	3,285	12,778
Disposals	169	415	-	34,984	3,291	38,859
Write - offs/ impairment	-	3,206	-	730	10,317	14,253
Foreign exchange differences	44	767	-	148	(45)	913
Accumulated depreciation 31 December 2011	**(48,574)**	**(266,479)**	**0**	**(173,514)**	**(119,438)**	**(608,004)**
Net book value as at 31 December 2011	**284,055**	**89,603**	**72,966**	**282,974**	**167,157**	**896,756**

During 2011, impairment of fixed assets amounting to € 0.7 million was conducted.

The above total depreciation charge for the year 2011 (€ 103,232 thousand) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises of € 48,379 thousand which is included in "Other operating income" of the Consolidated Income Statement.

31 Investment property

	2011	2010
Opening balance	927,129	819,894
Balance of subsidiaries companies that sold, dispoded or changed portfolio	-	(19,363)
Opening balance of new subsidiaries on the date of acquisition	22,150	53,057
Revaluation of investment property	(91,432)	24,026
Additions	26,769	18,091
Transfers	(1,736)	37,650
Disposals	(5,962)	(5,790)
Other adjustments	593	(435)
Balance at the end of the year	**877,512**	**927,129**

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 31/12/2011 is € 394.5 million (2010: € 491.6 million).

Rental income from investment property amounts to € 27,187 thousand (2010: € 18,073 thousand). Operating expenses of investment property that is rented to third parties equal to € 2,251 thousand (2010: € 3,464 thousand).

32 Assets Held for sale

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

Amounts in thousand euros (Unless otherwise stated)

Opening balance as at 1/1/2011	**23,242**
Opening balance from discontinued operations	(884)
Additions	9,834
Transfers to subsidiaries	(2,440)
Tranfers to inventories property	(8,063)
Tranfers to investment properties	377
Disposals	(7,292)
Impairment	(828)
Writte-offs	-
Currency translation differences	75
Balance as at 31/12/2011	**14,021**

During 2011, the loss from the sale of assets was € 475 thousand (2010: loss € 947 thousand) which was included in the profit and loss statement in line "Gains/ (Losses) from held for sale".

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

33 Other assets

	31 December 2011	31 December 2010
Inventories - property	264,891	199,504
Inventories - property	**264,891**	**199,504**
Prepaid expenses and accrued income	113,560	182,495
Prepaid taxes and taxes withheld	136,175	110,814
Claims from tax authorities and the State	174,485	210,442
Inventories - cars	26,664	34,477
Credit cards	54,079	54,122
Receivables from third parties	109,827	111,797
Other items	400,605	328,065
Other receivables	**1,015,395**	**1,032,212**
Other assets	**1,280,286**	**1,231,716**
Current other assets (up to 1 year)	696,771	783,145
Non current other assets (more than 1 year)	583,515	448,571
Total	**1,280,286**	**1,231,716**

Inventories property as at 31/12/2011 include property of ETVA Industrial Parks S.A. of amount € 115.7 million (2010: € 117.3 million) and property acquired by the Bank or by Group subsidiaries through auctions of amount € 144.3 million (2010: € 76.3 million), as well as inventories property of real estate subsidiaries of total amount of € 4.9 million (2010: € 5.9 million). Other items include debit balances that result from the daily transactions of the Group.

In 2011, the Group made transfers a) from/to "Inventories- property" an amount of € 3.1 million and b) from/to "Inventories – cars" an amount of € 8.6 million.

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

34 Due to credit institutions

	31 December 2011	31 December 2010
Amounts due to central banks	22,301,703	17,444,050
Deposits from other banks	482,466	1,658,425
Repurchase agreement - credit institutions	2,446,281	500,770
Other obligations to banks	183,149	327,024
	25,413,598	**19,930,269**
Current due to banks (up to 1 year)	24,684,872	19,790,356
Non current due to banks (more than 1 year)	728,726	139,913
	25,413,598	**19,930,269**

Balances due to credit institutions bear floating rates.

Due to credit institutions includes refinancing operations through repo transactions within the eurosystem amounting to € 22.3 billion (31/12/2010: €17.2 billion). The increase of the raised liquidity of the bank from Eurosystem through the available refinancing operations with collaterals, during the year of 2011, displays the decreased overall liquidity within the Greek banking system (reduction of deposits).

35 Liabilities at fair value through profit or loss

As at 31/12/2011, the open short positions for Greek Government bonds and treasury bills & other eligible bills, had a fair value of € 18.47 million. The open short positions result from the trading activity in the secondary market, with short term nature, within the scope of managing the Group's positions.

As at 31/12/2011, the reduction in the balance of "Liabilities at fair value through profit or loss" is due to the settlement of the open short positions for bonds within the scope of the upcoming participation of the Bank to the revised private sector involvement programme (PSI+).

Amounts in thousand euros (Unless otherwise stated)

36 Due to customers

	31 December 2011	31 December 2010
Current and sight deposits	4,168,540	4,706,558
Savings account	2,866,294	3,676,013
Term deposits	14,382,454	20,633,524
Other accounts	187,810	237,584
Repurchase agreements	190,579	221,319
	21,795,677	**29,474,998**
Current due to customers (up to 1 year)	21,176,955	28,685,240
Non current due to customers (more than 1 year)	618,722	789,758
	21,795,677	**29,474,998**

Other accounts include cheques payable of € 77.1 million (2010: € 80.5 million). Customer deposits (excluding cheques payable and repos) with floating rates are € 6,777.2 million (2010: € 8,029.3 million) and with fixed rate are € 14,750.8 million (2010: € 21,143.9 million).

As at 31/12/2011, the reduction in the balance of "Due to customers" is due to the large outflow of deposits from the Greek banking system, mainly due to the uncertainty resulting from the further deterioration of the economic conditions in Greece, the downgradings of Greece's credit rating, the reduction in the credit expansion, as well as the need to cover increased tax obligations and operating expenses by retail and corporate customers.

37 Debt securities in issue

		31 December 2011	31 December 2010
ETBA bonds		**4,015**	**124,355**
Euro Commercial Paper (Short term securities)		-	46,875
		0	**46,875**
Euro Medium Term Note (Medium/ long term securities)	**Interest rate (%)**		
€ 60 m. floating rate notes due 2015	Variable	60,000	60,000
€ 500 m. floating rate notes due 2011	Euribor + 0.25%	-	422,837
€ 5.05 m. floating rate notes due 2011	Variable	-	3,750
€ 20 m. floating rate notes due 2012	Euribor + 0.20%	19,996	19,989
€ 500 m. fixed rate notes due 2011	Fixed 4.5%	-	488,473
€ 500 m. fixed rate notes due 2012	Fixed 4.0%	355,576	469,569
€ 50.3 m. fixed rate notes due 2012	Fixed 4.0%	38,228	54,136
€ 25.5 m. fixed rate notes due 2013	Fixed 4.5%	19,977	26,462
Accrued interest and other expenses		4,914	22,018
		498,691	**1,567,234**
Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 m. floating rate notes due 2040	Euribor + 0.18%	190,867	242,601
€ 1,250 m. floating rate notes due 2054	Euribor + 0.18%	574,471	678,553
		765,338	**921,154**
Total debt securities in issue		**1,268,045**	**2,659,618**
Current debt securities in issue (up to 1 year)		417,695	1,079,718
Non current debt securities in issue (more than 1 year)		850,349	1,579,900
Total debt securities in issue		**1,268,045**	**2,659,618**

Issuance under the Euro Commercial Paper and Euro Medium Term Note programs is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group. Information concerning the new issues of debt securities during the year 2011, which have been retained by the Bank, are presented below:

In February 2011 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 950 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 1000bps. In May the bond was re-tapped in the amount of € 800 million with the same terms and conditions increasing the final outstanding amount to € 1,750 million. The bond has been retained by Piraeus Bank.

In February 2011 Piraeus Bank issued its 3-year covered bond in the amount of € 1,250 million. The bond has a 10 year extension period and pays a floating rate coupon of 1M Euribor plus 100bps. The bond has been retained by Piraeus Bank.

In November 2011 Piraeus Bank issued two 3-month floating rate senior bonds in the total amount of € 3,250 million. The bonds were issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. Both bonds pay a floating rate coupon of 3M Euribor plus 1200bps. Both bonds have been retained by Piraeus Bank.

It should be noted that the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively, continue to be retained by Piraeus Bank. The third securitisation of mortgage loans in the amount of € 800 million, was called back in February 2011 and the first leasing receivables securitisation in the amount of € 540 million was called back in March 2011.

Amounts in thousand euros (Unless otherwise stated)

38 Hybrid capital and other borrowed funds

Hybrid capital (Tier I)	Interest rate (%)	31 December 2011	31 December 2010
€ 200 m. floating rate notes due 2034	Euribor + 1.25%	158,636	158,636
Accrued interest and other expenses		965	803
		159,601	**159,439**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	Euribor + 0.55%	333,038	346,028
Accrued interest and other expenses		2,345	1,117
		335,383	**347,145**
Other borrowed funds (USD)		**3,984**	**3,858**
Total hybrid capital and other borrowed funds		**498,968**	**510,442**

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

39 Other liabilities

	31 December 2011	31 December 2010
Prepaid income and accrued expenses	89,147	128,083
Obligations under finance leases	266,687	249,686
Transactions with Interbank Systems (DIAS)	22,470	22,662
Withholding taxes and contributions	40,216	47,519
Creditors	85,061	92,032
Other liability accounts	145,193	295,856
	648,774	**835,838**
Current other liabilities (up to 1 year)	324,528	540,310
Non current other liabilities (more than 1 year)	324,246	295,528
	648,774	**835,838**

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 2011	31 December 2010
Up to 1 year	10,854	10,311
From 1 to 5 years	56,682	42,088
More than 5 years	2,190,674	2,215,661
	2,258,210	**2,268,060**
Finance expense	(1,991,523)	(2,018,374)
Net liabilities from finance leases	**266,687**	**249,686**

Net liabilities from finance leases may be analyzed as follows:

	31 December 2011	31 December 2010
Up to 1 year	20,362	18,620
From 1 to 5 years	83,879	88,949
More than 5 years	162,446	142,116
	266,687	**249,686**

Obligations under finance leases mainly consist of the liability (€ 254.7 million) arising from the finance lease agreement for the Citylink building by the Group subsidiary Picar SA, of total duration fifty two years.

40 Other provisions

	31 December 2011	31 December 2010
Opening balance	19,817	18,089
Opening balance from discontinued operations	(766)	-
Opening balance of subsidiaries companies that sold, dispoded or changed portfolio	-	(7)
Charge for the year	2,759	3,819
Usage of provisions	(283)	(540)
Foreign exchange differences	(3,225)	(1,543)
Balance at the end of the year	**18,303**	**19,817**

Amounts in thousand euros (Unless otherwise stated)

41 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 16).

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

Deferred tax liabilities	**31 December 2011**	**31 December 2010**
Pensions and other post retirement benefits	(226)	(345)
Impairment of loans and receivables	12,956	14,899
Other provisions	204	(472)
Securities valuation	(104)	779
Recognition of commision according to effective interest rate calculation	(2,068)	(880)
Investment property valuation	9,656	19,869
Depreciation of property, plant and equipment	18,805	13,230
Intangible assets	(167)	(51)
Adjustment of nominal tax rates	(36)	-
Recognition of tax losses	(1,099)	(13,777)
Impairment of securities	(44)	-
Deferred tax liability of purchase price allocation exercise	1,129	1,827
Other deferred tax items	7,634	6,831
	46,640	**41,910**
Deferred tax assets		
Pensions and other post retirement benefits	25,581	35,579
Impairment of loans and receivables	322,918	111,495
Other provisions	9,408	5,388
Securities valuation	140,958	197,086
Derivative financial instruments valuation	(3,495)	10,671
Recognition of commision according to effective interest rate calculation	9,632	9,366
Investment property valuation	(10,943)	(22,503)
Depreciation of property, plant and equipment	(17,523)	(15,443)
Intangible assets	(30,608)	(32,028)
Adjustment of nominal tax rates	3,483	-
Recognition of tax losses	90,152	17,177
Impairment of Greek government bonds	654,066	-
Impairment of securities	(638)	651
Other deferred tax items	(14,999)	(19,557)
	1,177,992	**297,882**
Net deferred tax asset	**1,131,352**	**255,972**

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

	2011	**2010**
Net deferred tax asset as at 1 January	**255,972**	**142,594**
Net deferred tax asset/ (liability) due to changes in the portfolio of subsidiaries	1,186	(1,515)
Effect of deferred tax on profit or loss from continuing operations	938,377	57,070
Effect of deferred tax on profit or loss from discontinued operations	-	(201)
Available for sale portfolio securities	(76,265)	52,438
Deferred tax on return on preference shares	-	4,802
Deferred tax on expenses of share capital increase	10,615	-
Currency translation effect	1,467	787
Net deferred tax asset as at 31 December	**1,131,352**	**255,972**

The movement of deferred tax in profit and loss for the year (note 16) is analysed as follows:

Deferred tax (Income Statement)	**1/1-31/12/2011**	**1/1-31/12/2010**
Pensions and other post retirement benefits	(10,122)	(1,284)
Impairment of loans and receivables	213,366	77,205
Other provisions	3,344	(1,178)
Securities valuation	21,020	12,944
Derivative financial instruments valuation	(14,166)	(1,834)
Recognition of commision according to effective interest rate calculation	1,453	(939)
Investment property valuation	21,773	5,970
Depreciation of property, plant and equipment	(7,585)	(12,191)
Intangible assets	(9,079)	(7,375)
Adjustment of nominal tax rates	3,519	-
Recognition of tax losses	59,042	10,930
Impairment of Greek government bonds	654,066	-
Impairment of securities	(1,245)	-
Deferred tax of purchase price allocation exercise	499	761
Foreign exchange differences and other temporary differences	2,492	(25,940)
	938,377	**57,070**

Amounts in thousand euros (Unless otherwise stated)

During the year 2011, a) deferred tax of amount € 76,265 thousands relating to valuation of the available for sale securities did not affect the profit and loss for the year, but instead recorded under the available for sale reserve according to the relevant IFRS regulations and b) an amount of € 10,615 thousands regarding return on preference shares of Piraeus Bank amounting to € 53,074 thousands, did not affect the profit and loss for the year, but instead affected share premium reserve. Deferred tax movement was also affected by foreign exchange differences of amount € 1,466 thousands, as well as by changes in the portfolio of subsidiaries and associates of € 1,186 thousands. Specifically, the deferred tax balances of new companies and companies which were sold or presented changes within the portfolio of 2011, affected deferred tax on categories "Pensions and other post retirement benefits", "recognition of tax losses", "depreciation of property, plant and equipment" and "other deferred tax items".

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.

Measurement and Recognition of Deferred Tax on GGBs impairment Loss

DTA on PSI losses has been calculated and recognized based on the best estimates of the management of the Bank, regarding the evolution of its tax profit in the foreseeable future, along with the nature and the ability to recover these losses according to the greek tax regime at the end of 2011.

As a result, deferred tax income of € 421 million approximately was not recognized in 2011 profit & loss account and consequently in the equity of the Bank and the Group.

42 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 2011 and 2010 are presented below:

	2011	2010
Retirement benefit obligations as at 1 January	**209,489**	**202,460**
Opening balance of new subsidiaries on the date of acquisition and of subsidiaries that sold, dispoded or changed portfolio	30	(465)
Movement for the year (note 13)	28,035	31,452
Contributions paid	(64,351)	(24,514)
Currency translation differences and provision for outstanding annual leaves	(348)	557
Retirement benefit obligations as at 31 December	**172,855**	**209,489**

The amount of contributions paid during 2011 included the use amount of € 39 million to cover the program through an insurance company

1) Piraeus Bank

The defined benefit obligation is calculated based on actuary studied from independent actuary 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 defined benefit obligation is determined by the present value of cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

Amounts recognised in the balance sheet	**31 December 2011**	**31 December 2010**
Pension schemes-funded	57,142	58,948
Other post retirement benefits - not funded	81,759	118,628
	138,901	**177,576**
Benefits due to mergers	159	159
Total obligation	**139,060**	**177,735**

	1/1-31/12/2011	**1/1-31/12/2010**
Income statement		
Pension schemes-funded	(13,210)	(3,443)
Other post retirement benefits - not funded	(11,535)	(23,172)
	(24,745)	**(26,615)**

Amounts in thousand euros (Unless otherwise stated)

A) Pension schemes - funded

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

	31 December 2011	31 December 2010
Present value of funded obligations	90,156	72,362
Fair value of plan assets	(35,846)	(13,060)
	54,310	**59,303**
Unrecognised actuarial (losses)/ gains	3,936	(5,750)
Unrecognised past service cost	(1,104)	5,396
Liability in the balance sheet	**57,142**	**58,948**

Although, TEAPETE is no longer among funded benefits since 2006, it is featured as part of funded benefits for comparison purposes. The Bank applied 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 7 installments were paid until 31/12/2011. The obligation, which is the present value of the other 3 instalments, amounts to € 18,1 million as at 31/12/2011.

The amounts recognised in the income statement are as follows:

Pension schemes - Income statement	**1/1-31/12/2011**	**1/1-31/12/2010**
Current service cost	(4,460)	(2,786)
Interest cost	(6,454)	(3,759)
Expected return on plan assets	616	777
Recognition of actuarial (losses)/ gains	(444)	1,971
Past- Services Cost	(5,130)	354
Settlement/ Curtailment/ Termination Loss/ (Gain)	2,662	-
Total, included in staff costs	**(13,210)**	**(3,443)**

The movement of the defined benefit obligation for the years 2011 and 2010 is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	**72,362**	**94,758**
Opening balance including the Loyalty Plan of 2011	52,375	-
Current service cost	4,460	2,786
Interest cost	6,454	3,759
Contributions by plan participants	1,483	1,610
Benefits paid from the fund	(20,015)	(6,814)
Benefits paid directly by the employer	(7,615)	(7,134)
Settlement/ Curtailment/ Termination Loss/ (Gain)	(1,663)	-
Past- Services Cost	(5,091)	(5,749)
Net actuarial (gains)/ losses recognised for the year	(12,594)	(10,854)
Closing balance	**90,156**	**72,362**

For one of the post retirement benefit plans, it was decided:

i) the modification of the benefits structure and their reduction from 01.01.2011, that affected both the accrued and the future obligations of the plan. This change generated “past service gain” of € 5.1 million, which has been disclosed and will be recognized gradually, starting from 2011, while at the same time the “Income Statement Account” for 2011 was recalculated, taking into account the new reduced benefits

ii) to be provided through an insurance contract, resulting in its classification as at 31.12.2011 in funded schemes (versus unfunded).

The movement of the fair value of plan assets of the years 2011 and 2010 is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	**13,059**	**17,537**
Expected return on plan assets	616	777
Employer contributions	42,738	2,647
Employee contributions	1,483	1,610
Benefits paid from the fund	(20,015)	(6,814)
Assets gains/ (losses)	(2,036)	(2,698)
Closing balance	**35,846**	**13,059**

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

	31 December 2011	31 December 2010
Opening balance	**58,948**	**65,286**
Opening balance including the Loyalty Plan of 2011	35,337	-
Movement for the year	13,210	3,443
Contributions paid by the employer	(42,738)	(2,647)
Benefits paid directly by the employer	(7,615)	(7,134)
Closing balance	**57,142**	**58,948**

Amounts in thousand euros (Unless otherwise stated)

B) Other post retirement benefits - not funded

The amounts recognised in the balance sheet are as follows:

	31 December 2011	31 December 2010
Present value of unfunded obligations	67,102	137,546
Unrecognised actuarial (losses)/ gains	16,786	6,407
Unrecognized past service cost	(2,128)	(25,325)
Liability in the balance sheet	**81,759**	**118,628**

The movement in the defined benefit obligation for the years 2011 and 2010 is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	**137,545**	**158,749**
Opening balance without the Loyalty Plan of 2011	(52,374)	-
Current service cost	3,748	8,283
Interest cost	3,056	5,457
Benefits paid by the employer	(13,067)	(12,370)
Settlement/ Curtailment/ Termination Loss/ (Gain)	3,523	2,053
Past service cost	(4,309)	85
Actuarial (gains)/ losses recognised fot the year	(11,019)	(24,711)
End of year	**67,102**	**137,545**

The amounts recognised in the income statements of 2011 and 2010 are as follows:

Income Statement	**1/1-31/12/2011**	**1/1-31/12/2010**
Current service cost	(3,748)	(8,283)
Interest cost	(3,056)	(5,457)
Recognition of actuarial (losses)/ gains	285	16
Past service cost recognized	(2,166)	(8,280)
Settlement/ Curtailment/ Termination Loss/ (Gain)	(2,850)	(1,168)
Total, included in staff costs	**(11,535)**	**(23,172)**

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

	31 December 2011	31 December 2010
Opening balance	**118,628**	**107,826**
Opening balance without the Loyalty Plan of 2011	(35,337)	-
Movement for the year	11,535	23,172
Benefits paid by the employer	(13,067)	(12,370)
Closing balance	**81,759**	**118,628**

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

	31 December 2011	31 December 2010
Discount rate	5.00%	5.00%
Expected return on plan assets	5.00%	5.00%
Future increase of salaries	2.00%	2.50%

The income statement account for 2011 was recalculated, taking into account the new assumptions and estimates for the increases in salaries by 2% instead of 2.5%. The same assumptions were used for the recalculation of the actuarial obligation and the actuarial gains/ losses as at 1/1/2011.

The provisioning policy for compensations due to departure from service was specified in 2011according to the relevant regulations of law 2112 and the individual contracts, and the relevant past service gain of € 4.3 million was disclosed and will be recognized gradually from 2012 and thereafter.

2) Subsidiaries

For the estimation of the liability relating to defined benefit obligation plans of Group's subsidiaries an actuarial study has been carried out. The total amount of the liability from continuing operations related to the Group subsidiaries is € 33,797 thousand (2010: € 31,755 thousand). The total charge in profit and loss for the year 2011 resulting from the defined benefit obligation plans of the Bank, is € 24,745 thousand (2010: € 26,615 thousand) and the continuing operations of the Group subsidiaries is € 3,291 thousand (2010: € 3,345 thousand).

43 Contingent liabilites and commitments

A) Legal procedures

The legal proceedings outstanding against the Group as at 31/12/2011 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. The Group's provision for outstanding litigations amounts to € 2.4 million from continuing operations and € 0.4 million from discontinued operations.

B) Credit commitments

As at 31/12/2011 the Group had the following capital commitments:

Amounts in thousand euros (Unless otherwise stated)

	31 December 2011	31 December 2010
Letters of guarantee	2,571,736	2,872,163
Letters of credit	53,841	129,312
Commitments to extent credit	1,737,346	3,609,990
	4,362,923	**6,611,465**

C) Assets pledged

	31 December 2011	31 December 2010
Balances with central banks	567	384
Trading securities	385,626	365,514
Investment securities	3,013,094	6,001,136
Debt securities held by the Group own issue	14,702,402	13,152,339
Loans and advances to customers and debt securities receivables	12,485,612	6,361,742
	30,587,302	**25,881,114**

In the “Debt securities held by the Group own issue” category, an amount of € 14,582 million refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic and an amount of € 121 million refers to securities derived from the securitization of mortgage, consumer and corporate loans. The prementioned securities are not included in assets.

D) Operating lease commitments

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

	31 December 2011	31 December 2010
Up to 1 year	44,767	44,732
From 1 to 5 years	174,827	177,753
More than 5 years	329,636	331,916
	549,230	**554,401**

44 Share capital

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2010	**1,974,020**	**927,739**	**(123)**	**2,901,636**
Reduction of the nominal value of ordinary shares	(1,503,138)	1,503,138	-	0
(Purchases)/ sales of treasury shares	-	-	(8,667)	(8,667)
Balance at 31st December 2010	**470,882**	**2,430,877**	**(8,790)**	**2,892,969**

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2011	**470,882**	**2,430,877**	**(8,790)**	**2,892,969**
Increase of share capital through cash payment	242,116	522,478	-	764,594
Issue of preference shares	380,000	-	-	380,000
(Purchases)/ sales of treasury shares and preemption rights	-	-	8,598	8,598
Balance at 31st December 2011	**1,092,998**	**2,953,355**	**(192)**	**4,046,161**

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 2010	**413,840,653**	**(14,451)**	**413,826,202**
Purchases of treasury shares	-	(2,624,000)	(2,624,000)
Sales of treasury shares	-	14,278	14,278
Balance at 31st December 2010	**413,840,653**	**(2,624,173)**	**411,216,480**

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1st January 2011	**413,840,653**	**(2,624,173)**	**411,216,480**
Issue of ordinary shares	807,054,045	**-**	807,054,045
Acquisition of treasury shares due to share capital increase	**-**	(3,872,743)	(3,872,743)
Purchases of treasury shares and preemption rights	-	(17,823,643)	(17,823,643)
Sales of treasury shares and preemption rights	-	23,911,771	23,911,771
Issue of preference shares	1,266,666,666	-	1,266,666,666
Balance at 31 December 2011	**2,487,561,364**	**(408,788)**	**2,487,152,576**

On 1/1/2011 the Bank's share capital amounted to € 470,881,754.88, divided to 336,272,519 ordinary registered shares with voting rights, each with a nominal value of € 0.30 and 77,568,134 preference shares without voting rights L.3723/2008, each with a nominal value of € 4.77.

The Board of Directors on January 3, 2011 resolved upon the increase of the Bank's share capital by an amount of € 242,116,213.50 through payment in cash and the granting of a pre-emption right to the existing ordinary shareholders at a subscription ratio of 12 new shares for every 5 existing ordinary registered shares and at subscription price of € 1 per new share. The share capital increase concluded on January 31, 2011 with the issuance of 807,054,045 new ordinary registered shares of nominal value € 0.30 each. The Share premium reserve increased by € 522,478,236.59 after the deduction of the expenses related to the share capital increase and the prespective deferred tax.

Amounts in thousand euros (Unless otherwise stated)

On December 23, 2011 the Shareholders Meeting resolved upon the Bank's share capital increase, and the cancellation of the pre-emption right of the existing shareholders in favour of the Greek State, by contribution in kind in accordance with the provisions of L. 3723/2008 on "Enhancing the liquidity of the economy and addressing the impact of the global financial crisis". The share capital increase by € 379,999,999.80 concluded on December 30, 2011 with the issuance of 1,266,666,666 new preferred shares, that have been undertaken by the Greek State, of nominal value € 0.30 each. Expenses of € 4,180,000 related to share capital increase reduced Retained earnings.

Following this increase (and taking into consideration the next paragraph), the Bank's share capital as of 31/12/2011 amounted to € 1,092,997,968.18, divided into 1,143,326,564 ordinary voting registered shares, each with a nominal value of € 0.30 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

Pursuant to the Ordinary Shareholders Meeting resolution dated 20/5/2011, an increase of the nominal value of each common share was decided from thirty cents (€ 0.30) to one euro and twenty cents (€ 1.20) with a reduction of the number of common shares of the Bank from one billion one hundred and forty three million three hundred and twenty six thousand five hundred and sixty four (1,143,326,564) to two hundred and eighty five million eight hundred and thirty one thousand six hundred and forty one (285,831,641) (reverse split). The new common shares that were issued following the aforesaid reverse split are not yet traded in the Athens Exchange. After the completion of the regulatory procedures the Bank’s share capital will amount to € 1,092,997,968.18, divided into 285,831,641 ordinary voting registered shares, each with a nominal value of € 1.20 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

According to 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 participates in the reinforcement programmes, provided by the Law 3723/2008 (Gov. Gazette A’ 250/9.12.2008). Treasury shares transactions are carried out by the Group subsidiary Piraeus Securities S.A. through its activities relating to its role as a market maker.

45 Other reserves and retained earnings

	31 December 2011	31 December 2010
Legal reserve	104,149	100,488
Extraodinary reserve	1,822	1,821
Available for sale reserve	(67,924)	(342,714)
Currency translation reserve	(179,659)	(183,972)
Other reserves	10,554	(8,468)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	(14,529)	-
Total other reserves	**(145,587)**	**(432,845)**
Retained earnings	(5,975,642)	672,687
Total other reserves and retained earnings	**(6,121,229)**	**239,842**

In the “Amounts recognized directly in equity relating to non-current assets from discontinued operations” category the “Available for sale reserve” and the “Currency translation reserve” from discontinued operations is included.

Other reserves movement	31 December 2011	31 December 2010
Opening balance for the year	(432,845)	(218,195)
Movement of available for sale reserve	274,791	(184,953)
Formation of legal reserve	3,662	4,944
Formation of other reserves	18,934	(13,193)
Foreign exchange differences and other adjustments	4,401	(21,448)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	(14,529)	-
Closing balance for the year	**(145,587)**	**(432,845)**

Available for sale reserve movement		
Opening balance for the year	(342,714)	(157,762)
Opening balance from discontinued operations	2,864	-
Gains/ (losses) from the valuation of bonds	(260,331)	(199,666)
Gains/ (losses) from the valuation of shares and mutual funds	(93,170)	(67,229)
Recycling to income statement of Greek government bonds impairment	428,125	-
Recycling to income statement of shares, mutual funds and bonds impairment (without Greek government bonds)	267,190	-
Deferred income tax	(76,366)	49,574
Recycling of the accumulated fair value adjustment of disposed securities	(82)	480
Depreciation of accumulated impairment of tranferred bonds	6,741	20,289
Foreign exchange differences and other movements	(180)	11,600
Closing balance for the year	**(67,923)**	**(342,714)**

During the year 2011, loss of € 9.5 million, attributable to the valuation of the interest rate risk of hedged available for sale bonds, has been recognized directly in the income statement of the year.

Recycling to income statement of Greek government bonds impairment includes impairment of € 54 million that relates to reclassified in previous financial years bonds. These reclassified bonds are reported under held to maturity portfolio and debt securities - receivables as at 31/12/2011.

Amounts in thousand euros (Unless otherwise stated)

Retained earnings movement	**31 December 2011**	**31 December 2010**
Opening balance for the year	672,687	782,619
Premium on equity instrument	-	(67,805)
Profit/ (loss) after tax attributable to the owners of the parent entity	(6,613,379)	(20,474)
Prior year dividends of preference shares	-	(18,006)
Profit/ (loss) from sales of treasury shares	(7,534)	29
Share capital increase expenses	(4,180)	-
Transfer between other reserves and retained earnings	(22,596)	8,249
Acquisitions, disposals, absorptions, liquidations and movement in subsidiaries holding	(454)	(11,822)
Other movements	(185)	(103)
Closing balance for the year	**(5,975,641)**	**672,687**

46 Dividend per share

Pursuant to article 1 of Law 3723/2008, Banks, for as long as they participate in the enhancement of liquidity scheme of this Law, are not allowed to distribute dividends higher than the minimum amount set by the provisions of article 3, Law 148/1967. Moreover, article3, paragraph 3c of Law 4063/2012 (FEK A' 71/30.3.2012) states that in case of distributing any dividends to the shareholders for the year 2011, this will be strictly limited to distribution of shares, which should not result from buy back procedure.

In addition, the State representatives participating in the Board of Directors of the abovementioned Banks, have the right to veto on any resolution related to the distribution of dividends.

Since there are no distributable profits or relevant amounts related to reserves to be distributed pursuant to the provisions of the Articles of Association and the Law (article 44a of Law 2190/1920), the payment of dividends by cash or shares for the fiscal year 2011 is not allowed. Therefore, the Management of the Bank will not propose in the Annual Ordinary General Meeting of Shareholders during 2012, the distribution of dividends for ordinary as well as for preference shares.

The accrued dividend of preference shares for the year 2011, which will not be distributed, amounts to € 37.0 million (€ 29.6 million after tax).

The Shareholders General Meeting, that took place on 20/5/2011, resolved, pursuant to the aforementioned legally binding provisions, not to distribute any dividends to the shareholders of ordinary preference shares for the year 2010. Therefore, prior year balances relating to preference shares dividends have been adjusted for comparability purposes.

47 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 2011	**31 December 2010**
Cash and balances with central banks (note 19)	2,125,138	2,555,094
Loans and advances to credit institutions (note 20)	291,610	1,445,429
Trading securities (note 22)	39,944	34,406
	2,456,692	**4,034,929**

48 Related party transactions

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

	Board of Directors members and key management personnel	
	31 December 2011	**31 December 2010**
Loans	130,510	130,521
Deposits	27,692	40,025

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2011 are € 1.2 million (31/12/2010: € 2.3 million). The total income that relates to members of the Board of Directors and to key management personnel for the year 2011 is € 5.2 million (31/12/2010: € 4.3 million). The total expense that relates to the prementioned related parties for the year 2011 is € 1.3 million (31/12/2010: € 0.8 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	**1/1-31/12/2011**	**1/1-31/12/2010**
Salaries and other remuneration	4,848	4,662
Termination benefits or vesting of benefits	4,356	3,491
	9,204	**8,153**

Amounts in thousand euros (Unless otherwise stated)

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel, following the secession or the vesting of benefits of particular management personnel and the adjustments that took place in the current year, amount to € 23.9 million as at 31/12/2011 (31/12/2010: € 31.6 million). The full amount of the above provisions has been included in the retirement benefit obligation (note 42).

	Associates	
	31 December 2011	**31 December 2010**
Deposits	47,246	49,347
Loans and advances to customers	100,655	58,564
	1/1-31/12/2011	**1/1-31/12/2010**
Interest/ expense	(1,866)	(1,928)
Interest/ income	3,666	2,158

49 Changes in the portfolio of subsidiaries and associates

In the period from 1/1/2011 to 31/12/2011, the following changes took place in the Group's portfolio of subsidiaries and associates:

a) Acquisitions - Increases of participation:

In March 2011, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., increased its shareholding in Euroinvestment & Finance Public LTD through the purchase of 394 shares with the amount of € 0.26 thousand, increasing its shareholding percentage from 0.004% to 0.007%, without having a significant influence in the Group's shareholding percentage to the company (90.86%).

During the first quarter of 2011, Piraeus Bank S.A. increased its shareholding percentage by 10% in associates, Euroterra S.A. to 39.22% with the amount of € 7.67 million, Rebikat S.A. to 40% with the amount of € 0.35 million and Abies S.A. to 40% with the amount of € 0.45 million.

On 31/5/2011, Piraeus Bank S.A. bought 2,716 shares of Marathon Banking Corporation, with the amount of € 1.91 million, increasing its shareholding percentage from 96.24% to 98.43%.

On April and May 2011, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., increased its shareholding percentage in Euroinvestment & Finance Public LTD by 0.03% with the amount of € 2.6 thousand. As a result, Piraeus Bank Cyprus LTD increased its shareholding percentage from 0.01% to 0.04%, increasing simultaneously the Group's shareholding percentage from 90.86% to 90.89%.

On 30/9/2011, Piraeus Bank S.A. bought 26,355 shares of Achaia Clauss Estate S.A., with the amount of € 642 thousand, increasing its shareholding percentage from 74.36% to 74.47%.

On 30/10/2011, Piraeus Bank Egypt S.A.E., 98.03% subsidiary of Piraeus Bank S.A., increased its shareholding percentage in Piraeus – Egypt Asset Management Co. through the purchase of 395 shares with the amount of € 47.13 thousand. As a result, Piraeus Bank Egypt S.A.E. increased its direct shareholding percentage from 89.88% to 99.75%, increasing simultaneously the Group's shareholding percentage from 88.35% to 98.03%.

On 19/12/2011, Piraeus Bank S.A. increased its participation in Tirana Bank I.C.B. S.A. through the purchase of 3,777 shares with the amount of € 1.20 million, increasing its shareholding percentage from 96.71% to 98.00%.

On 20/12/2011, Piraeus Bank S.A. purchased from its 100% subsidiary Pireaus Direct Services S.A. 146,758 shares of Piraeus Cards S.A., 100% Group's subsidiary, with the amount of € 440 thousand. As a result, Piraeus Bank S.A. increased its direct shareholding percentage in Piraeus Cards S.A. from 59.16% to 100%, without altering Group's shareholding percentage (100%).

On 14/06/2011, Bulfina EAD, 100% subsidiary of Piraeus Bank S.A., acquired 250 shares of Bulfinace EAD with the amount of € 12,8 thousand. Therefore, Group's shareholding percentage of Bulfinace EAD increased from 50% to 100%.

b) Acquisitions-Establishments:

Piraeus FI Holding LTD, 100% subsidiary of Piraeus Equity Partners LTD, acquired Piraeus Clean Energy LP with the amount of € 0.5 thousand.

Piraeus Clean Energy LP, 100% subsidiary of Piraeus FI Holding LTD, acquired 100% of Piraeus Clean Energy Holdings LTD, with the amount of € 1 thousand.

On 20/4/2011, R.E. Anodus LTD, 100% subsidiary of Piraeus Bank S.A. acquired 33.3% of Entropia Ktimatiki S.A. with the amount of € 4.74 million. Entropia Ktimatiki S.A. participates in associates' portfolio.

On 27/6/2011, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., acquired 100% of Adflikton Investments LTD, Cospleon Investments LTD, Cutsofiar Enterprises LTD, Rockory Enterprises LTD, Albalate Company LTD, Akimoria Enterprises LTD, Alarconarco Enterprises LTD with the amount of €1 thousand for each and Gravieron Company LTD, Kaihur Investments LTD, Pertanam Enterprises LTD, Topuni Investments LTD with the amount of €2 thousand for each. The above companies will operate at property management sector.

On 28/7/2011, Olympic Commercial & Tourist Enterprises S.A., 94.98% subsidiary of Piraeus Bank S.A., acquired 100% of Visa Rent A Car with the amount of € 0.10 thousand.

On 1/11/2011, Piraeus Clean Energy Holdings LTD, 100% Group's subsidiary, acquired 100% of Zibeno Investments LTD, with the amount of € 1 thousand.

c) Participation in the share capital increases/ decreases:

O.F. Investments Ltd increased its share capital with the amount of € 110 thousand. The amount was fully covered on 1/2/2011 by Piraeus Equity Partners Ltd, 100% subsidiary of Piraeus Bank S.A., acquiring in this way 44% of O.F. Investments Ltd. As a result, Piraeus Bank's S.A. shareholding percentage to the company reduced from 100% to 56%.

Good Works Energy Photovoltaics S.A. increased its share capital with the amount of €160 thousand. On 2/2/2011 ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., covered its shareholding ratio in the share capital increase of Good Works Energy Photovoltaics S.A. through payment of € 81.6 thousand without altering company's and Group's shareholding of 51% and 33.15% respectively.

On 7/2/2011 Good Works Energy Photovoltaics S.A. fully covered the share capital increases of its direct participations as follows: Phoebe Energy Photovoltaics S.A. with the amount of € 31 thousand, Iapetos Energy Photovoltaics S.A. with the amount of € 38 thousand, Orion Energy Photovoltaics S.A. with the amount of € 31 thousand and Astraios Energy Photovoltaics S.A. with the amount of € 30 thousand. Thus, Good Works Energy Photovoltaics' S.A. shareholding percentage in each of the above companies increased from 99.98% to 99.99%, whereas the Group's shareholding percentage in the above companies reduced from 33.16% to 33.15%.

On 9/3/2011 Piraeus Bank S.A. fully covered the share capital increase of New Up Dating Development S.A. with the amount of € 350 thousand, increasing its direct shareholding from 0.17% to 5.67%. Piraeus Real Estate S.A., 100% subsidiary of Piraeus Bank S.A., holds the rest shareholding percentage of 94.33%.

Euroterra S.A., associate of Piraeus Bank S.A. increased its share capital with the amount of € 499.98 thousand. On 30/3/2011 Piraeus Bank S.A. covered its shareholding percentage in the share capital increase with the amount of € 146.07 thousand without altering its shareholding (29.22%).

Piraeus Wealth Management A.E.P.E.Y., 65% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 6.50 million. On 5/4/2011 Piraeus Bank S.A., covered its shareholding percentage in the share capital increase with the amount of € 4.23 million, without altering its shareholding percentage (65%).

On 19/5/2011 and 6/6/2011 Piraeus Bank S.A., fully covered the share capital increase of its 99.98% subsidiary JSC Piraeus Bank ICB, with the amount of € 69.52 million, increasing in this way its shareholding percentage to 99.99%.

APE Investment Property S.A., associate of Piraeus Bank S.A., increased its share capital with the amount of €10.00 million. On 29/6/2011 Piraeus Bank S.A. covered its shareholding percentage in the share capital increase with the amount of € 2.72 million, without altering its shareholding percentage of 27.2%.

On 11/7/2011 APE Commercial Property Real Estate Tourist and Development S.A., 27.80% associate of Piraeus Bank S.A., increased its share capital with the amount of € 63.20 million. Piraeus Bank S.A., covered its shareholding percentage in the share capital increase with the amount of € 17.57 million, without altering its shareholding percentage (27.80%).

On 11/7/2011 APE Fixed Assets Real Estate Tourist and Development S.A., 27.80% associate of Piraeus Bank S.A., increased its share capital with the amount of € 45 million. Piraeus Bank S.A., covered its shareholding percentage in the share capital increase with the amount of € 12.51 million, without altering its shareholding percentage (27.80%).

On 8/9/2011, Olympic Commercial & Tourist Enterprises S.A., 94.98% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary, Visa Rent A Car, with the amount of € 450.02 thousand.

On 17/10/2011, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Piraeus Equity Advisors LTD, with the amount of € 550 thousand, without altering its shareholding percentage.

On 31/10/2011, Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary New Evolution S.A. with the amount of € 40 thousand, without altering its shareholding percentage.

On 15/11/2011 and 17/11/2011, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Piraeus FI Holdings LTD, with the amount of € 135 thousand respectively, without altering its shareholding percentage.

On 16/11/2011, Piraeus Clean Energy Holdings LTD, 100% Group's subsidiary, covered its shareholding ratio in the share capital increase by € 144 thousand, of its 83% subsidiary Zibeno Investments LTD with the amount of € 119.52 thousand, without altering its shareholding percentage.

On 16/11/2011 and 18/11/2011, Piraeus Clean Energy LP, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy Holdings LTD, with the amount of € 134 thousand, without altering its shareholding percentage.

On 20/12/2011, Piraeus Bank S.A., fully covered the share capital increase of its 98.00% subsidiary Tirana Bank I.C.B. S.A. with the amount of € 20 million. Therefore, Piraeus Bank S.A. increased its direct shareholding percentage to 98.48%.

Piraeus FI Holdings LTD, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the amount of € 135 thousand, without altering its shareholding percentage.

d) Liquidation and disposal of shareholding percentages:

On 17/3/2011 Piraeus Bank S.A. sold 56% of O.F. Investments Ltd shareholding percentage with an amount of € 140 thousand to Piraeus Equity Partners Ltd. Thus, Piraeus Equity Partners Ltd increased its shareholding percentage in O.F. Investments Ltd from 44% to 100%, without altering Group's shareholding percentage (100%).

Vitria Investments S.A., 100% subsidiary of Piraeus Bank S.A., was set under liquidation upon decision of the Shareholders General meeting on 17/3/2011. The relevant decision was registered in Panama's Registry on 30/3/2011.

On 18/3/2011 Piraeus Bank S.A. sold 100% of its subsidiary Curdart Holding Ltd with an amount of € 2 thousand to Piraeus Bank Cyprus LTD, without altering Group's shareholding percentage (100%).

Maples Invest & Holding S.A., 100% subsidiary of Piraeus Bank S.A., was set under liquidation upon decision of the Shareholders General meeting on 18/3/2011.

Margetson Invest & Finance S.A., 100% subsidiary of Piraeus Bank S.A., was set under liquidation upon decision of the Shareholders General meeting on 18/3/2011.

On 15/4/2011, the General Meeting's decision of dissolution and liquidation of Capital Investments & Finance S.A., 100% subsidiary of Piraeus Bank S.A., was registered in Liberia's Registry.

On 31/5/2011 and 30/6/2011, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., sold 400,000 and 300,000 shares respectively, of its associate Atlantic Insurance Public Company LTD, with a total amount of € 698.16 thousand. As a result, the shareholding percentage of Piraeus Bank Cyprus LTD decreased from 21.70% to 19.91%. The company was transferred from the associates' portfolio to the available for sale portfolio, as the requirements for its consolidation under the equity method of accounting are no longer met.

On 9/6/2011, ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., sold 10,000 shares of its 92.94% subsidiary DI.VI.PA.KA S.A, with an amount of € 3.50 thousand, decreasing its shareholding percentage to 88.51%. Therefore, Group's shareholding percentage to DI.VI.PA.KA S.A. decreased from 60.41% to 57.53%.

On 29/6/2011, the subsidiary company, Tortilus LTD, was sold with an amount of € 1 thousand. In the above company, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., participated with a shareholding percentage of 100%.

On 7/7/2011, the Shareholders' General Meeting decided to put into liquidation status Piraeus Wealth Management (Switzerland) S.A., 65% subsidiary of Piraeus Wealth Management A.E.P.E.Y. Group's shareholding percentage in Piraeus Wealth Management (Switzerland) S.A. is 42.25%.

On 24/10/2011, Shinefocus LTD, 100% subsidiary of Philoktimatiki Public LTD, was set under liquidation upon decision of its Shareholders General meeting. The liquidation is estimated to be legally concluded within 2012. It is noted that the Group participates in the above companies with a shareholding percentage of 53.31%.

On 15/11/2011, Piraeus Clean Energy Holdings LTD, 100% Group's subsidiary, sold 170 shares of its 100% subsidiary Zibeno Investments LTD, with an amount of € 0.17 thousand. As a result the direct shareholding percentage of Piraeus Clean Energy Holdings LTD decreased to 83%.

On 28/12/2011, Multicollection Romania SRL was erased from Romania's authorities.

Due to the above mentioned transactions a loss of € 663.8 thousand has been recognized in the Consolidated Income Statement.

e) Further Changes - Transfers:

On 30/6/2011, the merger through absorption of Piraeus Multifin S.A., 100% subsidiary of Piraeus Bank S.A., by Olympic Commercial & Tourist Enterprises S.A., 94% subsidiary of Piraeus Bank S.A., was completed. As a result, Piraeus Bank's S.A. shareholding percentage in Olympic Commercial & Tourist Enterprises S.A. amounts to 94.98%.

Good Works Energy Photovoltaics S.A., 51% subsidiary of ETVA Industrial Parks S.A., was transferred from the subsidiaries' to the associates' portfolio during the 2nd quarter 2011, as the requirements for its consolidation under the full method of consolidation are no longer met. The shareholding percentage of the Group to the company equals to 33.15%, while the shareholding percentage of Piraeus Bank S.A. to ETVA Industrial Parks S.A. equals to 65%. As a result, the Group of the company Good Works Energy Photovoltaics S.A. (Good Works Energy Photovoltaics S.A. and its direct participations Phoebe Energy Photovoltaics S.A., Iapetos Energy Photovoltaics S.A., Orion Energy Photovoltaics S.A. and Astraios Energy Photovoltaics S.A.), is being consolidated under the equity method of accounting.

Kosmopolis A' Shopping Centers S.A., was transferred from the Piraeus Bank's S.A. held for sale assets to the subsidiaries' portfolio, as its shareholding percentage in the company equals to 100%. As a result, Parking Kosmopolis S.A., 100% subsidiary of Kosmopolis A' Shopping Centers S.A., was included in the Group's subsidiaries' portfolio on 31/12/2011.

Bulfinace EAD, 100% subsidiary company of Bulfina S.A. as at 31/12/2011, is included at the subsidiaries' portfolio of the Group though the company started its operations during the 4th quarter of the year 2011.

Amounts in thousand euros (Unless otherwise stated)

Piraeus Bank S.A. transferred its share holding percentage of Piraeus-TANEO Capital Fund, from the available for sale portfolio to the associates' portfolio, as its shareholding percentage in the company equals to 50.01%.

f) Renames:

"Erechtheas Investments & Holdings S.A.", 100% subsidiary of Piraeus Bank S.A., has been renamed to "Pleiades Estate S.A.".

50 Restatement of comparatives

The restatement in Consolidated Income Statement and Consolidated Cash Flow Statement of the year 2010 for the presentation of "Discontinued operations" (Piraeus Bank Egypt Group) as well as the adjustment of earnings / (losses) per share as a result of the share capital increase and the decision not to distribute dividend to shareholders of preference shares are presented below.

Moreover, a reclassification of amount € 10,373 thousand took place from Results from investment securities to Provisions and impairments.

	1/1-31/12/2010		
Consolidated income statement	**Published amounts**	**Discontinued operations**	**Continuing operations**
Interest and similar income	2,662,132	97,181	2,564,951
Interest expense and similar charges	(1,455,233)	(78,199)	(1,377,034)
Net interest income	**1,206,898**	**18,981**	**1,187,917**
Fee and commission income	245,236	12,270	232,967
Fee and commission expense	(46,284)	(1,598)	(44,686)
Net fee and commission income	**198,953**	**10,672**	**188,281**
Dividend income	7,534	1,679	5,855
Net trading income	21,136	1,559	19,577
Net income from financial instruments designated			
at fair value through profit or loss	(8,045)	-	(8,045)
Results from investment securities	(12,964)	(538)	(2,051)
Other operating income	85,543	510	85,033
Total net income	**1,499,056**	**32,864**	**1,476,567**
Staff costs	(410,966)	(21,105)	(389,861)
Administrative expenses	(376,917)	(13,825)	(363,093)
Depreciation and amortization	(94,914)	(11,675)	(83,239)
Gains/ (Losses) from sale of assets	(1,160)	8	(1,168)
Total operating expenses before provisions	**(883,957)**	**(46,597)**	**(837,360)**
Impairment losses on loans, debt securities and other receivables	(596,882)	(25,670)	(568,492)
Impairment on investment securities	-	(1)	(10,373)
Other provisions and impairment	(3,819)	(30)	(6,508)
Share of profit of associates	(3,649)	58	(3,707)
Profit/ (loss) before income tax	**10,749**	**(39,378)**	**50,127**
Income tax expense	(7,311)	(2,219)	(5,092)
Tax contribution	(24,630)	0	(24,630)
Profit/ (loss) after income tax	**(21,192)**	**(41,597)**	**20,406**
Profit/ (Loss) for the year attributable to equity holders			
of the parent entity	(20,474)	(40,585)	20,112
Non controlling interest	(717)	(1,011)	294
Earnings/ (Losses) per share attributable to equity holders of the parent entity:			
- Basic and Diluted	(0.1475)	(0.0640)	0.0317

Consolidated cash flow statement	1/1-31/12/2010		
	Published amounts	**Discontinued operations**	**Continuing operations**
Net cash inflow/ (outflow) from operating activities	4,097,684	531,725	3,565,959
Net cash inflow/ (outflow) from investing activities	(1,884,332)	(22,918)	(1,861,415)
Net cash inflow/ (outflow) from financing activities	(1,543,033)	4	(1,543,037)
Total cash inflows/ (outflows) for the year	**670,319**	**508,812**	**161,507**
Effect of exchange rate fluctuations on cash and cash equivalents	(24,414)	(1,102)	(23,312)
Net increase/ (decrease) in cash and cash equivalents of the year	**645,905**	**507,709**	**138,196**

Amounts in thousand euros (Unless otherwise stated)

	1/1-31/12/2010		
	Published amounts	Discontinued operations	Continuing operations
Cash and cash equivalents at the beginning of the year	3,389,025	182,319	3,206,706
Cash and cash equivalents at the end of the year	4,034,929	690,028	3,344,901

In the year 2011, deferred tax assets and deferred tax liabilities relating to the same taxation authority were offset. For comparability purposes, prior year respective balances were reclassified and deferred tax liabilities of € 118,955 thousand were offset with deferred tax assets. Following the offsetting, deferred tax assets amount to € 297,882 thousand from € 416,837 thousand initially reported. Also, the deffered tax liabilities amount to € 41,910 thousand from € 160,865 thousand initially reported.

51 Events subsequent to the end of the year

On 21 February 2012, the Eurogroup meeting decided to approve the 2nd bail-out program for Greece for the amount of €130 bn, with the involvement of the private sector (PSI) through a bond exchange program, which included a haircut of 53.5% on the nominal value of Greek Government Bonds (GGBs). The details of the PSI program were announced on 24 February 2012. For further information concerning the Bank's participation in the PSI program please refer to the note 4 of 2011 Annual Financial Report.

As expected, the announcement of the commencement of the PSI program induced the downgrade of the Default Ratings of Greece. Specifically, on 27 February 2012, Standard &Poor's (S&P's) credit agency downgraded Greece's Sovereign Long-term and Short term Credit Ratings to 'Selective Default' from "CC" and "C" respectively. On 2nd March 2012, Moody's downgraded Greece's local and foreign currency bond ratings to C from Ca. On 9 March 2012, Fitch downgraded Greece's Long-term foreign and local currency Issuer Default Ratings (IDRs) to "Restricted Default" from "C". On the 12th of March 2012, S&P's announced that Greece's Sovereign credit ratings on Greece remained in Selective Default (SD) and has assigned a Rating of "CCC" to the new bonds issued by the Greek government, following PSI.

On 13 March 2012 and following the completion of the PSI, Fitch Ratings upgraded Greece's Long-term foreign and local currency Issuer Default Ratings (IDRs) to 'B-' with Stable Outlook from 'Restricted Default' (RD) and the Short-term foreign currency IDR to 'B' from 'C'. Finally, on 20 March 2012, Fitch Ratings has decided to remove "Rating Watch Negative" from Piraeus Bank long and Short term Ratings and has affirmed them to B- (Stable outlook) and B respectively.

On 2nd March 2012, Piraeus Bank announced a Tender Offer to purchase existing securities for cash. This Tender Offer referred to subordinated (€ 330 million) and hybrid (€ 159 million) securities of € 489 million total amount. On 12 March 2012, Piraeus Bank announced that it accepted offers of € 144 million, out of which € 60 million subordinated securities and € 84 million hybrid securities.

In mid April 2012 and in the framework of the Greek Banks' recapitalization plans, the Hellenic Financial Stability Fund (HFSF) provided a Commitment Letter for its participation in Piraeus Bank's impending share capital increase, up to the amount of € 5.0 billion.

Athens, April 20th, 2012

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O.	CHIEF FINANCIAL OFFICER	ASSISTANT GENERAL MANAGER
MICHALIS G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

PIRAEUS BANK S.A.

Financial Statements

31 December 2011

In accordance with the International Financial Reporting Standards

The attached financial statements have been approved by Piraeus Bank S.A. Board of Directors on April 20th, 2012 and they are available in the web site of Piraeus Bank at www.piraeusbank.gr

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

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Amounts in thousand euros (Unless otherwise stated))

INCOME STATEMENT

	Note	Year ended '31 December 2011	'31 December 2010
Interest and similar income	6	2,338,098	2,071,117
Interest expense and similar charges	6	(1,571,833)	(1,257,911)
NET INTEREST INCOME		**766,265**	**813,207**
Fee and commission income	7	132,297	140,998
Fee and commission expense	7	(27,326)	(39,079)
NET FEE AND COMMISSION INCOME		**104,971**	**101,919**
Dividend income	8	7,594	40,837
Net trading income	9	(133,555)	(58,010)
Net income from financial instruments designated at fair value through profit or loss	10	(6,668)	(7,626)
Results from investment securities	11	851	(17,616)
Other operating income	12	6,720	34,207
TOTAL NET INCOME		**746,177**	**906,918**
Staff costs	13	(226,929)	(240,502)
Administrative expenses	14	(227,190)	(259,123)
Depreciation and amortisation	27, 28	(40,382)	(32,065)
Gains/ (Losses) from sale of assets		(58)	(824)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(494,559)**	**(532,514)**
PROFIT BEFORE PROVISIONS AND INCOME TAX		**251,618**	**374,404**
Impairment losses on loans, debt securities and other receivables	23	(3,508,458)	(359,667)
Impairment on participation and investment securities	24, 26, 43	(4,069,945)	(9,297)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(7,326,786)**	**5,441**
Income tax expense	15	897,942	7,821
Tax contribution		-	(16,882)
PROFIT/ (LOSS) AFTER TAX		**(6,428,843)**	**(3,620)**
Earnings/ (Losses) per share (in euros):			
- Basic and Diluted	16	(5.9138)	(0.0057)

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Note	'31 December 2011	'31 December 2010
ASSETS			
Cash and balances with Central Bank	18	1,572,849	1,523,902
Loans and advances to credit institutions	19	3,065,200	4,424,327
Derivative financial instruments - assets	20	375,069	142,258
Trading securities	21	125,106	184,259
Financial instruments at fair value through profit or loss	21	9,922	16,426
Reverse repos with customers	22	57,127	969,792
Loans and advances to customers and debt securities - receivables (net of provisions)	23	29,897,655	33,620,102
Investment securities			
- Available for sale securities	24	2,381,550	1,764,783
- Held to maturity	24	1,198,239	4,954,598
Investments in subsidiaries	26	1,909,309	2,088,501
Investments in associated undertakings	26	228,418	179,968
Intangible assets	27	133,999	100,269
Property, plant and equipment	28	314,133	321,149
Investment property	29	201,767	188,010
Assets held for sale	30	172,992	1,326
Deferred tax assets	39	1,132,455	272,732
Inventories property	31	128,998	76,310
Other assets	31	935,517	870,994
TOTAL ASSETS		**43,840,306**	**51,699,707**
LIABILITIES			
Due to credit institutions	32	25,023,614	20,348,801
Liabilities at fair value through profit or loss	33	18,475	308,864
Derivative financial instruments - liabilities	20	381,321	182,219
Due to customers	34	18,334,429	24,051,885
Debt securities in issue	35	1,266,788	2,674,481
Hybrid capital and other borrowed funds	36	494,984	506,584
Retirement benefit obligations	40	139,060	177,735
Other provisions	38	10,665	10,665
Current income tax liabilities		4,080	66,489
Other liabilities	37	225,572	415,005
TOTAL LIABILITIES		**45,898,988**	**48,742,728**
EQUITY			
Share capital	42	1,092,998	470,882
Share premium	42	2,953,356	2,430,877
Other reserves	43	1,603	(271,164)
Retained earnings	43	(6,106,639)	326,384
TOTAL EQUITY		**(2,058,682)**	**2,956,979**
TOTAL LIABILITIES AND EQUITY		**43,840,306**	**51,699,707**

The notes on pages 7 to 62 are integral part of these financial statements.

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Year ended 31 December 2011	Year ended 31 December 2010
Profit/ (Loss) after tax (A)		**(6,428,843)**	**(3,620)**
Other comprehensive income, net of tax:			
Net change in available for sale reserve	17, 43	272,767	(191,744)
Premium on equity instrument	17, 43	-	(67,805)
Other comprehensive income, net of tax (B)	17	**272,767**	**(259,549)**
Total comprehensive income, net of tax (A+B)		**(6,156,076)**	**(263,169)**

STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	TOTAL
Opening balance as at 1st January 2010		**1,974,020**	**927,739**	**0**	**(78,317)**	**414,711**	**3,238,154**
Other comprehensive income, net of tax	17, 43				(191,744)	(67,805)	(259,549)
Results after tax for the year 2010	43					(3,620)	(3,620)
Total recognised income for the year 2010		**0**	**0**	**0**	**(191,744)**	**(71,425)**	**(263,169)**
Prior year dividends of preference shares	43					(18,006)	(18,006)
Reduction of the nominal value of ordinary shares	42	(1,503,138)	1,503,138				0
Tranfer between other reserves and retained earnings	43				(1,104)	1,104	0
Balance as at 31st December 2010		**470,882**	**2,430,877**	**0**	**(271,164)**	**326,384**	**2,956,979**
Opening balance as at 1st January 2011		**470,882**	**2,430,877**	**0**	**(271,164)**	**326,384**	**2,956,979**
Other comprehensive income, net of tax	17, 43				272,767		272,767
Results after tax for the year 2011	43					(6,428,843)	(6,428,843)
Total recognised income for the year 2011		**0**	**0**	**0**	**272,767**	**(6,428,843)**	**(6,156,076)**
Increase of share capital through cash payment	42	242,116	522,478				764,594
Issue of preference shares	42, 43	380,000				(4,180)	375,820
Balance as at 31st December 2011		**1,092,998**	**2,953,356**	**0**	**1,603**	**(6,106,639)**	**(2,058,682)**

Amounts in thousand euros (unless otherwise stated)

CASH FLOW STATEMENT

	Note	Year ended 31 December 2011	31 December 2010
Cash flows from operating activities			
Profit/ (loss) before tax		(7,326,786)	5,441
Adjustments to profit/ (loss) before tax:			
Add: provisions and impairment	23	7,578,403	368,964
Add: depreciation and amortisation charge	27, 28	40,382	32,065
Add: retirement benefits	40	24,745	26,615
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		172,280	(4,253)
(Gains)/ losses from investing activities		(10,223)	(45,254)
Cash flows from operating profits before changes in operating assets and liabilities		**478,802**	**383,578**
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		(20,285)	(6,028)
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		(127,496)	(75,645)
Net (increase)/ decrease in loans and advances to credit Institutions		290,008	(275,324)
Net (increase)/ decrease in loans and advances to customers		871,176	(311,560)
Net (increase)/ decrease in debt securities - receivables		(605,487)	(594,974)
Net (increase)/ decrease in reverse repos with customers		912,664	(969,792)
Net (increase)/ decrease in other assets		(373,250)	(52,854)
Net increase/ (decrease) in amounts due to credit institutions		4,674,812	6,098,356
Net increase/ (decrease) in liabilities at fair value through profit or loss		(290,389)	308,864
Net increase/ (decrease) in amounts due to customers		(5,717,456)	(1,677,810)
Net increase/ (decrease) in other liabilities		(53,750)	67,164
Net cash flow from operating activities before income tax payment		39,350	2,893,975
Income tax paid (including tax contribution)		(42,119)	(2,502)
Net cash inflow/ (outflow) from operating activities		**(2,769)**	**2,891,473**
Cash flows from investing activities			
Purchases of property, plant and equipment	28, 29	(63,954)	(52,164)
Sales of property, plant and equipment	28, 29	2,130	2,672
Purchases of intangible assets	27	(19,821)	(18,192)
Purchases of assets held for sale	30	(1,114)	-
Sales of assets held for sale	30	-	20,839
Purchases of investment securities	24	(4,911,619)	(2,776,439)
Disposals/ maturity of investment securities	24	4,363,834	1,240,435
Acquisition of subsidiaries and participation in share capital increases	26	(98,328)	(137,154)
Disposals of subsidiaries		142	12,056
Acquisition of associates and participation in share capital increases	26	(41,419)	(15,146)
Dividends receipts from subsidiaries		-	30,458
Dividends receipts from associates	8	2,188	2,373
Dividends receipts from available for sale securities	8	2,588	4,006
Net cash inflow/ (outflow) from investing activities		**(765,374)**	**(1,686,257)**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(1,419,293)	(1,724,340)
Increase of share capital through cash payment	42	753,980	-
Net proceeds from issue of preference shares-Greek State	42	375,820	-
Payment of prior year dividends		-	(22,808)
Net cash inflow/ (outflow) from financing activities		**(289,493)**	**(1,747,148)**
Effect of exchange rate changes on cash and cash equivalents		12,844	6,648
Net increase/ (decrease) in cash and cash equivalents		**(1,044,791)**	**(535,283)**
Cash and cash equivalents at the beginning of year		**2,886,063**	**3,421,346**
Cash and cash equivalents at the end of year	45	**1,841,271**	**2,886,063**

1. General Information about the Bank

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

Piraeus Bank is incorporated and domiciled in Greece. The address of the registered office is 4 Amerikis st., Athens. Piraeus Bank operates in Greece and in London (U.K.). The Bank employs in total 4,678 people.

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Banks, 20, International), FTSE/ATHEX-CSE Banking Index, FTSE (Greece Small Cap, RAFI All World & Developed 1000, Med 100, FTSE4Good Index Series), MSCI (World Small Cap, Europe Small Cap, IMI, Greece Small Cap), Euro Stoxx (TMI, Sustainability), S&P (Global BMI, Developed BMI) and Russell Global (SC Growth, SC Value).

2. General accounting policies of the Bank

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

2.1 Basis of presentation of the Bank's financial statements

The attached financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the European Union and in particular with those IFRS standards and IFRIC interpretations issued and effective as at the time of preparing these statements.

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

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

The Bank has incurred substantial impairment losses as a result of the Hellenic Republic's debt restructuring (PSI). Such losses had a respective impact on the accounting and regulatory capital of the Bank as at 31 December 2011, as explained in note 4 "Critical accounting estimates and judgements in the application of the accounting policies" and note 3.8 "Capital adequacy" of the financial statements and also in the Directors' Report.

Having reviewed the Bank's forecasts, projections and other relevant evidence, and after considering,

a) Bank of Greece's ("BoG") recommendation of 18 April 2012 to the Hellenic Financial Stability Fund ("HFSF") for the Bank's accession to the provisions of the Memorandum of Economic and Financial Policies for the recapitalisation of Greek financial institutions,

b) the HFSF's commitment of 20 April 2012, following the relevant application submitted by the Bank, that it will participate in the share capital increase planned to take place in 2012 according to the provisions of the aforementioned Memorandum, and

c) the risks and uncertainties in relation to the recapitalisation process that are summarized as follows:

> For 2012, the fiscal situation in Greece remains the main risk factor for the Greek banking sector and Piraeus Bank. Any possible negative outcome in this field strongly affects the Bank's liquidity and the asset quality.
>
> Greek banks' participation in the PSI had a significant negative impact on their equity and capital adequacy. For this reason, the EU/ECB/IMF, through the 2nd economic adjustment programme, has already fully safeguarded the capital adequacy of the banking system and its capability to finance the Greek economy.

In the context of the recapitalization process of the Greek banks, Bank of Greece (BoG) requested and received (at end January 2012) their detailed Strategic-Business Plans for the period 2012-2015. The banks' capital needs will be based on these plans, including the PSI impact and the results of BlackRock Solutions diagnostic exercise - commissioned by Bank of Greece - on the domestic loan portfolios of the Greek banking groups. At the same time, the capital plans of the Greek banks were submitted to the BoG at the end of March 2012.

According to the Memorandum of Economic and Financial Policies, "banks submitting viable capital raising plans will be given the opportunity to apply for and receive public support in a manner that preserves private sector incentives to inject capital and thus minimizes the burden for taxpayers. Specifically, banks will be able to access capital from the Hellenic Financial Stability Fund (HFSF) through common shares and contingent convertible bonds."

It shall be noted that, the HFSF has already provided under this framework a Commitment Letter up to the amount of €5.0 billion for its participation in the impending share capital increase of Piraeus Bank. The Greek banking sector recapitalization should be consummated by the end of September 2012, in order for the Greek banking groups to comply with a 9% Core Tier 1 ratio by September 2012 and 10% by June 2013.

the Bank's management has a reasonable expectation that the recapitalisation of the Bank will be successfully completed within the timetable provisionally agreed between the Bank, the BoG and the HFSF and that the Bank will continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

(A) New IFRSs, interpretations and amendments that have been issued by the International Accounting Standards Board and adopted by E.C., which are effective from 1.1.2011:

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

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

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

- **IFRIC Interpretation 14 (Amendment), "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2011).** The amendment to IFRIC 14 refers to the estimation of the economic benefit resulting from an early payment of future contributions in defined benefit programmes where there is a minimum funding requirement. Such an economic benefit can be recognized as an asset.

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

Improvements to IFRS (May 2010)

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

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

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

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

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

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

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

(B) The following amendment has been issued by the International Accounting Standards Board and has been endorsed by the E.U. in November 2011. It is not effective in 2011 and has not been early adopted by the Bank:

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

The application of the above mentioned amendment is not expected to have a material effect on the Bank's financial statements in the period of its initial application.

(C) The following new IFRSs, interpretations and amendments have been issued by the International Accounting Standards Board up to the end of 2011 but they have not been endorsed by the E.U. and they have not been early adopted by the Bank:

- **IFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).** IFRS 9 was published in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. According to IFRS 9, financial assets shall be classified at initial recognition at either amortized cost or at fair value. In addition, at initial recognition an entity may make an irrevocable election to present in equity subsequent changes in the fair value of an equity instrument that is not held for trading. IFRS 9 requires all financial assets to be (a) classified on the basis of the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset, (b) initially measured at the fair value plus transaction costs in case of financial assets other than those at fair value through profit or loss, and (c) subsequently measured at amortized cost or fair value.

- **IFRS 9 (Amendment), "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).** Amendments to IFRS 9 were issued to address financial liabilities. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value shall be presented in profit or loss, unless presentation of the fair value change in relation to the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. In such cases, the entire change in fair value shall be presented in profit or loss.

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

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

- **IAS 27 (Amendment), "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** Following the issue of IFRS 10 that replaced all the guidance on control and consolidation in IAS 27, IAS 27 was renamed "Separate Financial Statements" and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

- **IAS 28 (Amendment), "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013).** IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

- **IFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities.

- **IFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013).** IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. Joint arrangements are either classified as joint operations or joint ventures. Equity accounting is mandatory for participants in joint ventures.

- **IFRS 12, "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013).** IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 requires entities to disclose information that enables users of financial statements to evaluate the nature and risks associated with the entity's interests in other entities and the effects of those interests in the entity's financial statements.

- **IFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).** IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

- **IAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).** The amendment removes the corridor mechanism and the concept of expected returns on plan assets. Actuarial gains and losses will be recognized in other comprehensive income as they occur. Plan assets will produce a credit to income based on corporate bond yields irrespective of the actual composition of assets held.

- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012).** The amendment requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. If the items are presented before tax, then the tax related to the two groups of other comprehensive income items (those that might be reclassified and those that will not be reclassified) must be shown separately.

- **IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).** This interpretation provides guidance for the accounting of waste removal costs that are incurred in surface mining activity during the production phase of a mine ("production stripping costs").

- **IAS 32 (Amendment), "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).** The amendment was issued in December 2011 to provide application guidance in IAS 32 to clarify the meaning of the criterion "currently has a legally enforceable right to set off". The amendment shall be applied retrospectively.

- **IFRS 7 (Amendment), "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities " (effective for annual periods beginning on or after 1 January 2013).** Amendments to IFRS 7 were issued in December 2011 to require additional disclosures that will enable users of financial statements to evaluate the effect of netting arrangements.

- **IFRS 9 and IFRS 7 (Amendments), "Mandatory Effective Date and Transition Disclosures" (effective for annual periods beginning on or after 1 January 2015).** The amendment to IFRS 9 requires entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015. The amendment to IFRS 7 requires additional disclosures on the transition from IAS 39 to IFRS 9.

2.2 Foreign Currencies

(a) Functional and presentation currency

The financial statements are presented in euro, which is the Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.3 Derivative financial instruments and hedge accounting

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

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

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

Hedge accounting

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

- The hedge should be effective at initiation.

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

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

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

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

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

(iii) Derivatives that do not qualify for hedge accounting

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

2.4 Recognition of deferred day one profit and loss

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

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

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

2.5 Interest income and expense

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

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

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

2.6 Fees and commission income and expense

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

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

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

2.7 Dividend income

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

2.8 Financial assets at fair value through profit or loss

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

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

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

- this will reduce measurement inconsistencies that would otherwise arise if the underlying financial instruments were carried at amortised cost and the related derivatives were treated as held for trading or,

- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or,
- they contain embedded derivatives that significantly affect the cash flows.

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

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

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

2.9 Sale and repurchase agreements and securities lending

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

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

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

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

2.10 Investment portfolio

The appropriate managing units of the Bank determine the classification of its securities on the date of their acquisition.

A. Held to maturity portfolio

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

The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's initial effective interest rate. Impairment losses are recognised in the Income Statement. The objective evidence that a held to maturity investment has been impaired or it is non collectable is stated in section 2.12.

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

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

B. Available for sale portfolio

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

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

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

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

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

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

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

2.11 Reclassification of financial assets

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

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

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

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

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

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

2.12 Loans and advances to customers

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

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

ii. financial assets that the Bank upon initial recognition designates as available for sale;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.13 Debt securities receivables

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

i. those that the Bank classifies as trading portfolio and those that the entity upon initial recognition designates at fair value through profit or loss;
ii. those that the Bank upon initial recognition designates as available for sale; and
iii. those for which the holder may not recover substantially all of its initial investment for reasons, other than credit deterioration.

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

2.14 Intangible Assets

2.14.1 Software

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

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

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

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

2.14.2 Other intangible assets

An intangible asset is recognized when it is expected that future economic benefits will be realized from its use. The cost of the intangible asset also includes every directly attributable cost which is required for the full implementation, production and asset's proper operation. Some examples of directly attributable costs are:

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

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

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

2.15 Property, plant and equipment

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

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

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

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

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

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

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

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

2.16 Investment property

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

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

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

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

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

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

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

These valuations are reviewed annually by external independent valuers. The fair value of investment property reflects, among others, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

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

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

Changes in fair value are recognised in the income statement.

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

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

2.17 Assets held for sale

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

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

2.18 Inventories property

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

2.19 Leases

A. The Bank is the Lessee

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

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

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

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

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

B. The Bank is the Lessor

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

Finance leases

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

C. Sale and leaseback transactions

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

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

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

2.20 Cash and cash equivalents

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

2.21 Provisions

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

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

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

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

2.22 Financial guarantee contracts

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

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

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

2.23 Employee benefits

A. Funded post employment benefit plans

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

The Bank's pension obligations relate both to defined contribution plans as well as defined benefit plans.

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

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

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

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

<u>Actuarial gains and losses</u>

The Bank has elected to use the "10% corridor" approach for gains/ losses and recognise the net cumulative actuarial gains/ losses which exceeded the greater of a) 10% of the net present value of the defined benefit obligation and b) 10% of the fair value of the plan assets.

Actuarial gains and losses are debited or credited at the income statement based on the average remaining working lives of employees.

<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 tax

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

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

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

Deferred tax related to fair value remeasurement of a) available-for-sale investments and b) cash flow hedges, is credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

The Bank offsets deferred tax assets against deferred tax liabilities only when the relevant requirements of IAS 12 are fulfilled. Specifically, deferred tax assets and deferred tax liabilities are offset if, and only if: (a) the Bank has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.25 Share capital

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

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

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

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

2.26 Debt securities in issue, hybrid capital and other borrowed funds

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

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

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

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

2.27 Other financial liabilities measured at amortised cost

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

2.28 Related party transactions

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

2.29 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Executive Committee which is Bank's operating decision-maker, allocates resources to and assesses the performance of the operating segments. All transactions between business segments are conducted on an arm's length basis.

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

2.30 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Bank has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.31 Comparatives and roundings

Where necessary, the comparative figures of the previous year's financial statements have been adjusted in order to become comparable to the corresponding figures of the current year (see note 47).

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

3 Financial Risk Management

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

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

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

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

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

3.1 Credit risk

3.1.1 Credit Risk Management Strategies & Procedures

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

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

The Bank's Board of Directors has assigned the executive responsibility for credit risk management to the Board's Group Risk Management Committee that monitors and evaluates the credit risk arising from the Group's everyday activities, while supervising the proper application and functionality of credit risk management policies.

Under the Group Risk Management Division, a separate Credit Risk Management and Capital Management Division operates with its mission the continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises, individuals, banks and central governments.

3.1.2 Credit risk measurement & reporting systems

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

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

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

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

Corporate Credit

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

As part of efforts to continuously improve its credit rating systems, the Bank has optimised the existing Moody's Risk Advisor (MRA) borrower credit rating model for all Bank corporate customers that keep "C" category accounting books and have a turnover > €2.5 million and has introduced a new credit rating model for all Bank corporate customers having "C" category accounting books and turnover <= €2.5 million or without sales.

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

Retail Credit

As far as retail credit is concerned, the Bank, focusing on the application of modern credit risk measurement methods, evaluates applicants using application scoring models, while it has already implemented models for the evaluation of existing customers' transactional behavior (behavior scoring) for each product but also at the borrower level.

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

(ii) Monitoring credit risk exposure

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

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

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

b) Securities and other bills

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

c) Stress Testing Exercises

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

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

In 2011, the Group participated successfully in the pan-European stress test (2011 EU Wide Stress Testing Exercise of European Banks), which was conducted by the European Banking Authority (EBA), in cooperation with the Bank of Greece, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

3.1.3 Credit limits management and risk mitigation techniques

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

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

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

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

a) Collateral / Security

The Bank obtains collateral/ security against its credit to customers, minimizing thus the overall credit risk and ensuring the timely repayment of its debt claims. To this end, the Bank has established categories of acceptable collateral and has incorporated them in its credit policy, the main types being the following:

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

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

b) Derivatives

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

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

c) Netting arrangements

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

d) Credit - related commitments

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

3.1.4 Impairment and provisioning policy

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

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

The Bank, according to IAS 39, considers the criteria stated in section 2.12 as reliable and objective evidence that a loan or group of loans has been impaired.

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

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

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

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

Write-offs

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

Amounts in thousand euros (Unless otherwise stated)

3.1.5 Loans and advances

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

	31 December 2011			31 December 2010		
	Loans and advances to customers	Loans and advances to credit institutions	Reverse repos with customers	Loans and advances to customers	Loans and advances to credit institutions	Reverse repos with customers
Loans neither past due or impaired	19,210,706	3,065,200	57,127	23,444,773	4,424,327	969,792
Past due but not impaired	6,645,735	-	-	6,871,298	-	-
Impaired	5,039,549	-	-	1,749,854	-	-
Debt securities-receivables	3,035,829	-	-	2,430,342	-	-
Gross	**33,931,819**	**3,065,200**	**57,127**	**34,496,267**	**4,424,327**	**969,792**
Less: Allowance for impairment	(4,034,164)	-	-	(876,165)	-	-
Net	**29,897,655**	**3,065,200**	**57,127**	**33,620,102**	**4,424,327**	**969,792**

Related to the debt securities - receivables rating is note 3.1.6.

a) Loans neither past due or impaired:

Loans and advances to customers

31 December 2011	**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	426,101	1,097,283	3,969,889	4,291,019	4,075,541	13,859,833
Special monitoring	-	-	-	3,761,086	1,589,787	5,350,873
Total	**426,101**	**1,097,283**	**3,969,889**	**8,052,105**	**5,665,328**	**19,210,706**

31 December 2010	**Loans to individuals**			**Loans to corporate entities**		
Grades	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Standard monitoring	486,748	1,316,575	4,376,771	6,603,894	5,343,998	18,127,987
Special monitoring	-	-	-	3,304,326	2,012,460	5,316,787
Total	**486,748**	**1,316,575**	**4,376,771**	**9,908,221**	**7,356,458**	**23,444,773**

Loans and advances to credit institutions

Grades	**31 December 2011**	**31 December 2010**
Investment grade	-	679,516
Standard monitoring	5,629	3,739,377
Special monitoring	3,059,571	5,435
Total	**3,065,200**	**4,424,327**

Reverse repos with customers

Grades	**31 December 2011**	**31 December 2010**
Standard monitoring	57,127	969,792
Total	**57,127**	**969,792**

Amounts in thousand euros (Unless otherwise stated)

b) Loans and advances past due but not impaired:

31 December 2011	**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	54,214	283,887	1,209,702	2,493,274	873,783	4,914,860
Past due 91 - 180 days	25,707	77,958	228,042	171,237	16,528	519,472
Past due > 180 days	-	-	345,478	751,154	114,772	1,211,404
Total	**79,922**	**361,844**	**1,783,221**	**3,415,665**	**1,005,082**	**6,645,735**
Fair value of collateral	-	40,294	1,668,189	1,800,367	546,961	**4,055,810**

The fair value of physical collaterals reflects the liquidation value of these collaterals, after the application of the haircuts provided in the Bank 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 line 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 2010	**Loans to individuals**			**Loans to corporate entities**		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances**
Past due 1 - 90 days	96,574	442,462	1,283,053	3,487,685	604,079	5,913,854
Past due 91 - 180 days	26,465	61,375	140,835	114,747	306	343,728
Past due > 180 days	-	-	173,873	389,548	50,295	613,716
Total	**123,038**	**503,838**	**1,597,761**	**3,991,980**	**654,680**	**6,871,298**
Fair value of collateral	-	71,740	1,504,735	2,103,598	195,003	**3,875,075**

c) Loans and advances impaired:

31 December 2011	**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	194,257	425,899	359,461	2,835,171	1,224,761	**5,039,549**
Fair value of collateral	-	41,900	289,888	674,195	464,677	**1,470,660**

31 December 2010	**Loans to individuals**			**Loans to corporate entities**		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	**Total loans and advances to customers**
Impaired loans	164,572	299,699	222,924	708,801	353,857	**1,749,854**
Fair value of collateral	-	22,711	180,405	314,321	129,910	**647,346**

Amounts in thousand euros (Unless otherwise stated)

3.1.6 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 2011, based on Standard & Poor's ratings or their equivalent:

31 December 2011	Trading securities	Financial instruments at fair value through Profit or Loss	Investment securities	Debt securities - receivables	Total
AAA	-	-	-	-	0
AA- to AA+	-	-	-	-	0
BBB- to BBB+	-	-	22,515	-	22,515
BB- to BB+	-	-	17,681	-	17,681
Lower than BB-	125,106	4,043	3,276,494	1,387,477	4,793,120
Unrated	-	-	960	13,178	14,139
Total	**125,106**	**4,043**	**3,317,650**	**1,400,655**	**4,847,454**

3.1.7 Repossessed collateral

During the year 2011, the Bank obtained assets after taking possession of collateral held as security for its receivables:

Nature of assets	31 December 2011	31 December 2010
Property	63,808	29,762
	63,808	**29,762**

Assets acquired from an auction process are held by the Bank temporarily for liquidation, for in full or partial repayment of related loans from customers. Repossessed collaterals are included in the statement of financial position either in "Inventories - property" or "Investment property" categories.

3.1.8 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 2011.

	Greece	United Kingdom	Total
Loans and advances to credit institutions	3,055,004	10,196	3,065,200
Derivative financial instruments - assets	375,069	-	375,069
Bonds & Treasury Bills of Trading Portfolio	125,106	-	125,106
Debt securities - receivables	1,395,821	4,834	1,400,655
Reverse repos with customers	57,127	-	57,127
Bonds at fair value through profit or loss	4,043	-	4,043
Loans and advances to customers (net of provisions)	25,561,706	2,935,294	28,496,999
Loans to individuals	8,053,669	106,160	8,159,829
- Mortgages	5,955,794	66,045	6,021,840
- Consumer - personal loans	1,538,125	40,115	1,578,240
- Credit cards	559,749	-	559,749
Loans to corporate entities	17,508,037	2,829,133	20,337,171
Bonds & Treasury Bills of Investment Portfolio	3,317,650	-	3,317,650
Other assets	931,875	3,642	935,517
As at 31 December 2011	**34,823,402**	**2,953,965**	**37,777,367**
As at 31 December 2010	**42,272,076**	**4,277,674**	**46,549,750**

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 2011. The Bank has allocated exposure to sectors based on the industry sector of counterparties.

	Financial institutions	Manufactoring/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Energy, Transports & Logistics	Hotels	Agriculture	Other industries	Individuals	Total
Loans and advances to credit institutions	3,065,200													**3,065,200**
Derivative financial instruments - assets	230,868	1,081	-	2,857	79,807	387	30,726	21,798	-	-	-	7,545	-	**375,069**
Bonds of Trading portfolio	56	-	-	-	-	-	125,049	-	-	-	-	-	-	**125,106**
Bonds at fair value through profit or loss	-	-	-	-	-	-	4,043	-	-	-	-	-	-	**4,043**
Loans and advances to customers (net of provisions)	1,021,554	3,382,354	2,099,766	1,308,816	2,048,067	2,668,183	225,224	1,385,603	1,237,157	1,356,982	408,448	3,195,017	8,159,829	**28,496,999**
Loans to individuals (retail customers)													8,159,829	**8,159,829**
- Mortgages													6,021,840	**6,021,840**
- Consumer - personal loans													1,578,240	**1,578,240**
- Credit cards													559,749	**559,749**
Loans to corporate entities	1,021,554	3,382,354	2,099,766	1,308,816	2,048,067	2,668,183	225,224	1,385,603	1,237,157	1,356,982	408,448	3,195,017	-	**20,337,171**
Debt securities-receivables	13,178	4,834	-	-	-	-	1,382,643	-	-	-	-	-	-	**1,400,655**
Reverse repos with customers	96	-	-	-	-	-	24,796		-	-	-	2,407	29,828	**57,127**
Bonds of Investment portfolio	35,637	-	-	-	-	-	3,277,559	-	-	-	-	4,454	-	**3,317,650**
Other assets	2,922	3,551	998	8,970	-	-	278,835	-	-	-	-	556,604	83,637	**935,517**
Balance at 31st December 2011	**4,369,512**	**3,391,820**	**2,100,764**	**1,320,642**	**2,127,874**	**2,668,570**	**5,348,877**	**1,407,401**	**1,237,157**	**1,356,982**	**408,448**	**3,766,027**	**8,273,293**	**37,777,367**
Balance at 31st December 2010	**6,103,054**	**3,873,749**	**2,126,146**	**1,326,564**	**2,035,433**	**3,008,903**	**9,552,780**	**1,404,372**	**1,232,502**	**1,429,486**	**425,211**	**4,611,120**	**9,420,428**	**46,549,750**

3.2 Market risk

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

The Board of the Directors of the Bank has approved a market risk management policy that applies to the Bank and outlines the basic definitions of market risk management and defines the roles and responsibilities of the units and executives involved.

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

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

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

a) the parametric Value-at-Risk methodology, assuming a one-day holding period and utilizing a 99% confidence level, with historic observations of two years and equal weighting between observations
b) the parametric Value-at-Risk methodology, using market data that give more weight to recent observations (exponentially weighted moving average volatilities and correlations)
c) the parametric Value-at-Risk methodology using volatilities and correlations gathered during a crisis period (Stressed Value-at-Risk), while the estimate is assessed on current positions

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

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

The Value-at-Risk estimate for the Bank's Trading Book at 31/12/2011, was € 8.29 million. This estimate consists of € 8.06 million for interest rate risk, € 0.04 million for equity risk, € 1.02 million for foreign exchange risk and € 0.21 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € -1.04 million due to the diversification effect in the portfolio.

The Value-at-Risk estimate for the Bank's Trading Book at 31/12/2010, was € 3.66 million. This estimate consists of € 0.86 million for interest rate risk, € 3.08 million for equity risk, € 2.14 million for foreign exchange risk and € 0.16 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 2.58 million due to the diversification effect in the portfolio.

During 2011 there was an increase in the Bank's Trading Book VaR due to an increase in the volatility of Greek Government interest rates.

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

Amounts in thousand euros (Unless otherwise stated)

million €	Piraeus Bank Trading Book - Total VaR	VaR - Interest Rate Risk	VaR - Equity Risk	VaR - Foreign Exchange Risk	VaR - Commodities Risk	Diversification Effect
2011	8.29	8.06	0.04	1.02	0.21	-1.04
2010	3.66	0.86	3.08	2.14	0.16	-2.58

The Value at Risk estimate for the Available for Sale portfolio was €22.54 million on 31/12/2011 against a figure of € 15.53 million on 31/12/2010.

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 31/12/2011. The table includes the Bank's assets and liabilities at carrying amounts categorised by currency, and for the year 2011 the positions in derivatives which reduce significantly the undertaken risk:

At 31 December 2011	**EUR**	**USD**	**GBP**	**JPY**	**CHF**	**Other currencies**	**Total**
Foreign exchange risk of assets							
Cash and balances with Central Bank	1,519,804	22,353	4,647	2,255	5,176	18,614	1,572,849
Loans and advances to credit institutions	2,540,692	251,017	1,652	31	13,272	258,536	3,065,200
Derivative financial instruments - assets	348,516	26,553	-	-	-	-	375,069
Trading securities	125,106	-	-	-	-	-	125,106
Debt securities - receivables	1,395,821	4,834	-	-	-	-	1,400,655
Financial instruments at fair value through Profit or Loss	5,879	-	-	4,043	-	-	9,922
Reverse repos with customers	57,127	-	-	-	-	-	57,127
Loans and advances to customers (net of provisions)	24,152,602	1,984,823	101,226	176,843	2,073,116	8,390	28,496,999
Investment securities	3,558,576	20,660	-	-	-	554	3,579,789
Other assets	925,229	(3,695)	301	10,969	2,465	248	935,517
Total financial assets	**34,629,352**	**2,306,543**	**107,826**	**194,141**	**2,094,030**	**286,342**	**39,618,234**
Foreign exchange risk of liabilities							
Due to credit institutions	24,377,511	611,697	19,854	127	92	14,333	25,023,614
Liabilities at fair value through profit or loss	18,475	-	-	-	-	-	18,475
Derivative financial instruments - liabilities	317,318	60,565	-	3,438	-	-	381,321
Due to customers	16,640,764	1,125,943	80,005	395,038	14,679	77,999	18,334,429
Debt securities in issue	1,266,789	(1)	-	-	-	-	1,266,788
Hybrid capital and other borrowed funds	494,984	-	-	-	-	-	494,984
Other liabilities	169,488	9,609	1,065	1,319	1,386	4,984	187,850
Total financial liabilities	**43,285,329**	**1,807,813**	**100,924**	**399,922**	**16,158**	**97,316**	**45,707,461**
Net on-balance sheet financial position	**(8,655,977)**	**498,730**	**6,902**	**(205,781)**	**2,077,872**	**189,026**	**(6,089,227)**
Net position of non financial assets - liabilities	**5,168,211**	**208,891**	**46**	**3,438**	**(0)**	**525,524**	**5,906,110**
Net position of off balance sheet items	**3,420,410**	**(1,007,253)**	**(7,624)**	**196,731**	**(2,076,955)**	**(583,210)**	**(57,900)**
Currency position	**(67,357)**	**(299,632)**	**(675)**	**(5,611)**	**918**	**131,340**	**(241,017)**

At 31 December 2010	**EUR**	**USD**	**GBP**	**JPY**	**CHF**	**Other currencies**	**Total**
Total financial assets	43,057,197	2,615,829	102,930	197,223	2,227,791	270,472	48,471,442
Total financial liabiities	45,037,404	2,303,300	189,407	722,653	22,181	122,481	48,397,426
Net on-balance sheet financial position	**(1,980,207)**	**312,529**	**(86,476)**	**(525,430)**	**2,205,610**	**147,991**	**74,016**
Net position of non financial assets - liabilities	**(558,846)**	**218,676**	**20**	**3,754**	**56**	**392,698**	**56,358**
Net position of off balance sheet items	**2,686,682**	**(716,603)**	**84,837**	**541,934**	**(2,194,145)**	**(507,309)**	**(104,605)**
Currency position	**147,628**	**(185,398)**	**(1,619)**	**20,257**	**11,521**	**33,380**	**25,768**

Amounts in thousand euros (Unless otherwise stated)

3.4 Interest rate risk

Interest rate risk is the risk of loss to the bank due to adverse movements in interest rates. Changes in interest rates affect the Bank's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the Bank's assets and liabilities because the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change.

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

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

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

In particular, the sight deposits, savings and current accounts assigned to the time band up to one month.

In the table, assets and liabilities in foreign currency are converted into euro using the FX rates as of 31/12/2011.

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
At 31 December 2011							
Assets							
Cash and balances with central Banks	1,572,849	-	-	-	-	-	1,572,849
Loans and advances to credit institutions	1,721,353	1,286,398	19,355	25,594	12,500	-	3,065,200
Trading securities	-	4,577	18,741	56,841	44,946	-	125,106
Financial instruments at fair value through Profit or Loss	-	-	341	2,560	1,142	-	4,043
Loans and advances to customers (net of provisions)	18,734,200	6,103,149	2,387,463	553,878	718,309	-	28,496,999
Debt securities - receivables	-	-	47,077	446,014	907,564	-	1,400,655
Reverse repos with customers	47,725	8,660	742	-	-	-	57,127
Investment securities	514,414	598,682	863,629	766,200	574,725	-	3,317,650
Other assets	-	-	-	-	-	935,517	935,517
Total financial assets	**22,590,540**	**8,001,466**	**3,337,349**	**1,851,088**	**2,259,186**	**935,517**	**38,975,146**
Liabilities							
Due to credit institutions	24,450,003	72,610	1,001	500,000	-	-	25,023,614
Liabilities at fair value through profit or loss	3,317	7,081	7,989	88	-	-	18,475
Due to customers	12,377,671	4,008,267	1,575,391	297,709	-	75,390	18,334,429
Debt securities in issue	278,370	612,227	355,660	20,516	16	-	1,266,788
Hybrid capital and other borrowed funds	494,984	-	-	-	-	-	494,984
Other liabilities	-	-	-	-	-	225,572	225,572
Total financial liabilities	**37,604,346**	**4,700,184**	**1,940,041**	**818,313**	**16**	**300,962**	**45,363,862**
Net notional amounts of derivative financial instruments	87,629	708,992	(118,728)	(477,998)	(265,120)	375,069	**309,844**
Total interest rate gap	**(14,926,177)**	**4,010,275**	**1,278,580**	**554,777**	**1,994,050**	**1,009,623**	**(6,078,872)**

The new securities and their characteristics, that will be received under the programme for the restructuring of the Greek debt (PSI), have been included In the above table for the year ended 31/12/2011 instead of the old securities.

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

The table below presents comparative figures:

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	23,299,651	11,053,460	7,542,949	3,604,213	1,564,966	1,263,943	48,329,184
Total financial liabiities	37,595,945	6,382,626	2,680,999	1,151,264	3,999	490,789	48,305,621
Net notional amounts of derivative financial instruments	(114,600)	1,758,144	(38,775)	(424,087)	(1,295,248)	142,258	27,691
Total interest rate gap	**(14,410,894)**	**6,428,978**	**4,823,175**	**2,028,862**	**265,719**	**915,412**	**51,254**

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

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

For PV100 the Bank has assigned adequate limits, which are monitored on a daily basis.

In particular, a parallel shift of 100bp in yield curves would have a negative impact on the Bank's net present value by € 118 million (2010: € 89 million).

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

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

3.5 Liquidity risk

Piraeus Bank acknowledges that, in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage Liquidity risk.

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

A liquidity risk management policy has been applied in all Bank units. This policy is adjusted to internationally applied practices and regulatory environments and adapted to the specific activities and organisational structure of Piraeus Bank.

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

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

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

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

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

In addition, Piraeus Bank applies liquidity crisis scenarios (Stress Testing) and estimates their impact on the Liquidity Ratios.

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

Finally, in accordance with the provisions of law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis", the Bank has received Guarantees (Pillar II) and Special Bonds (Pillar III) from the Greek State, that are eligible for ECB refinancing operations, of € 10,322 million. In addition, Piraeus Bank issued a 3-year covered bond in the amount of € 1,250 million.

In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, the Bank is comfortably placed to meet all its payment obligations as they fall due. Liquidity Gap Analysis provides an overview of the expected cash flows, which arise from all balance sheet items. The cash flows are assigned and aggregated to time-bands according to when they occur.

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

Amounts in thousand euros (Unless otherwise stated)

a) Non derivative cash flows

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

At 31 December 2011	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	24,499,657	73,332	1,030	515,750	-	25,089,768
Liabilities at fair value through profit or loss	3,317	7,081	6,929	88	1,060	18,475
Due to customers	12,500,748	4,065,064	1,622,809	331,159	1,830	18,521,610
Debt securities in issue	3,869	45,861	401,166	861,682	16	1,312,595
Other borrowed funds	3,047	-	9,589	380,116	-	392,751
Hybrid capital	1,183	-	3,819	167,258	-	172,260
Other liabilities	-	-	-	-	225,572	225,572
Total liabilities (contractual maturity dates)	**37,011,821**	**4,191,337**	**2,045,341**	**2,256,053**	**228,479**	**45,733,031**
Total assets (expected maturity dates)	**8,184,636**	**2,884,843**	**7,562,376**	**13,908,295**	**16,397,858**	**48,938,008**

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	19,804,957	305,502	263,179	-	-	20,373,638
Liabilities at fair value through profit or loss	80,129	15,627	12,171	226,082	7,703	341,712
Due to customers	16,549,811	5,220,837	2,057,145	433,793	-	24,261,587
Debt securities in issue	50,278	41,075	1,122,773	1,653,906	-	2,868,033
Other borrowed funds	1,419	-	5,231	44,576	358,446	409,672
Hybrid capital	930	-	3,279	176,745	-	180,954
Other liabilities	-	-	-	-	415,005	415,005
Total liabilities (contractual maturity dates)	**36,487,525**	**5,583,041**	**3,463,778**	**2,535,102**	**781,155**	**48,850,601**
Total assets (expected maturity dates)	**8,331,054**	**3,095,672**	**6,874,992**	**20,656,545**	**18,669,720**	**57,627,984**

The new securities and their characteristics, that will be received under the programme for the restructuring of the Greek debt (PSI), have been included In the above table for the year ended 31/12/2011 instead of the old securities.

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 2011	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	571	9,883	(28,814)	(49,001)	13,485	(53,877)
Derivatives held for fair value hedging						
-Interest rate derivatives	-	-	(1,750)	(8,346)	(2,722)	(12,818)
Total	**571**	**9,883**	**(30,565)**	**(57,347)**	**10,763**	**(66,695)**

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	(8,606)	6,684	(15,270)	(11,279)	14,804	(13,666)
Derivatives held for fair value hedging						
-Interest rate derivatives	417	7,009	(25,741)	(30,776)	(2,258)	(51,349)
Total	**(8,188)**	**13,693**	**(41,011)**	**(42,055)**	**12,546**	**(65,015)**

Amounts in thousand euros (Unless otherwise stated)

bii) Derivatives settled on a gross basis

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

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

At 31 December 2011	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	(6,870,340)	(309,508)	(242,839)	(840,825)	-	**(8,263,513)**
Inflow	6,861,041	307,735	242,022	801,458	-	**8,212,256**

At 31 December 2010	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(4,447,951)	(1,206,758)	(228,125)	(10,459)	-	**(5,893,294)**
Inflow	4,354,862	1,195,266	223,179	10,243	-	**5,783,551**

On 31 December 2011, Piraeus Bank Group's total exposure in the Eurosystem - European Central Bank (ECB) and Bank of Greece (BoG) - amounted to € 22 billion (2010: € 17.2 billion). The observed increase during 2011, stemming from the refinancing from ECB and BoG against acceptable collateral, is due to the decreased overall liquidity within the Greek banking system. The latter was attributed to deposits' outflows and the non-renewed funding from global markets (interbank and wholesale money markets) which were affected by the multi-notch downgrades in the country's ratings by the international credit agencies.

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 2011	31 December 2010	31 December 2011	31 December 2010
Financial assets				
Loans and advances to credit Institutions	3,065,200	4,424,327	3,065,200	4,424,327
Loans and advances to customers (net of provisions)	29,897,655	31,189,760	28,496,999	31,189,760
-Loans to individuals	8,159,829	8,658,370	8,159,829	8,658,370
-Loans to corporate entities	20,337,171	22,531,390	20,337,171	22,531,390
Reverse repos with customers	57,127	969,792	57,127	969,792
Held to maturity investment securities	1,198,239	4,954,598	1,322,425	3,408,874
Debt securities - receivables	1,400,655	2,430,342	939,133	1,884,194
Financial liabilities				
Due to credit institutions	25,023,614	20,348,801	25,023,614	20,348,801
Due to customers	18,334,429	24,051,885	18,334,429	24,051,885
Debt securities in issue	1,266,788	2,674,481	900,625	2,503,927
Hybrid capital and other borrowed funds	494,984	506,584	228,893	370,752

Amounts in thousand euros (Unless otherwise stated)

The fair value for the year 2011 of loans and advances to credit institutions, loans and advances to customers (net of provisions), repurchase agreements, due to credit institutions and due to customers which are measured at amortized cost, are not materially different from the respective carrying values since they bear mainly floating interest rates and as a result being re-priced at regular time periods.

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

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

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

B) Financial assets and liabilities held at fair value

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

• Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed shares and bonds on exchanges and exchanges traded derivatives like futures.
• Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes OTC derivatives and bonds. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).
• Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes shares with significant unobservable components.

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 2011 and sensitivity analysis:

	Level 1	Level 2	Level 3	Sum
Financial Assets & Liabilities measured at FV				
Financial Assets				
Derivative financial instruments - assets	-	375,069	-	**375,069**
Trading portfolio				
-Trading Bonds & Other fixed income securities	79,831	37,130	-	**116,961**
-Trading Treasury bills & Other eligible bills	1,627	6,517	-	**8,144**
Financial Assets at FV through PL				
-Asset Swap Bonds	-	4,043	-	**4,043**
-Shares at FV	5,879	-	-	**5,879**
Available for Sale Securities				
-Bonds & Other Fixed Income Securities	142,366	67,573	-	**209,939**
-Available for sale Treasury bills	44,523	1,864,948	-	**1,909,471**
-Shares & Other variable income securities	36,263	-	225,877	**262,140**
Financial Liabilities				
Derivative financial instruments - liabilities	-	381,321	-	**381,321**
Liabilities at fair value through profit or loss	78	18,397	-	**18,475**

Reconciliation of Level 3 items	**Shares & Other variable Income securities**
Opening Balance	325,068
Purchases and share capital increases	13,085
Impairment	(104,793)
Disposals	(580)
Transfers to associates (note 26)	(7,130)
Foreign exchange differences	228
Total	**225,877**

Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:	**Favourable changes**	**Unfavourable changes**
Profit or Loss Statement		
Available for Sale Securities	-	(16,000)
Equity Statement		
Available for Sale Shares	10,000	(5,000)

3.7 Fiduciary activities

The Bank provides custody services to third parties for a wide range of financial instruments. These services include safekeeping of securities, clearing and settlement of securities transactions in the Greek market and abroad, execution of corporate actions, income collection etc, on behalf of individuals, companies and institutional investors. Those assets and income arising thereon are not included in the Bank's financial statements as they do not constitute property of the Bank. 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 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.

Tier I capital	**31 December 2011**	**31 December 2010**
Ordinary Shares	342,998	100,882
Share premium	2,953,356	2,430,877
Preference Shares	750,000	370,000
Available for sale reserve	(67,392)	(340,159)
Legal reserve and other reserves	68,995	68,995
Retained earnings	(6,106,639)	326,384
Less: intangible assets	(133,999)	(100,269)
Total regulatory adjustments on Tier I capital	56,584	156,424
Total Tier I capital	**(2,136,097)**	**3,013,134**
Tier II Capital		
Subordinated debt	494,984	506,584
Total regulatory adjustments on Tier II capital	(8,614)	(8,639)
Total Tier II Capital	**486,370**	**497,945**
Regulatory capital	**(1,649,727)**	**3,511,080**
Total risk weighted assets (on and off- balance sheet items)	**29,169,802**	**31,363,559**
Tier I ratio	**(7.3%)**	**9.6%**
Capital Adequacy ratio	**(5.7%)**	**11.2%**

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.

Greek banks' participation in the PSI had a significant negative impact on their equity and capital adequacy. For this reason, the EU/ECB/IMF, through the 2nd economic adjustment programme, has already fully safeguarded the capital adequacy of the banking system and its capability to finance the Greek economy.

In the context of the recapitalization process of the Greek banks, Bank of Greece (BoG) requested and received (at end January 2012) their detailed Strategic-Business Plans for the period 2012-2015. The banks' capital needs will be based on these plans, including the PSI impact and the results of BlackRock Solutions diagnostic exercise - commissioned by Bank of Greece - on the domestic loan portfolios of the Greek banking groups. At the same time, the capital plans of the Greek banks were submitted to the BoG at the end of March 2012. According to the Memorandum of Economic and Financial Policies, "banks submitting viable capital raising plans will be given the opportunity to apply for and receive public support in a manner that preserves private sector incentives to inject capital and thus minimizes the burden for taxpayers. Specifically, banks will be able to access capital from the Hellenic Financial Stability Fund (HFSF) through common shares and contingent convertible bonds." In this framework, the HFSF has already provided a Commitment Letter up to the amount of €5.0 bn for its participation in the impending share capital increase of Piraeus Bank. The Greek banking sector recapitalization should be consummated by the end of September 2012, in order for the Greek banking groups to comply with a 9% Core Tier 1 ratio by September 2012 and 10% by June 2013.

4. Critical accounting estimates and judgements of the Bank

a. Impairment of Greek Government Bonds (GGBs)

The discussions and negotiations for the specification of the agreed measures on 21 July 2011 and 26 October 2011 and especially of the revised private sector involvement programme (PSI+), were completed on 21 February 2012. The key terms of the agreement achieved at the Eurogroup are as follows:

- The reduction in the privately held nominal debt by 53.5%, by issuing 20 new GGBs, governed by the English law, with a nominal value equal to 31.5% of the initial nominal value of the eligible securities and loans, that will mature gradually and every year after the completion of the decade (from the 11th to the 30th year) and in addition short-dated bonds issued by the European Financial Stability Facility (EFSF), with a nominal value equal to 15% of the initial nominal value of the eligible securities and loans, plus the accrued interests till the date of the exchange.

- The weighted average coupon of the new GGBs is 3.65% over the full 30-year period (maximum maturity period) and 2.63% for the period up to 2020. The coupon on the new GGBs is 2% (from February 2012 to February 2015), becomes 3% for the following five years (from February 2015 to February 2020), increases to 3.65% for the next year (from February of 2020 to February 2021) and to 4.3% thereafter (from February 2022 to February 2042). The interest rate of the securities of EFSF was set at 0.19% for securities with six months duration, 0.4% for securities with one year duration and 1% for securities with two years duration.

- Securities related to future GDP growth of the Greek economy will be offered to investors that could provide them with an increased yield in the event that growth exceeds currently anticipated levels on or after 2015.

The Bank's Board of Directors decided the participation of the Bank in the voluntary exchange of Greek Government bonds and eligible loans.

The finalisation of the revised private sector involvement programme (PSI+) was taken into account in the annual financial statements as an "adjusting event" at the balance sheet date, in accordance with the rules set out in IAS 10 "Events after the reporting period", as it provides evidence of conditions that existed as at 31.12.2011.

Based on the above mentioned and taking into account the pronouncements of the International Financial Reporting Standards (IAS 39), the Bank determined the impairment on the Greek Government bonds and eligible loans that were included in the revised private sector involvement programme (PSI+) as follows:

a.1. GGBs and bonds guaranteed by the Greek Government categorized as "Debt securities - receivables" and "Held to Maturity financial assets" measured at amortised cost

The impairment loss was calculated at 31.12.2011 as the difference between the book value and the present value of the expected future cash flows discounted using the effective interest rate of the bond, that is either using the original effective interest rate at the time when the bond was acquired or, in the case of reclassified bond, the effective interest rate at the date of reclassification.

The ability of the Greek Government to meet its future obligations was assessed, in order to reflect more accurately the uncertainties and risks..

Finally, any unamortised negative "Available for sale" reserve was transferred directly and in its entirety to the Income Statement.

a.2. Loans guaranteed by the Greek Government categorized as "Loans and advances to customers" measured at amortised cost

For the loans eventually exchanged with new bonds, the impairment loss was calculated at 31.12.2011 as the difference between the book value as at 31.12.2011 and the present value of the expected future cash flows discounted using the effective interest rate of the loan, after applying the above assumption namely to the ability of the Greek Government to meet its future obligations.

For the remaining loans guaranteed by the Greek Government that were not included in the PSI+, the ability of repayment by the debtor was firstly examined and only in the case that the estimated future cash flows were not adequate, the loans were tested for impairment, based on the possibility of Greek Government's default.

a.3. GGBs categorized as "Available for Sale"

For the GGBs categorised in the Available for Sale portfolio, the negative "Available for sale" reserve as this was determined by measuring the GGBs at fair value as at 31.12.2011, was transferred directly and in its entirety to the Income Statement of the year 2011.

a.4. GGBs categorized as "Trading"

The GGBs categorised in the Trading portfolio were valued at fair value as at 31.12.2011 and any loss was taken to the Income Statement of the year 2011.

The Bank charged the before tax results for the year 2011 with an amount of €5,849 million that relates to the exchange of the securities.

The following table presents detailed information, by type, of the Bank's total exposure to the Greek State and to public institutions (Central Government, Regional Governments, Public Organizations, Insurance Funds, etc) as at 31.12.2011:

Amounts in thousand euros (Unless otherwise stated)

Table of total exposure to the Greek State

	Type	Nominal amount	Book value
1	Greek Government Bonds	7,332,565	1,930,099
2	GGBs related to State preference shares	782,190	750,074
3	Treasury Bills	1,956,483	1,900,289
4	Loans and Public sector entities bonds	748,716	540,776
	Total	**10,819,954**	**5,121,238**

Loans guaranteed by the Greek Government of € 671.5 million as at 31.12.2011 are not included in the above balances.

The Bank does not have exposure in bonds and debt of other European countries which face increased problems relating to the servicing of their debt.

b. Other critical accounting estimates and judgements in the application of the accounting policies

The Bank's accounting estimates and judgments affect the reported amounts of assets and liabilities within the next financial year. Accounting estimates and judgements are continually evaluated based on historical experience as well as on expectations of future events.

The most important areas where the Bank uses accounting estimates and judgments, in applying the Bank's accounting policies, are as follows:

b.1. Impairment losses on loans and advances

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

b.2. Fair value of derivative financial instruments

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

b.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. Impairment of available for sale investments in shares and bonds exists when the decline in the fair value below cost is significant or prolonged in the case of shares or there are reasonable grounds for the issuer's inability to meet its future obligations in the case of bonds. Then, the available for sale reserve is recycled to the income statement of the period. The assessment of the decline in fair value as significant or prolonged requires judgement. Judgement is also required for the estimation of the fair value of investments that are not traded in an active market. For these investments, the fair value computation through financial models takes also into account evidence of deterioration in the financial performance of the investee, as well as industry and sector performance and changes in technology.

b.4. Held to maturity investments

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

b.5. Investment Property

Investment property is carried at fair value, as this is estimated by an independent valuer. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific investment property. If this information is not available, valuation methods are used. The fair value of investment property reflects rental income from current leases as well as assumptions about future rentals, taking into consideration current market conditions.

b.6. Income taxes

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

Amounts in thousand euros (Unless otherwise stated)

5 Segment analysis

a) By Business segment

Piraeus Bank has defined the following business segments:

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

Corporate Banking - This segment includes facilities related to corporate banking addressed to large and maritime companies, which due to their specific needs are serviced by the headquarters (deposits, loans, syndicated loans, project financing, working capital, imports – exports, letters of guarantees, etc.).

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

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

Other – Includes other facilities of the Bank that are not included in the above segments (Bank's administration, etc.).

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

An analysis of income and other financial figures per business segment of the Bank is presented below:

1/1-31/12/2011	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	551,954	216,393	4	180,851	(182,937)	766,265
Net fee and commission income	69,816	22,996	3,708	(1,857)	10,309	104,971
Net income	628,693	239,382	3,709	(8,841)	(116,766)	746,177
Segment results	(1,540,494)	(297,990)	(87)	(5,488,214)	-	(7,326,786)
Profit before tax						**(7,326,786)**
Income tax expense						897,942
Profit after tax						**(6,428,843)**
Other segment items						
Capital expenditure	22,038	166	-	1,889	59,681	83,775
Depreciation and amortization	11,763	44	1	390	28,184	40,382
Provisions and impairments	1,399,122	333,907	-	5,416,063	429,312	7,578,403

1/1-31/12/2010	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	619,401	248,927	(15)	147,643	(202,750)	813,207
Net fee and commission income	88,327	19,613	2,773	1,194	(9,988)	101,919
Net income	731,886	283,959	1,820	67,321	(178,069)	906,918
Segment results	(68,607)	49,702	806	23,540	-	5,441
Profit before tax						**5,441**
Income tax expense (included tax contribution)						(9,061)
Profit after tax						**(3,620)**
Other segment items						
Capital expenditure	21,742	963	-	2,493	45,159	70,356
Depreciation and amortization	12,490	116	3	443	19,013	32,065
Provisions and impairments	317,722	41,945	-	9,297	-	368,964
At 31 December 2011						
Segment assets	20,768,002	7,859,230	13,370	12,752,417	2,447,288	**43,840,306**
Segment liabilities	17,000,039	752,954	317,311	27,517,562	311,122	**45,898,988**
At 31 December 2010						
Segment assets	22,953,961	9,900,969	(10)	16,067,594	2,777,193	**51,699,707**
Segment liabilities	21,083,800	1,444,082	362	25,828,531	385,952	**48,742,728**

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

Amounts in thousand euros (Unless otherwise stated)

b) By Geographical segment

The Bank operates in 4 main business segments and in 2 countries. Greece is the main country of operations of Piraeus Bank. In Greece the areas of operation include all the primary business segments, while in the United Kingdom, the main business segments of operation are Corporate Banking, Investment Banking and Asset Management and Treasury.

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

As at 31 December 2011	Non Current Assets	Net Revenues
Greece	649,036	628,474
United Kingdom	862	117,703
Total	**649,898**	**746,177**

As at 31 December 2010	Non Current Assets	Net Revenues
Greece	608,488	810,248
United Kingdom	940	96,670
Total	**609,428**	**906,918**

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

6 Net Interest income

Interest income	**1/1-31/12/2011**	**1/1-31/12/2010**
Interest on fixed income securities	291,726	214,882
Interest income on loans and advances to customers and reverse repos	1,871,706	1,651,051
Interest on loans and advances to credit institutions	165,328	198,009
Other interest income	9,339	7,175
Total interest income	**2,338,098**	**2,071,117**
Interest expense		
Interest on customer deposits and repos	(674,758)	(554,292)
Interest on debt securities in issue and on other borrowed funds	(95,008)	(113,870)
Interest on due to credit institutions	(641,952)	(489,001)
Other interest expense	(160,117)	(100,748)
Total interest expense	**(1,571,833)**	**(1,257,911)**
Net Interest Income	**766,265**	**813,207**

7 Net fees and commission income

Fees and commission income	**1/1-31/12/2011**	**1/1-31/12/2010**
Commercial banking	119,979	126,806
Investment banking	8,800	9,500
Asset management	3,517	4,693
Total fees and commission income	**132,297**	**140,998**
Fees and commission expense		
Commercial banking	(23,413)	(32,694)
Investment banking	(749)	(981)
Asset management	(3,164)	(5,404)
Total fees and commission expense	**(27,326)**	**(39,079)**
Net fees and commission income	**104,971**	**101,919**

8 Dividend income

	1/1-31/12/2011	**1/1-31/12/2010**
Dividend from subsidiaries	2,721	34,458
Dividend from associates	2,286	2,373
Dividend from AFS securities	2,588	4,006
	7,594	**40,837**

9 Net trading income

	1/1-31/12/2011	**1/1-31/12/2010**
Gains less losses on FX	(19,416)	(8,370)
Gains less losses on derivatives	46,812	(57,731)
Gains less losses on bonds	(160,952)	8,091
	(133,555)	**(58,010)**

During 2011, “Net trading Income” was adversely affected by the significant reduction in the fair value of GGBs.

Amounts in thousand euros (Unless otherwise stated)

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

	1/1-31/12/2011	1/1-31/12/2010
Gains less losses on shares	2,257	(401)
Gains less losses on other financial assets	(8,926)	(7,225)
	(6,668)	**(7,626)**

11 Gains less losses from investment securities

	1/1-31/12/2011	1/1-31/12/2010
Gains less losses on AFS - shares and mutual funds (note 43)	74	(5,580)
Gains less losses on AFS - bonds (note 43)	779	233
Gains less losses from sales of subsidiaries and associates	(2)	(12,269)
	851	**(17,616)**

Impairment of investment securities is included in “Impairment on participation and investment securities” in the income statement (note 24).

12 Other operating income

	1/1-31/12/2011	1/1-31/12/2010
Rental income	2,721	2,796
Gains less losses from valuation of investment property	1,755	22,857
Other operating income from banking activities	1,469	4,900
Other operating income	775	3,653
	6,720	**34,207**

13 Staff costs

	1/1-31/12/2011	1/1-31/12/2010
Wages & salaries	(154,853)	(163,898)
Social insurance contributions	(36,865)	(39,824)
Other staff costs	(10,467)	(10,165)
Retirement benefit charges (note 40)	(24,745)	(26,615)
	(226,929)	**(240,502)**

The number of staff employed by Piraeus Bank as at 31 December 2011 was 4,678 compared to 4,871 at the end of 2010. The average number of staff employed by the Bank during the year 2011 was 4,775.

14 Administrative expenses

	1/1-31/12/2011	1/1-31/12/2010
Rental expense	(43,980)	(46,361)
Taxes & duties	(37,573)	(39,299)
Promotion and advertising expenses	(19,079)	(29,356)
Servicing - promotion of banking products	(33,750)	(41,776)
Fees and third parties expenses	(31,134)	(28,188)
Security & maintenance of fixed assets	(12,342)	(13,197)
Telecommunication & electricity expenses	(9,478)	(11,034)
Other administrative expenses	(39,854)	(49,911)
	(227,190)	**(259,123)**

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

15 Income tax expense

	1/1-31/12/2011	1/1-31/12/2010
Current tax	(24,632)	(46,099)
Deferred tax (note 39)	925,929	53,920
Tax provisions	(3,354)	0
Tax contribution	-	(16,882)
	897,942	**(9,061)**

By virtue of law 3943/2011 (Government Gazette A’ 66/31.3.2011), the corporate income tax rate of legal entities in Greece was reduced to 20% for income accrued as of 1.1.2011 and onwards, compared to 24% applicable in the previous year (law 3697/2008). In accordance with the provisions of the above mentioned law, a withholding tax of 21% is imposed on distributed profits of legal entities for the year 2010 and 25% for profits of the following years.

The one-off extraordinary tax contribution of social responsibility, imposed by law 3845/2010 (Government Gazette A’ 65/6.5.2010) and recognized in the statement of total comprehensive income for the year 2010, amounted to €16.9 million.

Amounts in thousand euros (Unless otherwise stated)

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2009 have been finalized, while for the unaudited tax years a relevant provision has been raised according to International Financial Reporting Standards (IFRS).

The deferred tax increase, of year 2011, relates mainly to the recognition of an allowance for impairment on Greek government bonds that participated in
the voluntary exchange of Greek government bonds programme (PSI) and to the increased provisions for loan portfolio impairment.

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:

	2011	2010
Results before tax	(7,326,786)	5,441
Tax calculated (20%)	1,465,357	(1,306)
Income not subject to tax (corresponding tax)	8,619	21,655
Non deductible expenses (corresponding tax) and provisions for unaudited fiscal years	(132,710)	(869)
Impact on deferred tax from the future legally approved change of tax rate	(23,126)	(29,863)
Deferred tax on Impairment of securities	12,508	18,325
Supplementary tax 3% on real estate income	-	(121)
Impact of deferred tax that is estimated not to be offset	(432,706)	-
Tax contribution	-	(16,882)
Income Tax	**897,943**	**(9,061)**

Audit Tax certificate
From the 2011 financial year and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an "Annual Tax Certificate" as provided for by paragraph 5 of Article 82 of L.2238/1994. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days of the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance will subsequently select a sample of at least 9% of all companies for which a "Tax Compliance Report" has been submitted for the performance of a tax audit by the relevant auditors from the Ministry of Finance. The audit by the Ministry of Finance must be completed within a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance.

Unaudited tax years
Piraeus Bank S.A. has not been audited by tax authorities for the fiscal years ended in 2010 and 2011.

For the fiscal year of 2011, the tax audit is being performed by PricewaterhouseCoopers S.A. The Company's management does not expect that additional tax liabilities will arise, in excess of those already recorded and presented in the financial statements, upon the completion of the 2011 tax audit.

For the unaudited periods , there might be a possibility to arise additional taxes and charges at the time they will be audited and closed.

When considered appropriate, a provision is booked to cover possible additional taxes, based on the findings of the tax audits of prior years.

16 Earnings/ (Losses) per share

Basic earnings/ (losses) per share is calculated by dividing the profit/ (loss) after tax attributable to ordinary shareholders for the year by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by Piraeus Bank and held as treasury shares. There is no potential dilution on basic earnings/ (losses) per share.

	1/1-31/12/2011	1/1-31/12/2010
Basic and Diluted earnings/ (losses) per share		
Profit/ (loss) attributable to ordinary shareholders	(6,428,843)	(3,620)
Weighted average number of ordinary shares in issue	1,087,089,199	635,181,798
Basic and Diluted earnings/ (losses) per share (in euros)	(5.9138)	(0.0057)

According to the requirements of IAS 33, the weighted average number of shares has been adjusted for the year 2010 by a 1.8889 factor, in order to adjust earnings/ (losses) per share for the discount price of the rights issue share capital increase (note 42). Moreover, prior year data have been adjusted so as to be comparable with the current year and to reflect the decision of the Ordinary General Meeting of Shareholders in 2011 not to distribute dividend to shareholders of preference shares for the year 2010.

17 Analysis of other comprehensive income

1/1 - 31/12/2011	Before- Tax amount	Tax	Net-of-Tax amount
Net change in available for sale reserve (note 43)	349,587	(76,820)	272,767
Other comprehensive income	**349,587**	**(76,820)**	**272,767**

1/1 - 31/12/2010	Before- Tax amount	Tax	Net-of-Tax amount
Net change in available for sale reserve (note 43)	(242,136)	50,392	(191,744)
Premium on equity instrument (note 43)	(67,805)	-	(67,805)
Other comprehensive income	**(309,940)**	**50,392**	**(259,549)**

Amounts in thousand euros (Unless otherwise stated)

18 Cash and balances with the Central Bank

	31 December 2011	31 December 2010
Cash in hand	194,805	212,844
Nostros and sight accounts with other banks	557,998	400,550
Balances with Central Bank	642,836	701,900
Cheques clearing system - Central Bank	150,522	202,205
Included in cash and cash equivalents less than 90 days (note 45)	**1,546,162**	**1,517,500**
Mandatory reserves with Central Bank	26,687	6,402
	1,572,849	**1,523,902**

The interest rates for nostros and sight accounts are floating.

19 Loans and advances to credit institutions

	31 December 2011	31 December 2010
Placements with banks	200,218	1,043,923
Reverse repurchase agreements	94,891	320,305
Included in cash and cash equivalents less than 90 days (note 45)	**295,109**	**1,364,228**
Placements with banks over 90 days	2,770,091	3,060,099
Total loans and advances to credit institutions	**3,065,200**	**4,424,327**
Current loans and advances to credit institutions (up to 1 year)	1,558,926	1,861,840
The interest rates for nostros and sight accounts are floating.	1,506,275	2,562,487
	3,065,200	**4,424,327**

The interest rates for total loans and advances to credit institutions are floating.

20 Derivative financial instruments

Derivative financial instruments held by the Bank include Currency Forwards, Interest Rate Futures, Interest rate or/ and Currency Swaps, Call/ Put Options on interest or/ and currency or/and shares.

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:

	Contract/ Notional Amount	Fair values	
At 31 December 2011		**Assets**	**Liabilities**
Derivatives held for trading			
Futures	20,000	-	-
Asset swaps	10,915	266	3,438
Interest rate swaps	6,513,552	339,534	364,997
Currency swaps	7,258,606	-	-
FX forwards	40,487	2	-
Options and other derivative instruments	2,417,995	35,226	5
		375,028	**368,440**
Embedded equity derivatives			
Customer deposits/ loans linked to options	29,868	41	15
Derivatives held for fair value hedging			
Interest rate swaps	102,676	-	12,866
Total recognised derivative assets/ liabilities		**375,069**	**381,321**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2010	Contract/ Notional Amount	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	43,900	-	-
Asset swaps	15,739	86	3,754
Interest rate swaps	6,756,592	141,166	132,888
Currency swaps	5,559,851	-	-
FX forwards	333,425	-	12
Options and other derivative instruments	14,968	756	5
		142,008	**136,659**
Embedded equity derivatives			
Customer deposits/ loans linked to options	45,208	250	182
Derivatives held for fair value hedging			
Interest rate swaps	719,298	-	45,378
Futures	764,000	-	-
Total recognised derivative assets/ liabilities		**142,258**	**182,219**

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

Piraeus Bank undertakes most of its transactions in foreign exchange and interest rate contracts with other financial institutions. Especially for the interest rate swaps, almost 59.9% of the transactions are conducted with other financial institutions (notional amount). The top four counterparties account for 80.2% of the total outstanding notional amount of interest rate swaps. The remaining 19.8% 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 12.2%.

The Bank uses derivatives for hedging purposes in order to reduce its exposure to market risk. This is achieved by hedging specific financial instruments or portfolios. The hedging practices and accounting treatment are disclosed in note 2.3.

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

The net fair value of these interest rate swaps as at 31/12/2011 was € 12.9 million liability (2010: € 45.4 million liability). The losses on the hedging instruments were € 0.7 million (2010: € 26 million loss). The gains on the hedged item attributable to the hedged risk were € 0.7 million (2010: € 25.9 million gain).

21 Financial assets at fair value through profit or loss

Trading securities	31 December 2011	31 December 2010
Greek Government bonds/ treasury bills	0	4,335
Included in cash and cash equivalents less than 90 days (note 45)	**0**	**4,335**
Greek Government bonds	107,367	147,976
Greek Government treasury bills	8,144	9,178
Foreign Government bonds	-	11,127
Corporate entities bonds	9,538	11,586
Bank Bonds	56	56
	125,106	**179,924**
Total trading securities	**125,106**	**184,259**
Other financial assets at fair value through profit or loss	**9,922**	**16,426**

From the above mentioned bonds of trading securities as at 31/12/2011, amount of € 80.2 million relates to fixed income securities (2010: € 100.8 million), amount of € 12.0 million relates to floating rate securities (2010: € 15.0 million) and amount of € 32.9 million relates to zero - coupon bonds (2010:€ 68.5 million).

Other financial assets at fair value through profit or loss include mainly asset swap bonds.

Securities pledged are presented in note 41.

22 Reverse repos with customers

	31 December 2011	31 December 2010
Reverse Repos with customers - individuals	29,828	668,599
Reverse Repos with customers - corporate entities	27,299	301,192
Total reverse repos with customers	**57,127**	**969,792**

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

Amounts in thousand euros (Unless otherwise stated)

23 Loans and advances to customers and debt securities - receivables

	31 December 2011	31 December 2010
Mortgages	6,112,571	6,197,457
Consumer, personal and other loans	1,885,027	2,120,112
Credit cards	700,279	774,359
Loans to individuals	**8,697,877**	**9,091,927**
Loans to corporate entities	**22,198,112**	**22,973,998**
Total loans and advances to customers	**30,895,990**	**32,065,925**
Corporate entities debt securities - receivables	4,834	197,653
Bank debt securities - receivables	23,178	-
Greek Government bonds debt securities - receivables	3,007,817	2,232,689
Total debt securities - receivables	**3,035,829**	**2,430,342**
Less: Allowance for impairment on loans and advances to customers and debt securities - receivables	(4,034,164)	(876,165)
Total loans and advances to customers and debt securities - receivables (less allowances for losses)	**29,897,655**	**33,620,102**
of which:		
Loans and advances to customers (net of provisions)	28,496,999	31,189,760
Debt securities - receivables (net of provisions)	1,400,655	2,430,342

	31 December 2011	31 December 2010
Current loans and advances to customers and debt securities receivables (up to 1 year)	12,174,277	11,676,376
Non current loans and advances to customers and debt securities receivables (more than 1 year)	17,723,378	21,943,726
Total	**29,897,655**	**33,620,102**

Out of total loans and advances to customers (before allowances for losses) fixed rate loans amount to € 806 million (2010: € 2,452 million) and floating rate loans amount to € 30,090 million (2010: € 29,614 million).

Debt securities - receivables as at 31/12/2011 include Greek Government Bonds of nominal value € 782 million, which was transferred to Piraeus Bank according to the requirements of Law 3723/2008 “Enhancement of the Greek economy’s liquidity in order to cover equal ammount issuance of Piraeus Bank's preference shares of amount € 370 million in 2009 and € 380 million in 2011 (note 42) to the Greek State. The book value of the above mentioned bond, which was excluded from the PSI, amounts to € 753 million at 31/12/2011.

Movement in allowance (impairment) for losses on loans and advances to customers and debt securities - receivables:

	Loans to individuals	Loans to corporate entities/ Public sector	Total
Balance at 1 January 2010	**303,456**	**307,716**	**611,173**
Charge for the year	191,291	168,376	359,667
Loans written-off	(61,189)	(41,065)	(102,254)
Foreign exchange differences	-	7,579	7,579
Balance at 31 December 2010	**433,559**	**442,605**	**876,165**
Balance at 1 January 2011	**433,559**	**442,605**	**876,165**
Charge for the year	176,115	3,273,497	3,449,612
Loans written-off	(71,624)	(227,135)	(298,759)
Foreign exchange differences	-	7,146	7,146
Balance at 31 December 2011	**538,050**	**3,496,113**	**4,034,164**

	31 December 2011	31 December 2010
Allowance for losses on loans and advances to customers and debt securities - receivables		
Individually impaired	3,387,717	357,923
Collective allowance	646,447	518,242
Total	**4,034,164**	**876,165**

In the charge for the year 2011 in the income statement has been recognized and is included an allowance for impairment of € 2,160 million on Greek government bonds. In addition, Greek government bonds impairment of € 49 million, which was at 31/12/2011 included in available for sale reserve (note 24), that relates to reclassified in previous financial years debt securities - receivables, is recycled to income statement resulting in a total charge for year of 2011 of € 2,209 million. Moreover, in the impairment losses on loans, debt securities and other receivables in the Income Statement, an amount of € 10 million is included that relates to impairment of other assets.

Amounts in thousand euros (Unless otherwise stated)

24 Investment securities

Available for sale securities	**31 December 2011**	**31 December 2010**
Bonds and other fixed income securities		
Greek Government bonds	154,756	542,591
Foreign Government bonds	15,093	15,366
Greek Government Treasury Bills	1,909,471	554,402
Corporate entities bonds	30,693	221,248
Bank bonds	9,398	37,007
	2,119,411	**1,370,614**
Shares and other variable income securities		
Listed shares	32,085	64,031
Unlisted shares	144,862	141,710
Mutual funds	85,193	188,428
	262,140	**394,169**
Total available for sale securities	**2,381,550**	**1,764,783**

In relation to Greek government bonds, a recycling of € 374 million (note 25) from available for sale reserve to income statement was realized.

As at 31/12/2011, amount of € 187.4 million relates to investment portfolio bonds with fixed rates (2010: € 670.9 million) , amount of € 22.5 million relates to floating rate bonds (2010: € 145.3 million) and amount of € 1,909.5 million relates to zero coupon bonds (2010:€ 554.4).

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

	31 December 2011	**31 December 2010**
Opening balance	**1,764,783**	**2,186,728**
Additions	4,900,532	1,465,743
Disposals	(3,858,254)	(1,181,243)
Transfers from trading portfolio (note 25)	-	890,444
Transfers to debt securities receivables (note 25)	-	(936,575)
Changes in fair value	(359,824)	(258,712)
Transfers to held to maturity (note 25)	-	(397,407)
Impairment of available for sale portfolio	(56,540)	(3,325)
Foreign exchange differences	(2,017)	(870)
Transfers to associates (note 26)	(7,130)	-
Closing balance	**2,381,550**	**1,764,783**

	31 December 2011	**31 December 2010**
Held to maturity		
Greek Government bonds	1,198,239	4,954,598
Total held to maturity	**1,198,239**	**4,954,598**

As at 31/12/2011, amount of € 1,149.1 million relates to held to maturity portfolio bonds with fixed rates (2010: € 1,648.7 million) and amount of € 3,311.0 million relates to floating rate bonds (2010: € 3,305.9 million).

For the Greek government bonds included in held to maturity, an allowance for impairment of € 3,262 million has been recognized and is included in the impairment losses for 2011. In addition, Greek government bonds impairment of € 5 million, which was previously included in available for sale reserve, that relates to reclassified in previous financial years bonds, is recycled to income statement resulting in a total charge for the year of 2011 of € 3,267 million.

Movement of the held to maturity securities	**31 December 2011**	**31 December 2010**
Opening balance	4,954,598	3,305,687
Additions	11,087	1,310,696
Impairment of Greek Government bonds	(3,261,866)	-
Transfers from AFS portfolio (note 25)	-	397,407
Sale of securities	(505,580)	(59,192)
Closing balance	**1,198,239**	**4,954,598**

During 2011, “Sale of securities” relates to the sale of GGBs. The significant deterioration in the issuer’s creditworthiness, an isolated event that could not have been anticipated when securities were acquired and initially classified, beyond the Bank’s control and non-recurring, altered the Bank’s strategy and sold these bonds. Therefore, these sales meet IAS 39 rules and there is no need to apply the tainting provisions.

	31 December 2011	**31 December 2010**
Current investment securities (up to 1 year)	1,976,725	740,697
Non current investment securities (more than 1 year)	1,340,925	5,584,516
Total	**3,317,650**	**6,325,213**

Amounts in thousand euros (Unless otherwise stated)

25 Reclassification of financial assets

The Investment portfolio as at 31/12/2011 includes shares, mutual funds and bonds, which have been reclassified during the financial years 2008 and 2010 from the “Trading securities” portfolio. Specifically, the “Available for sale securities” portfolio as at 31/12/2011 includes shares and mutual funds with fair value of € 10.4 million. The revaluation loss of € 10 million for 2011 has been recognized in the “Available for Sale reserve”. In 2011, due to the impairment of the above mentioned shares and mutual funds, a reserve of € 34.6 million was recycled in the Income Statement. Moreover, the “Available for sale securities” portfolio as at 31/12/2011 includes bonds with fair value of € 63.9 million. The revaluation loss of € 78.5 million for 2011 was initially recognized in the “Available for Sale reserve” and then, due to Piraeus Bank participation in the revised Private Sector Involvement programme (PSI+) a reserve of € 89.8 million was recycled in the Income Statement of the year.

“Held to Maturity” portfolio as at 31/12/2011 includes bonds with fair value of € 150.1 million (amortized cost € 200.5 million), which have been reclassified from “Trading securities” portfolio during the financial year 2008. If these bonds had not been reclassified, a revaluation loss of € 187.1 million would have been recognized in the “Net trading Income” of 2011. Due to Piraeus Bank participation in the revised Private Sector Involvement programme (PSI+) an impairment loss of € 394 million was recognized in the Income Statement of the year.

“Debt securities – receivables” portfolio as at 31/12/2011 includes bonds with fair value of € 249.0 million (amortized cost of € 262.3 million) which have been reclassified from the “Available for sale securities” portfolio during the financial years 2008 and 2010. “Loans and advances to credit institutions” portfolio includes bank bonds with fair value of € 6.1 million (amortized cost € 5.6 million), which have been reclassified from the “Available for sale securities” portfolio during the financial year 2008. If these bonds had not been reclassified, a revaluation loss of € 493.3 million would have been recognized in the “Available for sale reserve” of 2011. A loss of € 1.0 million from the sale of reclassified bonds has been recognized in the Income Statement of 2011. Due to Piraeus Bank participation in the revised Private Sector Involvement programme (PSI+) an impairment loss of € 716.2 million was recognized in the Income Statement of the year.

26 Investments in subsidiaries and associate companies

The investments of Piraeus Bank in subsidiaries and associates are:

A) Subsidiaries companies

a/a	Name of Company	Activity	% holding	Country
1.	Marathon Banking Corporation	Banking activities	98.43%	U.S.A.
2.	Tirana Bank I.B.C. S.A.	Banking activities	98.48%	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.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus
8.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
9.	Piraeus Leases S.A.	Finance leases	100.00%	Greece
10.	Piraeus Leasing Romania S.R.L.	Finance leases	99.85%	Romania
11.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece
12.	Tirana Leasing S.A.	Finance leases	100.00%	Albania
13.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece
14.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom
15.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria
16.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom
17.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece
18.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece
19.	Picar S.A.	City Link areas management	100.00%	Greece
20.	Bulfina S.A.	Property management	100.00%	Bulgaria
21.	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece
22.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece
23.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece
24.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece
25.	ND Development S.A.	Property management	100.00%	Greece
26.	Property Horizon S.A.	Property management	100.00%	Greece
27.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece
28.	Piraeus Development S.A.	Property management	100.00%	Greece
29.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece
30.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
31.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.85%	Cyprus
32.	Lakkos Mikelli Real Estate LTD	Property management	40.00%	Cyprus

Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country
33.	Philoktimatiki Public LTD	Land and property development	6.39%	Cyprus
34.	New Evolution S.A.	Property, tourism & development company	100.00%	Greece
35.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
36.	Piraeus Cards S.A.	Financial services and consultancy	100.00%	Greece
37.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
38.	Maples Invest & Holding S.A.	Investment company	100.00%	British Virgin Islands
39.	Margetson Invest & Finance S.A.	Investment company	100.00%	British Virgin Islands
40.	Vitria Investments S.A.	Investment company	100.00%	Panama
41.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
42.	Piraeus Insurance - Reinsurance Broker Romania S.R.L.	Insurance and reinsurance Brokerage	95.00%	Romania
43.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases - rent-a-car and long term rental of vehicles	94.98%	Greece
44.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia
45.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
46.	Piraeus Leasing Doo Beograd	Financial leasing	72.73%	Serbia
47.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece
48.	Estia Mortgage Finance III PLC	SPE for securitization of mortgage loans	-	United Kingdom
49.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	5.67%	Greece
50.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
51.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	65.00%	Greece
52.	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
53.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
54.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
55.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
56.	Axia III APC LTD	SPE for securitization of corporate loans	-	United Kingdom
57.	Praxis II APC LTD	SPE for securitization of consumer loans	-	United Kingdom
58.	R.E. Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus
59.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus
60.	Achaia Clauss Estate S.A.	Property management	74.47%	Greece
61.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece

Companies numbered 30, 45, 48, 50, 52 and 54-57 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 32, 33 and 49, which are consolidated with ownership percentage of less than 50% are bank's subsidiaries due to the existence of control.

The company numbered 48 is under liquidation because the third securitisation of mortgage loans (note 35) was called back in February 2011. In addition the companies numbered 17 and 37-40 are under liquidation as at 31/12/2011.

B) Associate companies

a/a	Name of Company	Activity	% holding	Country
1.	Crete Scient. &Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece
2.	"Evros" Development Company S.A.	European community programs management	30.00%	Greece
3.	Project on Line S.A.	Information technology & software	40.00%	Greece
4.	APE Commercial Property Real Estate Tourist & Development S.A.	Holding Company	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	22.94%	British Virgin Islands
7.	European Reliance Gen. Insurance Co. S.A.	General and life insurance and reinsurance	30.23%	Greece
8.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece
9.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece
10.	Sciens International Investments & Holding S.A.	Holding Company	28.10%	Greece
11.	Ekathariseis Aktoploias S.A.	Ticket Settlements	49.00%	Greece
12.	Euroterra S.A.	Property Management	39.22%	Greece
13.	Rebikat S.A.	Property Management	40.00%	Greece
14.	Abies S.A.	Property Management	40.00%	Greece
15.	ACT Services S.A.	Accounting and tax consulting	49.00%	Greece
16.	Exodus S.A.	Information technology & software	50.10%	Greece
17.	Piraeus - TANEO Capital Fund	Venture capital fund	50.01%	Greece

The company numbered 16 is included in the associate companies' portfolio, as Piraeus Bank S.A. owns 40.10% of the voting rights. The company numbered 11 is under liquidation as at 31/12/2011. The company numbered 17 is included in the associate companies' portfolio, due to the fact that Piraeus Bank exercises significant influence on the investing committee of the fund, which takes the investment decisions.

Amounts in thousand euros (Unless otherwise stated)

The movement for investments in subsidiaries is analysed as follows:

	31 December 2011	31 December 2010
Opening Balance	2,088,501	1,923,099
Additions	4,196	38,671
Participation in share capital increases of subsidiaries	94,132	98,484
Disposals	(144)	(24,482)
Transfers to associates	-	(3,497)
Impairment charge	(106,235)	(5,871)
Transfers from held for sale portfolio (note 30)	2,440	61,979
Transfers to held for sale portfolio (note 30)	(172,992)	-
Foreign exchange differences	(588)	119
Closing balance	**1,909,309**	**2,088,501**

The movement for investments in associates is analysed as follows:

	31 December 2011	31 December 2010
Opening Balance	179,968	161,424
Participation in share capital increases of associates	32,946	15,146
Transfers from subsidiaries	-	3,497
Additions	8,474	-
Impairment charge	(100)	(100)
Transfers from available for sale portfolio (note 24)	7,130	-
Closing balance	**228,418**	**179,968**

27 Intangible assets

2010	**Software**	**Other intangible**	**Total**
Cost			
Opening balance as at 1 January 2010	141,514	6,172	147,686
Additions	18,192	-	18,192
Write-Offs	(912)	(31)	(943)
Transfers	20,257	1,038	21,295
Cost as at 31 December 2010	**179,051**	**7,179**	**186,230**
Accumulated depreciation			
Opening balance as at 1 January 2010	(68,630)	(2,459)	(71,089)
Charge for the year	(14,915)	(735)	(15,650)
Write-Offs	746	31	777
Accumulated depreciation at 31 December 2010	**(82,799)**	**(3,163)**	**(85,962)**
Net book value as at 31 December 2010	**96,253**	**4,017**	**100,269**

2011	**Software**	**Other intangible**	**Total**
Cost			
Opening balance as at 1 January 2011	179,051	7,179	186,230
Additions	19,821	-	19,821
Transfers	17,711	16,859	34,570
Cost as at 31 December 2011	**216,583**	**24,038**	**240,620**
Accumulated depreciation			
Opening balance as at 1 January 2011	(82,799)	(3,163)	(85,962)
Charge for the year	(18,236)	(2,424)	(20,660)
Accumulated depreciation at 31 December 2011	**(101,035)**	**(5,587)**	**(106,622)**
Net book value as at 31 December 2011	**115,549**	**18,452**	**133,999**

Amounts in thousand euros (Unless otherwise stated)

28 Property, plant and equipment

2010	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2010	85,844	218,969	57,994	6,957	202,480	572,244
Additions	158	6,180	35,273	140	5,484	47,235
Transfers	156	3	(21,295)	(3)	-	(21,139)
Disposals	(846)	(397)	(106)	(183)	-	(1,532)
Write - offs/ impairment	-	-	(90)	-	(4,092)	(4,182)
Cost as at 31 December 2010	**85,312**	**224,754**	**71,775**	**6,912**	**203,872**	**592,626**
Accumulated depreciation						
Opening balance as at 1 January 2010	(9,081)	(165,715)	-	(5,898)	(78,100)	(258,794)
Charge for the year	(982)	(10,849)	-	(123)	(4,460)	(16,413)
Transfers	-	(2)	-	2	-	0
Disposals	97	350	-	171	-	617
Write - offs/ impairment	-	-	-	-	3,113	3,113
Accumulated depreciation as at 31 December 2010	**(9,966)**	**(176,215)**	**0**	**(5,848)**	**(79,448)**	**(271,477)**
Net book value as at 31 December 2010	**75,346**	**48,539**	**71,775**	**1,064**	**124,425**	**321,149**

2011	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2011	85,312	224,754	71,775	6,912	203,872	592,626
Additions	8,716	6,560	29,673	115	4,674	49,737
Transfers	(1,726)	-	(34,739)	-	15	(36,450)
Disposals	(39)	(103)	-	(22)	(86)	(250)
Write - offs/ impairment	-	(551)	(973)	(44)	(9,296)	(10,864)
Cost as at 31 December 2011	**92,263**	**230,660**	**65,737**	**6,961**	**199,179**	**594,800**
Accumulated depreciation						
Opening balance as at 1 January 2011	(9,966)	(176,215)	-	(5,848)	(79,448)	(271,477)
Charge for the year	(993)	(10,150)	-	(128)	(8,450)	(19,721)
Transfers	523	-	-	-	2	524
Disposals	-	101	-	20	27	148
Write - offs/ impairment	-	548	-	44	9,268	9,860
Accumulated depreciation as at 31 December 2011	**(10,437)**	**(185,716)**	**0**	**(5,913)**	**(78,601)**	**(280,667)**
Net book value as at 31 December 2011	**81,826**	**44,943**	**65,737**	**1,049**	**120,578**	**314,133**

29 Investment property

	31 December 2011	31 December 2010
Opening balance	188,010	121,221
Additions	14,217	4,929
Revaluation	2,286	26,363
Transfers	(1,744)	36,844
Disposals	(1,002)	(1,348)
Closing balance	**201,767**	**188,010**

Amounts in thousand euros (Unless otherwise stated)

30 Assets held for sale

	31 December 2011	31 December 2010
Opening balance	**1,326**	**84,144**
Additions	1,114	-
Transfers to subsidiaries (note 26)	(2,440)	(61,979)
Transfers from subsidiaries (note 26)	172,992	-
Disposals	-	(20,839)
Closing balance	**172,992**	**1,326**

Within 2011, the real estate company Kosmopolis A' Shopping Centers S.A. that had initially been classified in the “Assets held for sale” portfolio was transferred to the subsidiaries portfolio as the criteria specified by IFRS 5 are no longer met. Moreover, Piraeus Bank Egypt has been transferred from Investments in Subsidiaries to “Assets held for sale”, as the classification criteria of IFRS 5 are met.

31 Other assets

	31 December 2011	31 December 2010
Inventory property	128,998	76,310
	128,998	**76,310**
Prepaid expenses and accrued income	79,390	99,446
Prepaid taxes & taxes withheld	119,326	84,948
Claims from tax authorities and the Greek State	159,476	197,564
Dividends receivable	2,104	4,373
Credit cards	53,618	53,769
Receivables from subsidiaries	288,849	203,796
Other items	232,753	227,097
Other receivables	**935,517**	**870,994**
Other assets	**1,064,515**	**947,304**

In 2011, the Bank made transfers from/to “Inventories- property an amount of € 3.1 million.

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

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

	31 December 2011	31 December 2010
Current other assets (up to 1 year)	382,998	497,471
Non current other assets (more than 1 year)	681,517	449,833
Total	**1,064,515**	**947,304**

32 Due to credit institutions

	31 December 2011	31 December 2010
Due to the Central Bank	22,041,000	17,200,000
Deposits from other banks	638,310	2,359,057
Repurchase agreement - credit institutions	2,344,232	587,265
Other obligations to banks	71	202,479
	25,023,614	**20,348,801**
Current due to banks (up to 1 year)	24,523,614	20,348,801
Non current due to banks (more than 1 year)	500,000	-
	25,023,614	**20,348,801**

Balances due to credit institutions bear floating rates.

Due to credit institutions includes refinancing operations through repo transactions within the eurosystem amounting to €22.0 billion (31/12/2010: €17.2 billion). The increase of the raised liquidity of the bank from the Eurosystem through the available refinancing operations with collaterals, during the year of 2011, displays the decreased overall liquidity within the Greek banking system (reduction of deposits).

33 Liabilities at fair value through profit or loss

As at 31/12/2011, the open short positions for Greek Government bonds and treasury bills, had a fair value of € 18.5 million. The open short positions result from the trading activity in the secondary market, with short term nature, within the scope of managing the Bank's positions.

As at 31/12/2011, the reduction in the balance of “Liabilities at fair value through profit or loss” is due to the settlement of the open short positions for bonds within the scope of the upcoming participation of the Bank to the revised private sector involvement programme (PSI+).

Amounts in thousand euros (Unless otherwise stated)

34 Due to customers

	31 December 2011	31 December 2010
Current and sight deposits	3,430,114	3,678,240
Savings account	2,691,796	3,383,593
Term deposits	12,064,402	16,809,971
Other accounts	147,694	173,881
Repurchase agreements	423	6,200
	18,334,429	**24,051,885**

	31 December 2011	31 December 2010
Current due to customers (up to 1 year)	18,032,822	23,660,178
Non current due to customers (more than 1 year)	301,607	391,707
	18,334,429	**24,051,885**

Other accounts include cheques payable of € 75.4 million (2010: € 75.8 million). Customer deposits (corporate and retail) with floating rates are € 6,191.3 million (2010: € 7,154.0 million) and with fixed rate are € 12,067.3 million (2010: € 16,815.9 million).

As at 31/12/2011, the reduction in the balance of “Due to customers” is due to the large outflow of deposits from the Greek banking system, mainly due to the uncertainty resulting from the further deterioration of the economic conditions in Greece, the downgradings of Greece’s credit rating, the reduction in the credit expansion, as well as the need to cover increased tax obligations and operating expenses by retail and corporate customers.

35 Debt securities in issue

		31 December 2011	31 December 2010
ETBA bonds		**4,015**	**124,355**
Euro Commercial Paper (Short term securities)		-	17,025
		-	46,875
		0	**63,900**
Euro Medium Term Note	**Interest rate (%)**		
€ 60 m. floating rate notes due 2015	Variable	60,000	60,000
€ 500 m. floating rate notes due 2011	Euribor + 0.25%	-	421,490
€ 5.05 m. floating rate notes due 2011	Variable	-	3,750
€ 20 m. floating rate notes due 2012	Euribor + 0.20%	19,964	19,964
€ 500 m. fixed rate notes due 2011	Fixed 4.5%	-	487,351
€ 500 m. fixed rate notes due 2012	Fixed 4.0%	354,192	468,789
€ 50.3 m. fixed rate notes due 2012	Fixed 4.0%	38,228	54,136
€ 25.5 m. fixed rate notes due 2013	Fixed 4.5%	19,977	26,462
Accrued interest and other expenses		5,074	23,131
		497,435	**1,565,073**
Securitisation of mortgage loans	**Average rate (%)**		
€ 750 m. floating rate notes due 2040	Euribor + 0.18%	190,867	242,601
€ 1,250 m. floating rate notes due 2054	Euribor + 0.18%	574,471	678,553
		765,338	**921,154**
Total debt securities in issue		**1,266,788**	**2,674,481**

	31 December 2011	31 December 2010
Current debt securities in issue (up to 1 year)	416,439	1,096,764
Non current debt securities in issue (more than 1 year)	850,349	1,577,717
	1,266,788	**2,674,481**

Amounts in thousand euros (Unless otherwise stated)

Issuance under the Euro Commercial Paper and Euro Medium Term Note programs is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group. Information concerning the new issues of debt securities during the year 2011, which have been retained by the Bank, are presented below:

In February 2011 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 950 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 1000bps. In May the bond was re-tapped in the amount of € 800 million with the same terms and conditions increasing the final outstanding amount to € 1,750 million. The bond has been retained by Piraeus Bank.

In February 2011 Piraeus Bank issued its 3-year covered bond in the amount of €1,250 million. The bond has a 10 year extension period and pays a floating rate coupon of 1M Euribor plus 100bps. The bond has been retained by Piraeus Bank.

In November 2011 Piraeus Bank issued two 3-month floating rate senior bonds in the total amount of €3,250 million. The bonds were issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. Both bonds pay a floating rate coupon of 3M Euribor plus 1200bps. Both bonds have been retained by Piraeus Bank.

It should be noted that the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively, continue to be retained by Piraeus Bank. The third securitisation of mortgage loans in the amount of € 800 million, was called back in February 2011.

36 Hybrid capital and other borrowed funds

Hybrid Capital (Tier I)	**Interest rate (%)**	**31 December 2011**	**31 December 2010**
€ 200 m. floating rate notes due to 2034	Euribor + 1.25%	158,636	158,636
Accrued interest and other expenses		965	803
		159,601	**159,439**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	Euribor + 0.55%	333,038	346,028
Accrued interest and other expenses		2,345	1,117
		335,383	**347,145**
Total hybrid capital and other borrowed funds		**494,984**	**506,584**

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

37 Other liabilities

	31 December 2011	**31 December 2010**
Prepaid income and accrued expenses	53,618	84,504
Withheld tax and contributions	30,336	31,715
Transactions with Interbank Systems (DIAS)	17,790	18,905
Creditors	35,495	45,688
Other liability accounts	88,332	234,192
	225,572	**415,005**
Current other liabilities (up to 1 year)	217,371	402,514
Non current other liabilities (more than 1 year)	8,201	12,490
	225,572	**415,005**

Other liability accounts include credit balances that result from the daily transactions of the Bank. As at 31/12/2011 and 31/12/2010, there are no obligations arising from finance leasing.

38 Other provisions

Other provisions are € 10,665 thousand during the year 2011, as well as during 2010.

Amounts in thousand euros (Unless otherwise stated)

39 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 assets	**31 December 2011**	**31 December 2010**
Pensions and other post retirement benefits	24,746	34,917
Impairment of loans and receivables	326,746	105,013
Other provisions	2,000	-
Securities valuation	140,169	197,628
Recognition of tax losses	71,435	-
Derivatives valuation	(3,401)	10,670
Recognition of commision according to effective interest rate calculation	6,378	6,726
Investment property valuation	(15,481)	(16,211)
Depreciation of property, plant and equipment	(17,198)	(13,456)
Intangible assets	(30,677)	(32,130)
Impairment of Greek Government Bonds	641,931	-
Other deferred tax items	(14,192)	(20,426)
Net deferred tax asset	**1,132,455**	**272,732**

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

	2011	**2010**
Net deferred tax asset as at 1 January	**272,732**	**163,618**
Effect of deferred tax on profit or loss	925,928	53,920
Available for sale portfolio securities (note 43)	(76,820)	50,392
Deferred tax on return on preference shares	-	4,802
Deferred tax on expenses of share capital increase	10,615	-
Net deferred tax asset as at 31 December	**1,132,455**	**272,732**

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

Deferred tax (Income Statement)	**1/1-31/12/2011**	**1/1-31/12/2010**
Pensions and other post retirement benefits	(10,171)	(1,259)
Impairment of loans and receivables	221,733	80,793
Other provisions	2,000	-
Securities valuation	19,360	14,516
Recognition of tax losses	71,435	-
Derivative financial instruments valuation	(14,071)	(1,836)
Recognition of commision according to effective interest rate calculation	(348)	(2,508)
Valuation of investment property	730	(3,109)
Depreciation of property, plant and equipment	(3,742)	(8,793)
Intangible assets	(9,163)	(7,494)
Impairment of Greek Government Bonds	641,931	-
Other deferred tax items	6,234	(16,390)
	925,928	**53,920**

During the year 2011, a) an amount of deferred tax of € 76,820 thousands relating to valuation of the available for sale securities did not affect the profit and loss for the year, but instead was included in the available for sale reserve (note 43) according to the relevant IFRS requirements and b) an amount of € 10,615 thousands regarding return on preference shares of Piraeus Bank amounting to € 53,074 thousands, did not affect the profit and loss for the year, but instead affected share premium reserve.

Measurement and Recognition of Deferred Tax on GGBs impairment Loss

DTA on PSI losses has been calculated and recognized based on the best estimates of the management of the Bank, regarding the evolution of its tax profit in the foreseeable future, along with the nature and the ability to recover these losses according to the greek tax regime at the end of 2011.

As a result, deferred tax income of € 421 million approximately was not recognized in 2011 profit & loss account and consequently in the equity of the Bank and the Group.

Amounts in thousand euros (Unless otherwise stated)

40 Retirement benefit obligations

The defined benefit obligation is calculated based on actuary studied from independent actuary 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 defined benefit obligation is determined by the present value of cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

Amounts recognised in the balance sheet	**31 December 2011**	**31 December 2010**
Pension schemes-funded	57,142	58,948
Other post retirement benefits - not funded	81,759	118,628
	138,901	**177,576**
Benefits due to mergers	159	159
Total obligation	**139,060**	**177,735**

Income statement	**1/1-31/12/2011**	**1/1-31/12/2010**
Pension schemes-funded	(13,210)	(3,443)
Other post retirement benefits - not funded	(11,535)	(23,172)
	(24,745)	**(26,615)**

A) Pension schemes - funded

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

	31 December 2011	**31 December 2010**
Present value of funded obligations	90,156	72,362
Fair value of plan assets	(35,846)	(13,060)
	54,310	**59,303**
Unrecognised actuarial (losses)/ gains	3,936	(5,750)
Unrecognised past - services cost	(1,104)	5,396
Liability in the balance sheet	**57,142**	**58,948**

Although, TEAPETE is no longer among funded benefits since 2006, it is featured as part of funded benefits for comparison purposes. The Bank applied 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 7 installments were paid until 31/12/2011. The obligation, which is the present value of the other 3 instalments, amounts to € 18,1 million as at 31/12/2011.

Pension schemes - Income statement	**1/1-31/12/2011**	**1/1-31/12/2010**
Current service cost	(4,460)	(2,786)
Interest cost	(6,454)	(3,759)
Expected return on plan assets	616	777
Recognition of actuarial (losses)/ gains	(444)	1,971
Past service cost	(5,130)	354
Settlement/ Curtailment/ Termination Loss/ (Gain)	2,662	-
Total included in staff costs	**(13,210)**	**(3,443)**

The movement of the defined benefit obligation for the years 2011 and 2010 is analysed as follows:

	31 December 2011	**31 December 2010**
Beginning of year	**72,362**	**94,758**
Opening balance including the Loyalty Plan of 2011	52,375	**-**
Current service cost	4,460	2,786
Interest cost	6,454	3,759
Contributions by plan participants	1,483	1,610
Benefits paid from the fund	(20,015)	(6,814)
Benefits paid directly by the employer	(7,615)	(7,134)
Expenses	-	-
Settlement/ Curtailment/ Termination Loss/ (Gain)	(1,663)	-
Past- Services Cost	(5,091)	(5,749)
Net actuarial (gains)/ losses recognised in year	(12,594)	(10,854)
End of year	**90,156**	**72,362**

For one of the post retirement benefit plans, it was decided:

i) the modification of the benefits structure and their reduction from 01.01.2011, that affected both the accrued and the future obligations of the plan. This change generated “past service gain” of € 5.1 million, which has been disclosed and will be recognized gradually, starting from 2011, while at the same time the “Income Statement Account” for 2011 was recalculated, taking into account the new reduced benefits

ii) to be provided through an insurance contract, resulting in its classification as at 31.12.2011 in funded schemes (versus unfunded).

Amounts in thousand euros (Unless otherwise stated)

The movement of the fair value of plan assets of the years 2011 and 2010 is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	**13,059**	**17,537**
Expected return on plan assets	616	777
Employer contributions	42,738	2,647
Employee contributions	1,483	1,610
Benefits paid from the fund	(20,015)	(6,814)
Expenses	-	-
Assets gains/ (losses)	(2,036)	(2,698)
End of year	**35,846**	**13,059**

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

	31 December 2011	31 December 2010
Opening balance	**58,948**	**65,286**
Opening balance including the Loyalty Plan of 2011	35,337	-
Movement for the year	13,210	3,443
Contributions paid by the employer	(42,738)	(2,647)
Benefits paid directly by the employer	(7,615)	(7,134)
Closing balance	**57,142**	**58,948**

The amount of contributions paid during the year 2011 included the amount of € 39 million to cover the program through an insurance company.

B) Other post retirement benefits - not funded

The amounts recognised in the balance sheet are as follows:

	31 December 2011	31 December 2010
Present value of unfunded obligations	67,102	137,546
Unrecognised actuarial (losses)/ gains	16,786	6,407
Unrecognized past service cost	(2,128)	(25,325)
Liability in the balance sheet	**81,759**	**118,628**

The movement in the defined benefit obligation for the years 2011 and 2010 is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	**137,545**	**158,749**
Opening balance without the Loyalty Plan of 2011	(52,374)	-
Current service cost	3,748	8,283
Interest cost	3,056	5,457
Benefits paid by the employer	(13,067)	(12,370)
Additional (gains)/ cost	3,523	2,053
Past service cost	(4,309)	85
Actuarial (gains)/ losses recognised in year	(11,019)	(24,711)
Closing balance	**67,102**	**137,545**

The amounts recognised in the income statements of 2011 and 2010 are as follows:

Income statement	1/1-31/12/2011	1/1-31/12/2010
Current service cost	(3,748)	(8,283)
Interest cost	(3,056)	(5,457)
Recognition of actuarial (losses)/ gains	285	16
Past service cost recognized	(2,166)	(8,280)
Additional gains/ (cost)	(2,850)	(1,168)
Total included in staff costs	**(11,535)**	**(23,172)**

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

	31 December 2011	31 December 2010
Opening balance	**118,628**	**107,826**
Opening balance without the Loyalty Plan of 2011	(35,337)	-
Movement for the year	11,535	23,172
Benefits paid by the employer	(13,067)	(12,370)
Closing balance	**81,759**	**118,628**

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

	31 December 2011	31 December 2010
Discount rate	5.00%	5.00%
Expected return on plan assets	5.00%	5.00%
Future increase of salaries	2.00%	2.50%

Amounts in thousand euros (Unless otherwise stated)

The income statement account for 2011 was recalculated, taking into account the new assumptions and estimates for the increases in salaries by 2% instead of 2.5%. The same assumptions were used for the recalculation of the actuarial obligation and the actuarial gains/ losses as at 1/1/2011.

The provisioning policy for compensations due to departure from service was specified in 2011according to the relevant regulations of law 2112 and the individual contracts, and the relevant past service gain of €4.3 million was disclosed and will be recognized gradually from 2012 and thereafter.

41 Contingent liabilities and commitments

A) Legal procedures

The legal proceedings outstanding against the Bank as at 31/12/2011, 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 31/12/2011 the Bank had the following capital commitments:

	31 December 2011	31 December 2010
Letters of guarantee	2,767,158	2,887,278
Letters of credit	39,904	93,491
Commitments to extent credit	1,135,753	3,764,703
	3,942,815	**6,745,472**

C) Assets pledged

	31 December 2011	31 December 2010
Trading securities	120,248	149,014
Investment securities	2,976,914	5,890,859
Debt securities held by the Bank own issue	14,702,402	13,152,339
Loans and advances to customers and debt securities - receivables	13,928,154	6,333,647
	31,727,718	**25,525,858**

In the "Debt securities held by the Bank own issue" category, an amount of € 14,582 million refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic and an amount of € 121 million refers to securities derived from the securitization of mortgage, consumer and corporate bank loans. The prementioned securities are not included in assets.

D) Operating lease commitments

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

	31 December 2011	31 December 2010
Up to 1 year	45,558	45,488
From 1 to 5 years	190,777	191,692
More than 5 years	389,627	388,987
	625,962	**626,167**

42 Share capital

	Share capital	Share premium	Total
Opening balance at 1 January 2010	**1,974,020**	**927,739**	**2,901,758**
Reduction of the nominal value of ordinary shares	(1,503,138)	1,503,138	0
Balance at 31 December 2011	**470,882**	**2,430,877**	**2,901,758**
Opening balance at 1 January 2011	**470,882**	**2,430,877**	**2,901,758**
Increase of share capital through cash payment	242,116	522,478	764,594
Issue of preference shares	380,000	-	380,000
Balance at 31 December 2011	**1,092,998**	**2,953,356**	**4,046,352**

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

	Number of shares
Opening balance at 1 January 2011	**413,840,653**
Issue of ordinary shares	807,054,045
Issue of preference shares	1,266,666,666
Balance at 31 December 2011	**2,487,561,364**

On 1/1/2011 the Bank's share capital amounted to € 470,881,754.88, divided to 336,272,519 ordinary registered shares with voting rights, each with a nominal value of € 0.30 and 77,568,134 preference shares without voting rights L.3723/2008, each with a nominal value of € 4.77.

Amounts in thousand euros (Unless otherwise stated)

The Shareholders Meeting on January 3, 2011 resolved upon the increase of the Bank's share capital by an amount of € 242,116,213.50 through payment in cash and the granting of a pre-emption right to the existing ordinary shareholders at a subscription ratio of 12 new shares for every 5 existing ordinary registered shares and at subscription price of € 1 per new share. The share capital increase concluded on January 31, 2011 with the issuance of 807,054,045 new ordinary registered shares of nominal value € 0.30 each. The Share premium reserve increased by € 522,478,236.59 after the deduction of the expenses related to the share capital increase and the respective deferred tax.

On December 23, 2011 the Board of Directors resolved upon the Bank's share capital increase, and the cancellation of the pre-emption right of the existing shareholders in favour of the Greek State, by contribution in kind in accordance with the provisions of L. 3723/2008 on "Enhancing the liquidity of the economy and addressing the impact of the global financial crisis". The share capital increase by € 379,999,999.80 concluded on December 30, 2011 with the issuance of 1,266,666,666 new preferred shares, that have been undertaken by the Greek State, of nominal value € 0.30 each. Expenses of € 4,180,000 related to share capital increase reduced Retained earnings.

Following this increase (and taking into consideration the next paragraph), the Bank's share capital as of 31/12/2011 amounted to € 1,092,997,968.18, divided into 1,143,326,564 ordinary voting registered shares, each with a nominal value of € 0.30 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

It is noted that pursuant to the Ordinary Shareholders Meeting resolution dated 20/5/2011, an increase of the nominal value of each common share was decided from thirty cents (€ 0.30) to one euro and twenty cents (€ 1.20) with a reduction of the number of common shares of the Bank from one billion one hundred and forty three million three hundred and twenty six thousand five hundred and sixty four (1,143,326,564) to two hundred and eighty five million eight hundred and thirty one thousand six hundred and forty one (285,831,641) (reverse split). The new common shares that were issued following the aforesaid reverse split are not yet traded in the Athens Exchange. After the completion of the regulatory procedures the Bank's share capital will amount to € 1,092,997,968.18, divided into 285,831,641 ordinary voting registered shares, each with a nominal value of € 1.20 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

According to 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 participates in the reinforcement programmes, provided by the Law 3723/2008 (Gov. Gazette A' 250/9.12.2008).

43 Other reserves and retained earnings

	31 December 2011	31 December 2010
Legal reserve	68,995	68,995
Available for sale reserve	(67,392)	(340,159)
Total other reserves	**1,603**	**(271,164)**
Retained earnings	(6,106,639)	326,384
Total other reserves and retained earnings	**(6,105,036)**	**55,220**

Movement in available for sale reserve for the year was as follows:

Available for sale reserve	31 December 2011	31 December 2010
Opening balance for the year	(340,159)	(148,415)
Gains/ (losses) from the valuation of bonds	(258,983)	(198,592)
Gains/ (losses) from the valuation of shares and mutual funds	(91,355)	(68,842)
Recycling of Greek Government bonds impairment	427,614	-
Recycling on shares and mutual funds	266,437	-
Deferred income taxes (note 39)	(76,820)	50,392
Recycling on the accumulated fair value adjustment of disposed securities (note 11)	(853)	5,347
Depreciation of accumulated impairment of tranferred bonds	6,728	20,289
Foreign exchange differences and other adjustments	(1)	(338)
Closing balance for the year	**(67,392)**	**(340,159)**

During the year 2011, loss of € 9.5 million, attributable to the valuation of the interest rate risk of hedged available for sale bonds, has been recognized directly in the income statement of the year.

Recycling to income statement of Greek government bonds impairment includes impairment of € 54 million that relates to reclassified in previous financial years bonds. These reclassified bonds are reported under held to maturity portfolio and debt securities receivables as at 31/12/2011.

Retained earnings movement	31 December 2011	31 December 2010
Opening balance for the year	326,384	414,711
Premium on equity instrument	-	(67,805)
Tranfer between other reserves and retained earnings	-	1,104
Share capital increase expenses	(4,180)	-
Profit/ (loss) after tax for the year	(6,428,843)	(3,620)
Prior year dividends of preference shares	-	(18,006)
Closing balance for the year	**(6,106,639)**	**326,384**

Amounts in thousand euros (Unless otherwise stated)

44 Dividend per share

Pursuant to article 1 of Law 3723/2008, Banks, for as long as they participate in the enhancement of liquidity scheme of this Law, are not allowed to distribute dividends higher than the minimum amount set by the provisions of article 3, Law 148/1967. Moreover, article3, paragraph 3c of Law 4063/2012 (FEK A' 71/30.3.2012) states that in case of distributing any dividends to the shareholders for the year 2011, this will be strictly limited to distribution of shares, which should not result from buy back procedure.

In addition, the State representatives participating in the Board of Directors of the abovementioned Banks, have the right to veto on any resolution related to the distribution of dividends.

Since there are no distributable profits or relevant amounts related to reserves to be distributed pursuant to the provisions of the Articles of Association and the Law (article 44a of Law 2190/1920), the payment of dividends by cash or shares for the fiscal year 2011 is not allowed. Therefore, the Management of the Bank will not propose in the Annual Ordinary General Meeting of Shareholders for the year 2011, the distribution of dividends for ordinary as well as for preference shares.

The accrued dividend of preference shares for the year 2011, which will not be distributed, amounts to € 37.0 million (€ 29.6 million after tax).

The Shareholders General Meeting, that took place on 20/5/2011, resolved, pursuant to the aforementioned legally binding provisions, not to distribute any dividends to the shareholders of ordinary and preference shares for the year 2010. Therefore, prior year balances relating to preference shares dividends have been adjusted for comparability purposes.

45 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 2011	31 December 2010
Cash and balances with Central Bank (note 18)	1,546,162	1,517,500
Loans and advances to credit institutions (note 19)	295,109	1,364,228
Trading securities (note 21)	-	4,335
	1,841,271	**2,886,063**

46 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 2011	**31 December 2010**
Loans	129,699	129,455
Deposits	26,913	39,064

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2011 are € 1.2 million (31/12/2010: € 2.3 million). Letters of guarantee to subsidiaries as at 31/12/2011 are € 318.2 million (31/12/2010: € 267.0 million). The total income that relates to members of the Board of Directors and the key management personnel for the year 2011 is € 5.1 million (31/12/2010: € 4.3 million). The total expense that relates to the prementioned related parties for the year 2011 is € 1.1 million (31/12/2010: € 0.8 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

	1/1-31/12/2011	1/1-31/12/2010
Salaries and other remuneration	4,848	4,662
Termination benefits or vesting of benefits	4,356	3,491
	9,204	**8,153**

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel, following the secession or the vesting of benefits of particular management personnel and the adjustments that took place in the current year, amount to € 23.9 million from € 31.6 million as at 31/12/2010. The full amount of the above provisions has been included in the retirement benefit obligations (note 40).

Amounts in thousand euros (Unless otherwise stated)

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

I. Subsidiaries	**31 December 2011**	**31 December 2010**
Assets		
Cash and Balances with Central Bank	733	17,348
Loans and advances to credit institutions	2,928,900	3,593,024
Reverse repos with customers	-	14,391
Loans and advances to customers	671,044	719,303
Other assets	290,906	214,340
Total	**3,891,583**	**4,558,407**

Liabilities	**31 December 2011**	**31 December 2010**
Due to credit institutions	276,192	1,121,783
Due to customers	553,055	241,567
Debt securities in issue	1,258,304	2,490,787
Hybrid capital and other borrowed funds	494,984	506,585
Other liabilities	13,541	32,268
Total	**2,596,076**	**4,392,990**

Revenues	**1/1-31/12/2011**	**1/1-31/12/2010**
Interest and similar income	170,493	173,469
Fee and commission income	10,473	14,116
Other operating income	1,932	6,171
Total	**182,897**	**193,756**

Expenses	**1/1-31/12/2011**	**1/1-31/12/2010**
Interest expense and similar charges	(178,737)	(196,890)
Fee and commission expense	(14,418)	(21,059)
Operating expenses	(36,657)	(43,885)
Total	**(229,812)**	**(261,834)**

II. Associates

	31 December 2011	**31 December 2010**
Deposits	47,246	44,619
Loans and advances to customers	100,624	58,446

	1/1-31/12/2011	**1/1-31/12/2010**
Interest/ expense	(1,866)	(1,782)
Interest/ income	3,666	2,137

47 Restatement of comparatives

Earnings/ (losses) per share for the year 2010 have been adjusted due to the share capital increase and the decision not to distribute dividend to shareholders of preference shares (refer to Note 16). Moreover, a reclassification of amount € 9,297 thousand took place from Results from investment securities to Provisions and impairments.

In the year 2011, deferred tax assets and deferred tax liabilities relating to the same taxation authority were offset. For comparability purposes, prior year respective balances were reclassified and deferred tax liabilities of € 86,651 thousand were offset with deferred tax assets. Following the offsetting, deferred tax assets amount to € 272,732 thousand from € 359,383 thousand initially reported.

Amounts in thousand euros (Unless otherwise stated)

48 Events subsequent to the end of the year

On 21 February 2012, the Eurogroup meeting decided to approve the 2nd bail-out program for Greece for the amount of € 130 billion, with the involvement of the private sector (PSI) through a bond exchange program, which included a haircut of 53.5% on the nominal value of Greek Government Bonds (GGBs). The details of the PSI program were announced on 24 February 2012. For further information concerning the Bank's participation in the PSI program please refer to note 4 of 2011 Annual Financial Report.

As expected, the announcement of the commencement of the PSI program induced the downgrade of the Default Ratings of Greece. Specifically, on 27 February 2012, Standard &Poor's (S&P's) credit agency downgraded Greece's Sovereign Long-term and Short term Credit Ratings to 'Selective Default' from "CC" and "C" respectively. On 2nd March 2012, Moody's downgraded Greece's local and foreign currency bond ratings to C from Ca. On 9 March 2012, Fitch downgraded Greece's Long-term foreign and local currency Issuer Default Ratings (IDRs) to "Restricted Default" from "C". On the 12th of March 2012, S&P's announced that Greece's Sovereign credit ratings on Greece remained in Selective Default (SD) and has assigned a Rating of "CCC" to the new bonds issued by the Greek government, following PSI.

On 13 March 2012 and following the completion of the PSI, Fitch Ratings upgraded Greece's Long-term foreign and local currency Issuer Default Ratings (IDRs) to 'B-' with Stable Outlook from 'Restricted Default' (RD) and the Short-term foreign currency IDR to 'B' from 'C'. Finally, on 20 March 2012, Fitch Ratings has decided to remove "Rating Watch Negative" from Piraeus Bank long and Short term Ratings and has affirmed them to B- (Stable outlook) and B respectively.

On 2nd March 2012, Piraeus Bank announced a Tender Offer to purchase existing securities for cash. This Tender Offer referred to subordinated (€ 330 million) and hybrid (€ 159 million) securities of € 489 million total amount. On 12 March 2012, Piraeus Bank announced that it accepted offers of € 144 million, out of which € 60 million subordinated securities and € 84 million hybrid securities.

In mid April 2012 and in the framework of the Greek Banks' recapitalization plans, the Hellenic Financial Stability Fund (HFSF) provided a Commitment Letter for its participation in Piraeus Bank's impending share capital increase, up to the amount of € 5.0 billion.

Athens, April 20th, 2012

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O	CHIEF FINANCIAL OFFICER	ASSISTANT GENERAL MANAGER
MICHAEL G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

PIRAEUS BANK

PIRAEUS BANK S.A.

Companies registration number 6065/06/B/86/04

Head Office: 4, Amerikis st., 105 64, Athens, Greece

FINANCIAL STATEMENTS INFORMATION FOR THE YEAR ended as at DECEMBER 31st, 2011

(Published according to Codified Law 2190/20, art. 135 for companies preparing annual financial statements, consolidated or not, in accordance with IFRS)

The figures presented below, derive from the financial statements and aim to a general information about the financial position and results of Piraeus Bank S.A. and Piraeus Bank Group. We therefore recommend the reader, prior to making any investment decision or other transaction concerning the Bank, to visit the Bank's web site, where the set of financial statements in accordance with International Financial Reporting Standards for the year ended as at 31 December 2011 is posted, as well as the auditor's report.

COMPANY'S PROFILE

Responsible Authority:	Ministry of Regional Development and Competitiveness
Company's web side:	www.piraeusbank.gr
Date of Approval of Financial Statements:	April, 20th 2012
The Certified Auditor:	Konstantinos I. Michalatos
Auditing Company:	PricewaterhouseCoopers S.A.
Type of Auditor's Report:	Non qualified - emphasis of matter

Emphasis of matter: Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the stand alone and consolidated financial statements, which refer to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Bank and Group's regulatory capital, the planned actions to restore the capital adequacy and the existing uncertainties that could adversely affect the going concern assumption until the completion of the recapitalisation process.

BOARD OF DIRECTORS COMPOSITION

(at the date of approval of financial statements)

Michalis G. Sallas	Chairman
Stavros M. Lekkakos	Managing Director & CEO
Alexandros St. Manos	Managing Director
Christodoulos G. Antoniadis	Deputy Managing Director
Ilias D. Milis	Deputy Managing Director
Spiridonas A. Papaspirou	Deputy Managing Director
Iakovos G. Georganas	First Vice Chairman, Non Executive Member
Ioannis V. Vardinoyiannis	Non Executive Vice Chairman
Panagiotis V. Roumeliotis	Non Executive Vice Chairman
Georgios P. Alexandridis	Independent Non Executive Member
Theodoros P. Mylonas	Independent Non Executive Member
Stylianos D. Golemis	Independent Non Executive Member
Hariklia A. Apalagaki	Non Executive Member
Eftyhios Th. Vassilakis	Non Executive Member
Vassilios S. Fourlis	Non Executive Member
Jiri J. Smejc	Non Executive Member
Konstantin P. Yanakov	Non Executive Member
Athanasios A. Tsoumas	Greek Government Representative

STATEMENT OF FINANCIAL POSITION

Amounts in thousand euros

	GROUP				BANK			
	31 December 2011		31 December 2010		31 December 2011		31 December 2010	
ASSETS								
Cash and balances with Central Banks		**2,552,717**		**2,993,275**		**1,572,849**		**1,523,902**
Loans and advances to credit institutions		**316,136**		**1,476,856**		**3,065,200**		**4,424,327**
Derivative financial instruments - assets		**379,238**		**143,967**		**375,069**		**142,258**
Trading securities		**464,313**		**673,984**		**125,106**		**184,259**
Financial instruments at fair value through profit or loss		**9,922**		**16,426**		**9,922**		**16,426**
Reverse repos with customers		**57,395**		**955,401**		**57,127**		**969,792**
Loans and advances to customers and debt securities - receivables (net of provisions)		**35,633,795**		**40,150,412**		**29,897,655**		**33,620,102**
Investment securities								
Available for sale securities	2,745,065		2,051,103		2,381,550		1,764,784	
Held to maturity	1,249,849	**3,994,914**	5,056,820	**7,107,923**	1,198,239	**3,579,789**	4,954,598	**6,719,382**
Investments in associated undertakings		**214,642**		**211,796**		**228,418**		**179,968**
Investments in subsidiaries		**0**		**0**		**1,909,309**		**2,088,501**
Intangible assets								
Goodwill	149,448		223,374		0		0	
Other intangible assets	176,006	**325,454**	160,934	**384,308**	133,999	**133,999**	100,269	**100,269**
Property, plant and equipment		**896,756**		**967,023**		**314,133**		**321,149**
Investment property		**877,511**		**927,129**		**201,767**		**188,010**
Assets held for sale		**14,021**		**23,242**		**172,992**		**1,326**
Other assets								
Deferred tax assets	1,177,992		297,882		1,132,455		272,732	
Inventories property	264,891		199,504		128,998		76,310	
Other assets	1,015,397	**2,458,280**	1,032,212	**1,529,598**	935,518	**2,196,971**	870,994	**1,220,036**
Assets from discontinued operations		**1,157,214**		**0**		**-**		**-**
TOTAL ASSETS		**49,352,308**		**57,561,340**		**43,840,306**		**51,699,707**
LIABILITIES								
Due to credit insitutions		**25,413,598**		**19,930,269**		**25,023,614**		**20,348,801**
Liabilities at fair value through profit or loss		**18,475**		**308,864**		**18,475**		**308,864**
Derivative financial instruments - liabilities		**389,728**		**201,140**		**381,321**		**182,219**
Due to customers		**21,795,677**		**29,474,998**		**18,334,429**		**24,051,885**
Debt securities in issue		**1,268,045**		**2,659,618**		**1,266,788**		**2,674,481**
Hybrid capital and other borrowed funds								
Hybrid capital (Tier I)	159,601		159,439		159,601		159,439	
Subordinated debt capital (Tier II)	339,367	**498,968**	351,003	**510,442**	335,383	**494,984**	347,145	**506,584**
Other liabilities								
Retirement benefit obligations	172,856		209,490		139,060		177,735	
Deferred tax liabilities	46,640		41,910		0		0	
Other provisions	18,302		19,817		10,665		10,665	
Current income tax liabilities	13,742		95,222		4,080		66,489	
Other liabilities	648,774	**900,314**	835,838	**1,202,277**	225,572	**379,377**	415,005	**669,894**
Liabilities from discontinued operations		**1,007,341**		**0**		**-**		**-**
Total Liabilities		**51,292,146**		**54,287,608**		**45,898,988**		**48,742,728**
EQUITY								
Share Capital		1,092,998		470,882		1,092,998		470,882
Share premium		2,953,356		2,430,877		2,953,356		2,430,877
Less: Treasury shares		(192)		(8,790)		0		0
Other reserves and retained earnings		(6,106,700)		239,842		(6,105,036)		55,220
Amounts recognized directly in equity relating to non-current assets from discontinued operations		(14,529)		0		-		-
Capital and reserves attributable to equity holders of the parent entity		**(2,075,067)**		**3,132,811**		**(2,058,682)**		**2,956,979**
Non controlling interest		135,229		140,921		-		-
Total Equity		**(1,939,838)**		**3,273,732**		**(2,058,682)**		**2,956,979**
TOTAL LIABILITIES AND EQUITY		**49,352,308**		**57,561,340**		**43,840,306**		**51,699,707**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amounts in thousand euros

	GROUP						BANK	
	1 Jan - 31 Dec 2011			1 Jan - 31 Dec 2010			1 Jan - 31 Dec 2011	1 Jan - 31 Dec 2010
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total		
Interest and similar income	2,860,865	77,727	2,938,592	2,564,951	97,181	2,662,132	2,338,098	2,071,118
Interest expenses and similar charges	(1,687,630)	(57,061)	(1,744,691)	(1,377,034)	(78,199)	(1,455,233)	(1,571,833)	(1,257,911)
Net interest income	**1,173,235**	**20,666**	**1,193,901**	**1,187,917**	**18,982**	**1,206,899**	**766,265**	**813,207**
Fee and commission income	224,346	9,938	234,284	232,967	12,270	245,237	132,297	140,998
Fee and commission expense	(34,039)	(1,439)	(35,478)	(44,686)	(1,598)	(46,284)	(27,326)	(39,079)
Net fee and commission income	**190,307**	**8,499**	**198,806**	**188,281**	**10,672**	**198,953**	**104,971**	**101,919**
Dividend income	3,416	1,448	4,864	5,855	1,679	7,534	7,594	40,837
Net trading income	(103,043)	1,298	(101,745)	19,577	1,559	21,136	(133,555)	(58,010)
Net income from financial instruments designated at fair value through profit or loss	(6,419)	-	(6,419)	(8,045)	-	(8,045)	(6,668)	(7,626)
Results from investment securities	(582)	26	(556)	(2,051)	(539)	(2,590)	851	(17,617)
Other operating income	(44,269)	571	(43,698)	85,033	510	85,543	6,719	34,208
Total net income	**1,212,645**	**32,508**	**1,245,153**	**1,476,567**	**32,863**	**1,509,430**	**746,177**	**906,918**
Staff costs	(372,183)	(25,439)	(397,622)	(389,861)	(21,105)	(410,966)	(226,929)	(240,502)
Administrative expenses	(334,547)	(8,890)	(343,437)	(363,092)	(13,825)	(376,917)	(227,190)	(259,123)
Gains/ (Losses) from sale of assets	(730)	215	(515)	(1,168)	8	(1,160)	(58)	(824)
Depreciation and amortisation	(88,583)	(9,589)	(98,172)	(83,239)	(11,675)	(94,914)	(40,382)	(32,065)
Total operating expenses before provisions	**(796,043)**	**(43,703)**	**(839,746)**	**(837,360)**	**(46,597)**	**(883,957)**	**(494,559)**	**(532,514)**
Results before provisions and tax	**416,602**	**(11,195)**	**405,407**	**639,207**	**(13,734)**	**625,473**	**251,618**	**374,404**
Provisions and impairment	(7,862,534)	(21,454)	(7,883,988)	(585,373)	(25,702)	(611,075)	(7,578,403)	(368,963)
Share of profit of associates	(31,341)	33	(31,308)	(3,707)	58	(3,649)	-	-
Profit/ (Loss) before tax	**(7,477,273)**	**(32,616)**	**(7,509,889)**	**50,127**	**(39,378)**	**10,749**	**(7,326,785)**	**5,441**
Income tax expense	896,410	(4,640)	891,770	(5,091)	(2,219)	(7,310)	897,942	7,821
Tax contribution	-	-	-	(24,630)	-	(24,630)	-	(16,882)
Profit/ (Loss) after tax (A)	**(6,580,863)**	**(37,256)**	**(6,618,119)**	**20,406**	**(41,597)**	**(21,191)**	**(6,428,843)**	**(3,620)**
Less: Non controlling interest	(3,983)	(757)	(4,740)	294	(1,011)	(717)	-	-
Profit/ (Loss) after tax attributable to equity holders of the parent entity	**(6,576,880)**	**(36,499)**	**(6,613,379)**	**20,112**	**(40,586)**	**(20,474)**	**(6,428,843)**	**(3,620)**
Other comprehensive income, net of tax (B)	**269,050**	**(4,427)**	**264,623**	**(272,496)**	**(964)**	**(273,460)**	**272,768**	**(259,549)**
Total comprehensive income for the year,net of tax (A+B)	**(6,311,813)**	**(41,683)**	**(6,353,496)**	**(252,090)**	**(42,561)**	**(294,651)**	**(6,156,075)**	**(263,169)**
-Attributable to equity holders of the parent entity	(6,307,918)	(40,886)	(6,348,804)	(261,692)	(32,608)	(294,300)	-	-
-Non controlling interest	(3,895)	(797)	(4,692)	9,602	(9,953)	(351)	-	-
Profit/ (Loss) after tax per share (in euros):								
- Basic and diluted	(6.0788)	(0.0337)	(6.1125)	0.0317	(0.0640)	(0.0323)	(5.9138)	(0.0057)

STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2011	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2011	1 Jan - 31 Dec 2010
Opening balance	**3,273,732**	**3,614,235**	**2,956,979**	**3,238,154**
Total comprehensive income for the year, net of tax	(6,353,496)	(294,651)	(6,156,075)	(263,169)
Increase of share capital through cash payment	764,594	-	764,594	-
Issue of preference shares	375,820	-	375,820	-
Prior year dividends of ordinary shares	(30)	(1,320)	-	-
Prior year dividends of preference shares	-	(18,006)	-	(18,006)
(Purchases)/ Sales of treasury shares and preemption rights	1,064	(8,638)	-	-
Acquisitions, disposals, liquidation and movement in participating interest	(1,336)	(17,679)	-	-
Other movements	(186)	(209)	-	-
Closing balance	**(1,939,838)**	**3,273,732**	**(2,058,682)**	**2,956,979**

CASH FLOW STATEMENT

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2011	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2011	1 Jan - 31 Dec 2010
Net cash inflow/ (outflow) from continuing operating activities	190,256	3,565,959	(2,769)	2,891,473
Net cash inflow/ (outflow) from discontinued operating activities	(431,606)	531,725	-	-
Total inflows/ (outflows) from operating activities	**(241,350)**	**4,097,684**	**(2,769)**	**2,891,473**
Net cash inflow/ (outflow) from continuing investing activities	(836,531)	(1,861,414)	(765,374)	(1,686,257)
Net cash inflow/ (outflow) from discontinued investing activities	(32,967)	(22,918)	-	-
Total inflows/ (outflows) from investing activities	**(869,498)**	**(1,884,332)**	**(765,374)**	**(1,686,257)**
Net cash inflow/ (outflow) from continuing financing activities	(252,829)	(1,543,037)	(289,493)	(1,747,148)
Net cash inflow/ (outflow) from discontinued financing activities	(1)	4	-	-
Total inflows/ (outflows) from financing activities	**(252,830)**	**(1,543,033)**	**(289,493)**	**(1,747,148)**
Net increase/ (decrease) in cash and cash equivalents of the year	**(1,363,678)**	**670,319**	**(1,057,636)**	**(541,932)**
Effect of exchange rate changes on cash and cash equivalents	9,883	(24,414)	12,845	6,648
Total inflows/ (outflows) for the year	**(1,353,795)**	**645,905**	**(1,044,791)**	**(535,284)**
Cash and cash equivalents at the beginning of the year	4,034,929	3,389,024	2,886,063	3,421,347
Cash and cash equivalents at the end of the year	**2,681,134**	**4,034,929**	**1,841,272**	**2,886,063**

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 2010.

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 2009. The unaudited tax years of Group subsidiaries are included in note 27 of the Consolidated Financial Statements.

4) All disputes under litigation or arbitration, as well as the pending court decisions, are not expected to have a significant effect on the financial position of the Bank and the Group. Therefore the Bank has not raised a provision for outstanding litigations, whereas the Group's provision amounts to € 2.4 million from continuing operations and € 0.4 million from discontinued operations. The provision raised for the unaudited tax years of the Bank, which is included in the current tax liabilities, amounts to € 4.1 million and of the Group amounts to € 8.1 million from continuing operations and € 0.5 million from discontinued operations. Other provisions raised for the Bank amount to € 10.7 million and for the Group to € 15.9 million from continuing operations and € 1.1 million from discontinued operations.

5) The companies which have been consolidated as at 31/12/2011, apart from the parent company Piraeus Bank S.A., are included in note 27 of the Consolidated Financial Statements. Note 27 includes information about the country of incorporation, the percentage of holding by the Group, as well as the applied consolidation method. The direct shareholding percentages by the Bank are included in note 26 of the Bank's Financial Statements.

6) The following companies that are consolidated under the full method of consolidation as at 31/12/2011, had not been included in the consolidation as at 31/12/2010: a) Piraeus Clean Energy LP, b) Piraeus Clean Energy Holdings Ltd, c) Visa Rent A Car, d) Adflikton Investments Ltd, e) Cospleon Investments Ltd, f) Cutsofiar Enterprises Ltd, g) Gravieron Company Ltd, h) Kaihur Investments Ltd, i) Pertanam Enterprises Ltd, j) Rockory Enterprises Ltd, k) Topuni Investments LTD, l) Albalate Company Ltd, m) Akimoria Enterprises Ltd, n) Alarconarco Enterprises Ltd, o) Kosmopolis A' Shopping Centers S.A., p) Parking Kosmopolis S.A., q) Zibeno Investments Ltd and r) Bulfinace E.A.D. From these companies, the companies numbered (a)-(n) were consolidated under the full method of consolidation as at 30/9/2011, as well. The companies numbered (a) and (b) were acquired within 2010 and started operating during the 2nd quarter of 2011. The company numbered (c) was acquired in July 2011, while the companies numbered (d) - (n) were acquired in June 2011 and started operating during the 3rd quarter of 2011. The company numbered (o) was transferred during the 4th quarter of 2011 from Piraeus Bank's S.A. held for sale assets to the subsidiaries' portfolio. As a result, its 100% subsidiary company numbered (p), is included in the Group's subsidiaries' portfolio. The company numbered (q) was acquired in November 2011, whereas the company numbered (r) started operating during the 4th quarter of 2011. The companies: a) Axia Finance II PLC, b) Gaia Lease PLC, c) Good Works Energy Photovoltaics S.A., d) Iapetos Energy Photovoltaics S.A., e) Phoebe Energy Photovoltaics S.A., f) Orion Energy Photovoltaics S.A., g) Astraios Energy Photovoltaics S.A., h) Piraeus Multifin S.A., i) Tortilus Ltd, j) Shinefocus Limited and k) Multicollection Romania S.R.L., that were fully consolidated as at 31/12/2010, are not included in the consolidation as at 31/12/2011. The company numbered (a) was liquidated during the 1st quarter of 2011, while the company numbered (b) was liquidated during the 2nd quarter of 2011. The company numbered (c) was transferred during the 2nd quarter of 2011 to the associates' portfolio as the requirements for its consolidation under the full method of consolidation are no longer met. As a result, the Group of the company Good Works Energy Photovoltaics S.A. [i.e. the company numbered (c) and its direct participations: companies numbered (d)-(g)] is being consolidated under the equity method of accounting. The company numbered (h) was absorbed in June 2011 by the subsidiary company Olympic Commercial & Tourist Enterprises S.A., while the company numbered (i) was disposed on 29/6/2011. The companies numbered (j) and (k) were liquidated in December 2011. The companies Estia Mortgage Finance PLC, Estia Mortgage Finance II PLC, Estia Mortgage Finance III PLC, Axia Finance PLC, Axia Finance III PLC, Axia III APC Limited, Praxis Finance PLC, Praxis II Finance PLC and Praxis II APC Limited are consolidated as special-purpose entities. Note 49 of Consolidated Financial Statements includes information about the changes in the subsidiaries' portfolio of the Group. The most important corporate event that took place among the subsidiaries of the Group during the year 2011 was the merger through absorption of Piraeus Multifin S.A., 100% subsidiary of Piraeus Bank S.A., by Olympic Commercial & Tourist Enterprises S.A., 94% subsidiary of Piraeus Bank S.A., on 30/6/2011. As a result, Piraeus Bank's S.A. shareholding percentage in the absorbing company amounts to 94.98%. 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 year. During the 3rd quarter of 2011, Piraeus Bank Egypt has been transferred from Investments in Subsidiaries to "Assets held for sale" as the classification criteria of IFRS 5 are met. Therefore, the financial figures and results of Piraeus Bank Egypt, its subsidiaries and associates are presented as "Discontinued operations". Relevant are the notes 15, 27 and 28 of Consolidated Financial Statements as well as note 30 of the Bank's Financial Statements. 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, h) Piraeus Bank Group Cultural Foundation and i) Procas Holding Ltd. 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 company numbered (i) has not started operating yet. The consolidation of the above mentioned companies does not affect the financial position and result of the Group.

7) The following companies are consolidated under the equity method of accounting as at 31/12/2011, and had not been included in the consolidation as at 31/12/2010: a) Good Works Energy Photovoltaics S.A., b) Entropia Ktimatiki S.A. and c) Piraeus – Taneo Capital Fund. From these companies, the companies numbered (a)-(b) were consolidated under the equity method of accounting as at 30/9/2011, as well. The company numbered (a) was transferred during the 2nd quarter of 2011 to the associates' portfolio as the requirements for its consolidation under the full method of consolidation are no longer met. The company numbered (b) was acquired on 20/4/2011, while the company numbered (c) was transferred during the 4th quarter of 2011 from the available for sale portfolio to the associates' portfolio. The company Atlantic Insurance Public Company Ltd that was consolidated under the equity method of accounting as at 31/12/2010, is not included in the consolidation as at 31/12/2011, as well as at 30/9/2011. The company was transferred on 30/6/2011 to the available for sale portfolio as the requirements for its consolidation under the equity method of accounting are no longer met. Note 49 of Consolidated Financial Statements includes information about the changes in the associates' portfolio of the Group. As at 31/12/2011, as well as at 30/9/2011, there are no associates that have been excluded from consolidation.

8) The Group's balances with related parties are as follows: assets € 231.2 million, liabilities € 74.9 million, letters of guarantee € 1.2 million, income € 8.8 million and expense € 3.2 million. The Bank's balances with related parties (subsidiaries included) are as follows: assets € 4,121.9 million, liabilities € 2,670.2 million, letters of guarantee € 319.4 million, income € 191.7 million and expense € 232.8 million. The balances of assets and liabilities of the Group with members of the Board of Directors and key management personnel amount to € 130.5 million and € 27.7 million respectively. The respective amounts for the Bank amount to € 129.7 million and € 26.9 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 € 9.2 million.

9) As at 31/12/2011 subsidiary company of Piraeus Group owned a total number of 408,788 treasury shares of the parent company Piraeus Bank S.A., at a value of € 192 thousand. The Bank did not hold any treasury shares as at 31/12/2011.

10) At the Statement of Total Comprehensive Income of Consolidated and Stand alone Financial Statements, "Other comprehensive income, net of tax" includes the change in currency translation reserve of € -2.9 million from continuing operations and € -2.2 million from discontinued operations for the Group and the change in available for sale reserve of € 271.9 million from continuing operations and € -2.2 million from discontinued operations for the Group and € 272.8 million for the Bank.

11) On January 3, 2011 the Board of Directors of the Bank has decided the increase of the share capital by € 242,116,213.50 through payment in cash and the granting of a pre-emption right to the existing ordinary shareholders at a subscription ratio of 12 new shares for every 5 existing ordinary registered shares and at subscription price of € 1 per new share. The share capital increase concluded on January 31, 2011 with the issuance of 807,054,045 new ordinary registered shares of nominal value € 0.30 each. The share premium reserve increased by € 522,478,236.59 after the deduction of the expenses related to the share capital increase and the respective deferred tax. On December 23, 2011 the Shareholders Meeting resolved upon the increase of the Bank's share capital and the cancellation of the pre-emption right of the existing shareholders in favour of the Greek State, by contribution in kind in accordance with the provisions of L. 3723/2008 on "Enhancing the liquidity of the economy and addressing the impact of the global financial crisis". The share capital increase by € 379,999,999.80 concluded on December 30, 2011 with the issuance of 1,266,666,666 new preference shares, that have been undertaken by the Greek State, of nominal value € 0.30 each. Expenses of € 4,180,000 related to share capital increase reduced Retained Earnings. Following this increase (and taking into consideration the next note), the Bank's share capital as of 31/12/2011 amounts to € 1,092,997,968.18, divided into 1,143,326,564 ordinary voting registered shares, each with a nominal value of € 0.30 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

12) Pursuant to the Ordinary Shareholders Meeting resolution dated 20/5/2011, an increase of the nominal value of each common share was decided from thirty cents (€ 0.30) to one euro and twenty cents (€ 1.20), with a reduction of the number of common shares of the Bank from one billion one hundred and forty three million three hundred and twenty six thousand five hundred and sixty four (1,143,326,564) to two hundred and eighty five million eight hundred and thirty one thousand six hundred and forty one (285,831,641) shares (reverse split). The new common shares that were issued following the aforesaid reverse split, are not yet traded in the Athens Exchange. After the completion of the regulatory procedures, the Bank's share capital will amount to € 1,092,997,968.18, divided into 285,831,641 ordinary voting registered shares, each with a nominal value of € 1.20 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

13) In February 2011, Piraeus Bank issued a 3-year covered bond in the amount of € 1.25 billion, with an extension period of 10 years. The bond has been retained by Piraeus Bank.

14) On April 29, 2011, PPF Group N.V pursuant to the approval it received from the Bank of Greece, announced that the Group has increased its equity stake to 5.72% in Piraeus Bank S.A.

15) Since there are no distributable profits or relevant amounts related to reserves to be distributed pursuant to the provisions of the Articles of Association and the Law (article 44a of Law 2190/1920), the payment of dividends by cash or shares for the fiscal year 2011 is not allowed. Therefore, the Management of the Bank will not propose in the Annual Ordinary General Meeting of Shareholders of 2012, the distribution of dividends for ordinary as well as for preference shares. The Shareholders General Meeting, that took place on 20/5/2011, resolved, pursuant to the aforementioned legally binding provisions, not to distribute any dividends to the shareholders of ordinary or preference shares for the year 2010.

16) The discussions and negotiations for the specification of the agreed measures on 21 July 2011 and 26 October 2011 and especially of the revised private sector involvement programme (PSI+), were completed on 21 February 2012. The Bank's Board of Directors decided the participation of the Bank in the voluntary exchange of Greek Government bonds and eligible loans. The finalization of the revised private sector involvement programme (PSI+) was taken into account in the annual stand alone and consolidated financial statements as an "adjusting event" at the balance sheet date, in accordance with the rules set out in IAS 10 "Events after the reporting period", as it provides evidence of conditions that existed as at 31.12.2011. Further information is provided in note 4 of the annual stand alone and consolidated financial statements of the Bank and the Group for the year 2011.

17) On 2 March 2012, Piraeus Bank announced a Tender Offer to purchase existing securities for cash. This Tender Offer referred to subordinated (€ 330 million) and hybrid (€ 159 million) securities of € 489 million total amount. On 12 March 2012, Piraeus Bank announced that it accepted offers of € 144 million, out of which €60 million subordinated securities and € 84 million hybrid securities.

18) In mid April 2012 and in the framework of the Greek Banks' recapitalization plans, the Hellenic Financial Stability Fund (HFSF) provided a Commitment Letter for its participation in Piraeus Bank's impending share capital increase, up to the amount of € 5.0 billion.

19) Restatements of the figures of 2010 in the Stand alone as well as the Consolidated Financial Statements of the year 2011 were presented for comparability purposes. Further information concerning these restatements is provided in note 47 of the Bank's Financial Statements as well as note 50 of the Consolidated Financial Statements of the year 2011.

20) On December 31, 2011, the number of staff employed by the Bank was 4,678 people and by the Group 12,806 people of which 1,559 people refer to discontinued operations (Egypt). The number of staff employed by the Bank and the Group as at 31 December 2010 was 4,871 and 13,320 respectively.

Athens, April 20th, 2012

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O.	CHIEF FINANCIAL OFFICER	ASSISTANT GENERAL MANAGER
MICHALIS G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

Information according to article 10, Law 3401/ 2005

The information according to article 10, Law 3401/ 2005 that relates to Piraeus Bank, its shares as well as the stock exchange market in which its shares are traded, which have been published and made available to investors throughout year 2011, 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
Piraeus Bank announcement of rights issue	03/01/2011
Piraeus Bank share capital increase with pre-emption rights in favor of existing shareholders: Ex-Rights date and subscription and trading period for Pre-Emption rights	04/01/2001
Announcement of Availability of Prospectus	07/01/2011
Announcement	27/01/2011
Completion of Piraeus Bank's Rights Issue of €807 mn / Statement by Michalis Sallas, Chairman & CEO	31/01/2011
Piraeus Bank's Rights Issue Oversubscribed by 1.3 times	01/02/2011
Announcement for the commencement of trading of the new shares	08/02/2011
Establishment of covered bond programme and issuance of €1.25 bn	09/02/2011
Change in the composition of the Board of Directors	10/02/2011
Announcement of regulated information according to Law 3556/2007	28/02/2011
Announcement Dates of Financial Results	10/03/2011
Full Year 2010 Results	24/03/2011
Invitation of Piraeus Bank shareholders to the Ordinary General Meeting of Shareholders of Piraeus Bank	19/04/2011
Notification of Important Changes Concerning the Voting Rights Deriving from Shares under L.3556/2007	03/05/2011
Notification of Important Changes Concerning the Voting Rights Deriving from Shares under L.3556/2007	19/05/2011
Change in the composition of the Board of Directors	19/05/2011
General Meeting Resolutions	20/05/2011
Notification of Important changes concerning the voting rights deriving from shares under L.3556/2007	23/05/2011
First Quarter 2011 Results	27/05/2011
Piraeus Bank announces that the Board of Directors has appointed Mr. George Mantakas	31/05/2011
Announcement	15/07/2011
Piraeus Bank Results of the 2011 EBA EU-wide stress test	15/07/2011
Announcement	28/07/2011
H1 2011 Financial Results	31/08/2011
Announcement	31/10/2011
Announcement	11/11/2011
Annoucement	28/11/2011
9m 2011 Firnancial Results	30/11/2011
Lapse of unclaimed 2005 fiscal year dividend	02/12/2011
Mr. Roumeliotis will be joining the BoD of Piraeus Bank SA as Vice Chairman	09/12/2011
Invitation to the ExtraordinaryGeneral Meeting of Piraeus Bank Shareholders of Ordinary Shares	14/12/2011
Notification of Important Changes Concerning the Voting Rights Deriving from Shares Under L.2556/2007	21/12/2011
Notification of Important Changes Concerning the Voting Rights Deriving from Shares Under L.2556/2007	21/12/2011
Announcement	23/12/2011
Resolutions of Extraordinary General Meeting (23.12.2011)	23/12/2011
Voting Results at the Extraordinary General Meeting of the Shareholders of Piraeus Bank held on 23/12/2011	23/12/2011
Notification of Important Changes Concerning the Voting Rights Deriving from Shares Under L.2556/2007	27/12/2011
Notification of Important Changes Concerning the Voting Rights Deriving from Shares Under L.2556/2007	27/12/2011
Announcement	30/12/2011

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/Transactions_1.xls).

	Date
Result of Pan European Stress Test EBA 2011	15/07/2011

The above announcements and Press Release are available in the Bank' s internet site in the section Investor Relations - Corporate Governance - Risk Management - Result of Pan European Stress Test EBA 2011
(link:http://www.piraeusbank.gr/Documents/internet/Enimerosi_Ependiton/Etairiki_Diakibernisi/PB_EBA2011en.pdf)

	Date
Final allocation of shares of the share capital increase	01/02/2011

The above announcement is available in the Bank's internet site in the section Investor Relations - Stock Data - Share Capital Increase - 2011 - Announcements.
(link:http://www.piraeusbank.gr/ecPage.asp?id=300023&lang=2&nt=98&sid=&fid=300022)

b) Interim stand alone and consolidated financial information

Q1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	26/05/2011
Q1 Interim Condensed Financial Information	26/05/2011
Q1 Consolidated Interim Condensed Financial Information	26/05/2011
H1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	30/08/2011
Mid year financial report	30/08/2011
9M Financial Statements Information of Piraeus Bank Group and Piraeus Bank	29/11/2011
9M Interim Condensed Financial Information	29/11/2011
9M Consolidated Interim Condensed Financial Information	29/11/2011

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 2010

The annual financial report of Piraeus Bank for the year 2010 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=298051).

d) Annual Report 2010 - Corporate Responsibility Report 2010

The annual report of the year 2010 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/2011/PB_EE_en.pdf).

The corporate responsibility of the year 2010 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/Annual_Report/english.html) .

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 2011, 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 &sid=).

PIRAEUS BANK S.A.
Reg. No 6065/06/B/86/04

USE OF FUNDS RAISED FROM SHARE CAPITAL INCREASE BY PAYMENT IN CASH WITH PREFERENCE RIGHT TO EXISTING SHAREHOLDERS, IN ACCORDANCE WITH THE DECISION OF THE SECOND ITERATIVE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS HELD ON 20.12.2010 AND WITH THE DECISION OF THE BOARD OF DIRECTORS HELD ON 03.01.2011, WHICH HAS BEEN APPROVED BY ATHENS EXCHANGE ON 04.01.2011.

In accordance with article 4.1.2 of the Athens Exchange Regulation and decisions no. 25/17.07.2008 of the Board of Directors of Athens Exchange and no. 7/448/11.10.2007 of the Board of Directors of Hellenic Capital Market Commission, it is hereby announced that the Bank's share capital was increased by the issue of 807,054,045 new ordinary registered shares with voting rights and raised total funds amounted to € 807,054,045.00. Total expenses due to the share capital increase amounted to € 53,074,493.64 and were fully covered by the proceeds of the above mentioned share capital increase. Thus, total funds raised net of share capital issue costs amounted to € 753,979,551.36. The Bank's Board of Directors approved the share capital increase at its meeting date 02.02.2011. Athens Exchange approved on 08.02.2011 the admission to trading on the ATHEX of the 807,054,045 new shares. The new shares commence trading on the ATHEX on 10.02.2011.

TABLE OF USE OF FUNDS RAISED

Use of Funds raised	Total funds raised (amounts in €)	Use of funds as of 31.12.2011 (amounts in €)	Balance of Funds as of 31.12.2011 (amounts in €)
1. Enhancement of Core Tier I Capital	753,979,551.36	753,979,551.36	-
2. Issue Costs	53,074,493.64	53,074,493.64	-
Total	**807,054,045.00**	**807,054,045.00**	-

Athens, April 20th, 2012

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O.	CHIEF FINANCIAL OFFICER	ASSISTANT GENERAL MANAGER
MICHALIS G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

Report of factual findings in connection with the 'TABLE OF USE OF FUNDS RAISED'

To the Board of Directors of PIRAEUS BANK SA

We have performed the procedures prescribed and agreed with the Board of Directors of PIRAEUS BANK SA and enumerated below with respect to the 'TABLE OF USE OF FUNDS RAISED' which relates to the share capital increase paid in cash during 2011. PIRAEUS BANK SA Board of Directors is responsible for preparing the aforementioned Table. Our engagement was undertaken in accordance with: the regulatory framework of the Athens Stock Exchange; the relevant legal framework of the Hellenic Capital Markets Committee; and the International Standard on Related Services 4400 applicable to agreed-upon-procedures engagements. Our responsibility is solely for performing the procedures described below and for reporting to you on our findings.

Procedures:

1. We compared the amounts referred to as use of funds in the accompanied 'TABLE OF USE OF FUNDS RAISED' with the relevant amounts recorded in the Bank's books and records in the respective timeframe.

2. We examined the completeness of the Table and the consistency of its content with what is referred to in the relevant Prospectus issued by the company for this purpose and the relevant Bank's decisions and announcements.

We report our findings below:

a) The amounts which appear, per usage of funds, as disbursements in the accompanied 'TABLE OF USE OF FUNDS RAISED' are derived from the Bank's books and records in the relevant timeframe.

b) The content of the Table includes the information which is at minimum required for this purpose from the regulatory framework of the Athens Stock Exchange and the relevant legal framework of the Hellenic Capital Markets Committee and is consistent with what is referred to in the respective Prospectus and the relevant Bank's decisions and announcements.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the report beyond what we have referred to above. Had we performed additional procedures or had we performed an audit or review, other matters might have come to our attention that would have been reported to you, in addition to the ones reported above.

Our report is solely for the purpose set forth in the first paragraph of this report and is addressed exclusively to the Board of Directors of the Bank, so that the later can fulfill its responsibilities in accordance with the legal framework of the Athens Stock Exchange and the relevant regulatory framework of the Hellenic Capital Markets Commission. This report is not to be used for any other purpose, since it is limited to what is referred to above and does not extend to the financial statements prepared by the Bank for the period from 01/01/2011 to 31/12/2011, for which we have issued a separate audit report, as of 20/04/2012.

pwc

Athens, 20th April 2012
THE CERTIFIED AUDITOR

Konstantinos Michalatos
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