PIRAEUS BANK

ANNUAL FINANCIAL REPORT

For the period from 1st January to 31st December 2013

According to the Law 3556/ 2007

March 2014

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

INDEX

BOARD OF DIRECTORS' MANAGEMENT REPORT 2013

International Environment and Economic Developments

In 2013, the global economy continued to grow but at a slower pace compared to the previous two years (2013: 2.9%, 2012: 3.2%, 2011: 3.9%) due to the deceleration of GDP growth rates in emerging and developing economies but also in the USA.

The total GDP of the global economy in 2014 is expected to grow approximately by 4%, as GDP growth in the developed economies will re-accelerate significantly (from 1.5 % in 2013 to 2.5 % in 2014), while growth in major emerging economies is expected to be at lower levels (4.5% compared to 5.0%). The GDP growth rate in the U.S. is expected to be at a satisfactory level (2.9%), while the Eurozone is anticipated to grow by 1.1% in 2014, after two consecutive years of recession, as fiscal consolidation efforts will continue in a milder path.

The decisions and actions of the Central Banks are expected to define at a significant degree the economic developments during 2014. In the U.S, the Federal Reserve (FED) will probably continue to reduce the size of the programme of quantitative easing until its termination (expected by the end of 2014 or at the latest in early 2015). Consequently, the gradual transformation of the FED's relaxed monetary policy into a more restrictive policy is likely to affect the emerging economies. The European Central Bank (ECB) is expected to maintain the intervention rate at a very low level for an extended period of time, due to very low inflation, very high unemployment rate and the fragility in the financial sector. Along with the monetary policy to be followed by ECB, the European elections' results, the initiation of the Single Supervisory Mechanism for the financial sector and the actions that will contribute to a greater integration of Eurozone are anticipated with great interest. In particular, the introduction of the Single Supervisory Mechanism should help in leveling the competitive terms amongst banks, becoming a tool for an even more effective oversight in conjunction with the national central banks, while at the same time comprising a key element of the plan for building a banking union.

Developments in the Greek Economy and the Greek Banking System

Significant developments took place during the past year in various sectors of the Greek economy, such as the fiscal consolidation, the restructuring and recapitalization process of the banking system.

The economy remained in recession, however milder compared to previous years and lower than initial estimates (-4.2%), as real GDP contracted in 2013 by 3.9%. Meanwhile, unemployment rate in 2013 was set at 27.3% and inflation turned negative after several years, as in 2013 the consumer price index fell by 0.9% compared with the increase of 1.5% in 2012. Significant improvement was recorded in the balance of payments which in 2013 recorded a surplus of €1.2 bn, an improvement of €5.9 bn compared to 2012, while according to the Bank of Greece it is expected to continue in positive territory for 2014.

The recession is expected to end in 2014, with a GDP growth rate of 0.6%, as the negative impact of fiscal tightening is diminishing. This change is reflected in the improved economic expectations (economic sentiment indicator increased in 2013 to 90.8 points vs. 80.3 points in 2012) and in the equity and bond values. At the same time, there are strong indications that after achieving a primary surplus in 2013 some degree of freedom regarding the implementation of economic policy is starting to become available, which will help to restore growth.

Overall, the composition of economic activity is not expected to change significantly, with domestic demand contraction reduced compared with previous years. Consumption and investment will contract but at a decreasing rate and their decline will be partially offset by the improvement in the external balance. Regarding the fiscal policy, despite the fact that the current year will remain restrictive, negative impact of fiscal measures will be less intense. Moreover, although the Public Investment Programme will be marginally reduced in 2014, the re-launching of major infrastructure projects, such as major highway projects, will amplify public investment activity, while the implementation of a series of measures to boost employment will assist in halting the upward trend of the unemployment rate.

Meanwhile, travel receipts reached historic levels in 2013, as they recorded an increase of 14.9% to €12.0 bn versus €10.4 bn in 2012. Similarly, foreign tourists' arrivals in 2013 increased 15.5%, reaching 17.9 mn versus 15.5 mn in 2012, displaying further increasing trends in 2014.

The past year was also characterized by the many changes in the Greek banking system. The recapitalization of the four systemic banks was concluded in late June 2013, resulting in the restoration of their capital adequacy ratios pursuant to the heavy losses due to their participation in the sovereign bond exchange programme (PSI).

Piraeus Bank played a leading role in the restructuring of the banking system in Greece, with major consolidation initiatives during in the past two years. Following the acquisition of the "healthy" part of ATEbank and Geniki Bank in 2012, the absorption of Greek operations of three Cypriot banks (Bank of Cyprus, Cypurs Popular Bank and Hellenic Bank) and the acquisition of Millennium Bank ensued in the first 6 months of 2013. The National Bank of Greece acquired FBB, Probank and the three cooperative banks of Achaiean, Lamia and Lesvou-Limnou. Eurobank acquired the New Postal Savings Bank and New Proton and finally Alpha Bank acquired Emporiki Bank and the deposits of cooperative banks of Western Macedonia, Dodecanese and Evia.

The Greek banking system, having completed a phase of unprecedented consolidation turned its focus on rationalizing for greater effectiveness, exploiting synergies and economies of scale, and the management of non-performing loans due to the crisis. In this context, Bank of Greece conducted in 2013 a follow up stress test exercise in all Greek banks, as envisaged in the Memorandum of the Greek economic programme, for the second time following a similar exercise in 2011. The capital requirements emerging for all the Greek banks were evaluated to €6.4 bn under the baseline scenario which is the binding one. The Bank of Greece considers that, under reasonable levels of economic uncertainty, the estimated capital needs for the time horizon of the exercise (June 2013 - December 2016) will be covered by capital buffers already incorporated in the exercise and limiting effects of capital requirements (e.g the private sector participation in upcoming capital increases, the recognition of deferred taxation, potential sale of assets, etc) and the untapped part of the HFSF backstop facility. Moreover, the Bank of Greece has asked banks to submit, not later than April 15, 2014, their capital enhancement plans and relevant time plans within a reasonable time frame, based on the capital needs under the baseline scenario.

Piraeus Bank's Board of Directors decided to convene an Extraordinary General Meeting which will take place on March 28, 2014 in order to approve a capital increase in cash in the amount of up to €1,750 mn, with the aim to repay in full the outstanding €750 mn Greek State preference shares, to cover the capital needs (€425 mn under the baseline scenario and €757 mn under the adverse), as determined by the Bank of Greece, and to significantly enhance Piraeus Bank's capital base transforming it to one of the most capitalized banks in Europe under the new Basel III framework.

At the same time, Piraeus Bank announced its plans to proceed with the issue of a senior bond via public offering in the debt capital markets and subject to market conditions. For this reason, in early March 2014 the Bank realized meetings with fixed income investors (roadshow) in selected European cities. Following the meetings, the Bank will determine if a public EUR senior unsecured transaction might follow, diversifying its liquidity sources.

Regarding the fundamentals of the Greek banking market, it should be noted that in 2013 the total outstanding loan balance decreased (-5%). Whereas total deposits both in the private and public sector recorded an annual increase of 2%. The aforementioned increase in deposits was accompanied by the significant reduction of the Greek banks' refinancing from the Eurosystem (ECB and ELA) which amounted to €73 bn in December 2013 compared to €121 bn in December 2012 and €136 bn in June 2012, displaying further downward trends as activity has restarted in the secured interbank lending (EFSF bonds) with counterparties other than Central Banks while at the same time conditions of economic environment gradually improve.

Events that Regard Piraeus Bank Group

On operational level, the most important events during 2013 and up to the publication of the financial statements were the following:

- in January 2013 Monitoring Trustees were assigned to the 4 systemic banks. The Monitoring Trustees are prominent international auditing companies or consulting firms which were approved by the European Commission for their skills, their independence from banks and the lack of conflict of interest. KPMG acts as Monitoring Trustee at Piraeus Bank. The Monitoring Trustee is responsible for verifying compliance with the rules of good governance and the use of business criteria for decisions on key policies and overseeing the implementation of the restructuring plan of the Group;

- on January 28, 2013, following the decision of the Bank of Greece Resolution Measures Committee (resolutions 9/1/28.01.2013 and 8/1/24.01.2013 - Government Gazette 112/24.01.2013), the acquired by Piraeus Bank perimeter of selected "healthy" assets and liabilities of the under special liquidation credit institution Agricultural Bank of Greece S.A. was finalized. The difference between the transferred assets and liabilities, amounting €7.5 bn, was covered by the Hellenic Financial Stability Fund (EFSF Bonds);

- on March 26, 2013, Piraeus Bank signed an agreement to acquire all Greek deposits, loans, branches and employees of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including loans and deposits of their Greek subsidiaries, for a total cash consideration of €524 mn;

- on April 23, 2013, the 2nd Iterative General Meeting of Shareholders decided among other items the increase of the share capital of the Bank through the issuance of new ordinary shares in order to raise capital of the total amount of €8,429 mn, €7,335 mn in order to meet the regulatory capital requirements of Piraeus Bank following the implementation of the Greek government bond exchange programme (PSI) and €1,094 mn following the acquisition of "healthy" ATEbank (€570 mn) and the Greek operations of the 3 Cypriot Banks in Greece (€524 mn);

- on April 25, 2013, Piraeus Bank announced that it had reached an agreement with Bank of Cyprus, CPB and Hellenic Bank for the acquisition of the activities and custodian services, liquidation and settlement of transactions of the branches of the three Cypriot financial institutions in Greece. Additionally, the relevant agreement with Cyprus Popular Bank also includes the acquisition of the operations of the CPB branches in Greece relating to the representation of distribution of the UCITS units (mutual funds);

- on May 13, 2013, Piraeus Bank announced the Tender Offer to purchase existing securities for cash, referring to subordinated and hybrid securities totaling €321 mn. The offer targeted the strengthening of the quality of the Group's regulatory capital, while the acceptance of the offers reached the amount of €66 mn and Piraeus Bank's Core Tier I capital was strengthened by €37 mn pre-tax;

- on May 29, 2013, the Bank announced that pursuant to the resolutions of the 2nd Iterative General Meeting of the Shareholders on 23.04.2013, approved by the Meeting of the Preference Shareholder dated 23.05.2013 and the appropriate authorizations granted, the Board of Directors resolved the following:
    - increase of the nominal value of each ordinary share from €0.30 to €3.00 and parallel reduction in the number of the Bank's ordinary shares from 1,143,326,564 to 114,332,657 (reverse split with 10 old shares for every new share) and subsequent share capital increase of the Bank with capitalization of €1.80 of the reserve of article 4 par 4a c.l. 2190/1920 for the purpose of achieving an integer number of shares;
    - creation of special reserve of par. 4a in article 4 of c.l. 2190/1920, of €308,698,173.90 with reduction of Bank's share capital by decreasing the nominal value of each ordinary share from €3.00 to €0.30 without changing the number of ordinary shares (114,332,657);
    - the determination, according to the provisions of the Cabinet Ministers' Act. 38/2012 (a) of the subscription price at €1.70 per new share after the reverse split (corresponding to a value €0.170 prior to the implementation of the reverse split) and (b) the number of new shares to be issued under the capital increase to 4,958,235,294. Hence, after the capital increase the total number of new ordinary shares will be 5,072,567,951. Consequently, for every existing common share after the reverse split, the shareholder will obtain the right to subscribe for 35.680197 new shares at a subscription price of €1.70 per share;

- on June 19, 2013 Piraeus announced the completion of the acquisition of the overall participation rate (100%) of Millennium BCP (BCP) to its subsidiary in Greece Millennium Bank SA (MBG), after obtaining all necessary approvals. Prior to the completion of the acquisition, BCP recapitalized MBG to the amount of €413 mn. In addition, BCP invested €400 mn in the capital increase of June 2013 of Piraeus Bank, through a private placement;

- on June 23, 2013 Piraeus Bank completed the migration of the ex-ATEbank IT systems into the IT systems of Piraeus;

- on June 28, 2013, the Bank announced the completion of a capital increase by €8,429 mn, with the amount drawn by private investors reaching €1,444 mn or 19.68% of the €7,335 mn recapitalization increase. The remaining amount has been drawn by contribution in kind (EFSF Bonds) from the HFSF. According to the provisions of Law 3864/2010 and the Cabinet Ministers' Act 38/2012 along with Act 06/2013, the Financial Stability Fund issued 849,195,130 warrants to the private investors that participated in the share capital increase;

- on July 3, 2013 the new 4,958,235,294 common registered, voting shares of the Bank, issued stemming from the Bank's share capital increase with payment in cash and contribution in kind, commenced trading on Athens Exchange, as well as 849,195,130 Warrants issued and granted by the HFSF, pursuant to the applicable legislation. The Warrants are freely transferable securities with no restrictions. Every HFSF Warrant incorporates the holder's right to purchase 4.47577327722 New Shares owned by the HFSF;

- on July 14, 2013 Piraeus Bank completed the migration of IT systems of the Hellenic Bank operations in Greece into the IT systems of Piraeus Group;

- on July 15, 2013 the 1st Iterative Ordinary General Meeting of Shareholders was held for the fiscal year of 2012;

- in mid July 2013, HFSF contracted a Relationship Framework Agreement (RFA) with Piraeus Bank, as well as the other three systemic banks which received capital enhancement from the Fund. Piraeus Bank signed the RFA for the banks in which the Fund holds restricted voting rights (private sector participation equal or above 10%) according to L.3864/2010. The RFA regulates the relationship between the banks and the Fund, as well as the issues related, among others, with a) the corporate governance of each Bank, b) the drafting and approval of the Restructuring Plan, c) the important liabilities of the Restructuring Plan and the changes on the voting rights of the Fund, d) the monitoring of the Restructuring Plan materialization and the implied risk exposures for the Bank and e) the consensus rights of the Fund. It is noted that, the Bank's management, will continue to independently determine the Bank's business strategy and policy, according to the Restructuring Plan and the Bank's management and bodies will continue to hold the responsibility for the day-to-day operations. Information regarding the aforementioned RFA are published according to the regulations of the Memorandum of Economic and Financial Policies (MEFP) on the HFSF internet site (www.hfsf.gr);

- on October 28, 2013 Piraeus Bank successfully completed the migration of IT systems of Bank of Cyprus operations in Greece into the IT systems of Piraeus Group;

- on October 30, 2013, following the participation of Banco Commercial Portugues SA (BCP) in the last capital increase of Piraeus Bank, BCP announced that it distributed through accelerated book building process, all of the shares and warrants of Piraeus Bank shares (235,294,117 respectively). The book deals closed within a few hours and was oversubscribed more than 2 times;

- in November and December 2013, Piraeus Bank proceeded in collaboration with the Ministry of Rural Development & Food and OPEKEPE, for the advance payment this process of the single payment subsidies for 2013, amounted € 1,939 mn with beneficiaries 660,000 farmers in the country;

- on November 17, 2013, Piraeus Bank completed the full integration in its systems of the Greek operations of CPB;

- on December 8, 2013, the legal merger and consolidation of Millennium Bank of Greece systems into the Group's IT systems was completed, hence concluding the integration phase of all banking activities that were acquired by Piraeus Bank (excluding Geniki Bank);

- on December 18, 2013, Piraeus Bank completed the sale of the total stake in ATEbank Romania SA (93.27%) for a consideration of € 10.3 mn, with secession of most of the assets and liabilities of the subsidiary and their contribution to Piraeus Bank Romania SA;

- on January 08, 2014 Piraeus Bank announced, that following the settlement of participation orders, 603,280 warrants in total on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) were exercised on January 02, 2014, which correspond to 2,700,125 common shares, i.e. to 0.053% of the outstanding number of common shares and the total amount paid by the warrant holders to the HFSF amounted to €4,682,016.74;

- on March 6, 2014, Bank of Greece disclosed the capital needs for each of the Greek banks as defined from the stress test exercise that was conducted with the collaboration of the consulting and auditing firms namely BlackRock Solutions and Rothschild. The capital requirement for Piraeus Bank has been assessed at €425 mn in the baseline scenario and €757 mn in the adverse scenario. The key drivers of the capital requirement are the expected life time credit loss projections, based on an asset quality review conducted by BlackRock Solutions and a number of assumptions selected by Bank of Greece leading to a conservative adjustment of banks' internal capital generation on the basis of their Restructuring Plans.

- on March 06, 2014, the Board of Directors of Piraeus Bank has decided to convene an Extraordinary General Meeting of the Shareholders, which will take place on March 28, 2014 in order to approve a share capital increase of the Bank up to €1.75 bn in cash via the issuance of new ordinary registered shares and abolition of the pre-emptive rights of the existing shareholders. Further details regarding the share capital increase are provided at the following link: www.piraeusbankgroup.com. On the same day, the Bank published the Press Release and Presentation which addressed to the investment community regarding the Bank's Full Year 2013 Financial Results.

Among Piraeus Group's objectives is the transformation of its subsidiary Geniki Bank into an independent specialized bank in management of non-performing loans, along with investment services, in accordance with international standards. The main goal for the Group is to create value through the process of consolidating troubled companies and industries, thus contributing decisively to the development of Greek economy. On October 15, 2013, Mr. Nikolaos Karamouzis was elected BoD member and CEO of Geniki Bank and has been assigned the task for the development and implementation of the transformation project of the Geniki Bank into an independent investment development firm.

Evolution of Piraeus Group Volumes and Results in 2013

Balance sheet figures of December 31, 2013 for Piraeus Bank Group, outside the assets and liabilities of the "good" ATEbank and Geniki Bank that were incorporated in 2012, also include the assets and liabilities of the banking operations of the Cypriot banks in Greece, Bank of Cyprus, CPB and Hellenic Bank, as well as those of Millennium Bank Greece (MBG). Financial results include the contributions of the former Cypriot Banks from March 16, 2013 up to December 31, 2013 and of MBG from June 20, 2013 up to December 31, 2013. Moreover, it should be noted that the operations of ATE Insurance and its subsidiary ATE Insurance Romania have been classified as discontinued, for both the balance sheet and the P&L.

Regarding Piraeus Group's financial performance in the year 2013, total assets at the end of December 2013 amounted to €92.0 bn. The Group's total deposits amounted to €54.3 bn on 31.12.2013. The Group's deposits in Greece amounted to €49.7 bn, representing a 28.5% share of the total domestic deposit market. Deposits of the Group's international operations stood at €4.6 bn.

The Group's gross loans before impairment and adjustments at end December 2013, amounted to €76.1 bn. Total loans in Greece were €69.1 bn, of which approximately €1.9 bn involved the disbursement of a seasonal loan to OPEKEPE (Greek Payment and Control Agency for Guidance and Guarantee Community Aid) for the payment of EU agricultural subsidies to about 660 thousand Greek farmers (the amount has been repaid in full in the first two months of 2014). Loans stemming from international operations amounted to €7.1 bn at year's end. Regarding loans' customer category breakdown at the end December 2013, total Group business loan portfolio stood at €50.2 bn, representing 66% of the total, whereas retail loans amounted to €25.9 bn i.e. 34% of the total loan portfolio. Net loans amounted to €62.4 bn, with Piraeus Group's loans to deposits ratio having improved significantly to 111% versus 115% in 2012 (excluding the seasonal loan to OPEKEPE for both time incidents).

The Group's loans in arrears over 90 days (NPLs) ratio reached 36.6% of gross loans at the end of December 2013. In Greece the respective NPL ratio reached 37.0% at the end of 2013 (excluding the seasonal loan to OPEKEPE). The NPLs>90 days coverage by cumulative provisions ratio for the Group stood at 51% and for the domestic operations 50%. It is worth mentioning, the particularly high level of the cumulative provisions to gross loans ratio for the Group that amounted to 18.5% (excluding the seasonal loan to OPEKEPE) at end December 2013 and the fact that, the de-escalation in new NPL formation as a percentage of gross loans on a comparable basis continued in Q4 2013 for a fourth consecutive quarter.

The Group's net interest income stood at €1.7 bn in 2013. Net commission income amounted to €0.3 bn in 2013, of which 89% were contributed from commercial banking operations. Net revenues for 2013 stood at €5.9 bn, with positive contribution of €3.8 bn from the negative goodwill stemming from the acquisitions of the domestic operations of the Cypriot networks, ATEbank and Millennium Bank Greece.

The Group's operating costs for 2013 amounted to €1.6 bn. Costs include one-off charges of €189 mn for acquisitions and integration (of which €126 mn was related to the voluntary exit scheme in Greece) and €44 mn attributed to the one-off deposit guarantee contribution intended for the resolution section.

As a result, Group recurring pre-tax and provision profit for 2013 amounted to €0.5 bn. When excluding the one-off expenses, Group recurring pre-tax and provision profit was €0.7 bn. Full year 2013 results were burdened by significant impairment losses for loans and receivables which amounted to €2.2 bn, due to the prolonged recession in Greece. However, these losses as a percentage of loans declined in 2013 to 3.0% versus 4.2% in 2012.

The Group pre-tax results amounted to a profit of €1.7 bn (including the €3.8 bn negative goodwill), while after tax results attributable to shareholders from continuing operations for the full year 2013 amounted to a profit of €2.5 bn, with discontinued operations showing a profit of €30 mn.

The Group's total equity at the end of December 2013 amounted to €8.5 bn. The total capital adequacy ratio at the end of December 2013 stood at 14.0% and the Core Tier I EBA ratio was 13.9%.

The Group's branch network comprised 1,449 branches at the end of December 2013, 1,037 of which were in Greece and 412 in 9 other countries. The branch network in Greece has been reduced in 2013 by 317 branches, as a result of the rationalization programme following the acquisitions. On December 31, 2013 the Group employed 22,509 people, 16,558 in Greece and 5,952 abroad. It should be noted, that in the second half of 2013 a voluntary exit scheme was concluded in Greece, through which 2,115 employees from the Bank and its subsidiaries opted for the early retirement.

At the end of December 2013, the Group's international operations comprised 10% of its total assets, and around 28% of the total branch network and 26% of the total human resources.

Related Party Transactions

With reference to the transactions of Piraeus Bank with related 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 2013, while in any case they are included in the Group's 2013 annual financial statements.

Share Capital

The share capital of Piraeus Bank on 31.12.13 amounted to €2,271,770,384.28, divided into 5,072,567,951 ordinary registered voting shares with a nominal value of €0.30 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 dematerialized and traded on the Athens Stock Exchange. To note, that according to the provisions of Law 3864/2010 and the Cabinet Act 38/2012 together with Cabinet Act 6/2013, the HFSF has issued 849,195,130 warrants to private investors that participated in the capital increase. According to the Bank's announcement on 08.01.2014 regarding the first warrant exercise, the issued warrants that are currently traded are 848,591,850 and the corresponding Bank's common shares that the warrants can be exercised upon are 4,106,340,039 which are held by HFSF.

According to article 28 of Law 3756/2009 (Government Gazette A' 53/31.3.2009), the purchase of own shares is not permitted for a period as long as the Bank participates in the liquidity support programmes, as stipulated by the provisions of Law 3723/2008 (Government Gazette A' 250/9.12.2008). Moreover, according to paragraph 1 of article 16C of Law 3864/2010, during the period of HFSF's participation in the share capital of the Bank, no purchase of own shares by the Bank is allowed without the approval of HFSF. The own shares that were held at the end of the reference period are related to transactions conducted by the subsidiary Piraeus Securities as part of its operations stemming from its status as market maker.

Description of Major Risks and Uncertainties for 2014

The Risk Management Framework of Piraeus Bank Group for financial risks is presented analytically in the Group's consolidated financial statements as at December 31, 2013 (note 3).

More specifically during 2013, the major improvement initiatives by category aimed at upgrading the Group's Risk Management Framework were the following:

Capital Management

- review and update of the framework for the Group's risk assumption appetite;
- completion of the migration to a centralized system for capital management / calculation of capital adequacy for credit risk and market risk for the Bank and the Group;
- completion of projects for the integration of acquired banks in the capital adequacy calculation of the Bank and the Group;
- implementation of Basel II regulation and support for capital adequacy calculation of international subsidiaries on a standalone base.

Credit Risk

- development of model for customers' appraisal/hierarchy and pricing based on credit risk for the business portfolio;
- homogenization of methodology for collective provisions at Group level and validation of respective model for the business portfolio;
- calibration of model for credit evaluation of international subsidiaries and acquired banks' portfolio;
- configuration of directives for credit expansion per sector (industry) of economic activity.

Market Risk and Liquidity / Operational Risk

- adoption of methods for mitigation of foreign exchange risk and of liquidity risk for foreign currency loans;
- update of processes for market and liquidity risk management;
- expansion of the framework for stress test implementation for market and liquidity risks;
- upgrade of Market Risk and ALM system;
- adoption of methodology for quantification/cost evaluation of Group operational risk;
- development of methodology for recognition of operational risks and for management of projects for environmental control improvement,

New Projects

- commencing of operations of a specialized unit for the independent control and evaluation of credit risk (post-approval) for the business portfolio of the Bank, of subsidiary Banks and of Leasing and Factoring companies of the Group;

- establishment of a Unit for the co-ordination and harmonization of the operations for risk management of subsidiaries both domestic and abroad.

The economic situation in Greece, although clearly improved on the fiscal front, along with political developments, remain the main risk factors for the Greek banking sector in general, and for Piraeus Bank in particular. Potential negative developments on these fronts would have major influence on the Bank's liquidity, the quality of its loan portfolio, its results and its capital base.

The unprecedented problems created due to the recession are still present and call for case by case handling. In particular, the non-performing loans level has grown significantly, however with the restarting of the economy and the respective establishment by banks of separate centralized NPL management units, it is estimated that the problem will be effectively addressed. Towards that direction, in December 2013 Piraeus Bank created two new General Divisions namely the Recovery Banking Unit and the Task Force Unit, with the mission to effectively manage the non-performing loans according to international best practices and in accordance with Bank of Greece requirements. This strategic decision and effort, facilitated with the contribution of a specialized international consultant has been put in place in March 2014 and consists an initiative that aims to become a substantial source of added value for the Bank in the forthcoming period.

Estimates for the Development of Piraeus Group's Activities During 2014

In 2014, according to estimates, the recession in the Greek economy will end and positive growth of 0.6% magnitude will be achieved. Necessary condition for the aforementioned is the continuation of the implementation of the fiscal adjustment program of the country.

Piraeus Bank played a major role in the restructuring of the banking system in Greece, contributing in its stability and strengthening. With specific roadmap and responsibility, the Bank participated in the developments that led to the incorporation of 6 banks into Piraeus Group. These acquisitions have definitively enhanced the Bank's positioning in the new banking landscape. From this pole position, Piraeus is addressing more effectively the challenges of 2014 and sets new priorities, among which the most important are the most effective possible management of non-performing loans with new methods and tools, the enhancement of organic sources of profitability, further improvement in operating costs, further consolidation of systems, processes and business culture following the recent acquisitions and the containment and further increase in quality of customer servicing.

Moreover, the realization of the planned major synergies between Piraeus, ATEbank, the Greek operations of the three Cypriot banks and Millennium, are of major importance for the strengthening of the Group's results. Already, 2/3 of these synergies have been secured by actions taken by the Bank.

Piraeus Bank supports the effort for the restructuring and recovery of the Greek economy towards a new sustainable form of growth that drastically increases the value added in products and services offered, while it supports initiatives targeting the stimulation of entrepreneurship and the increase of competitiveness. Towards that goal the Bank will continue to strive also within the current year.

Toward this end, the Bank will continue to operate in 2014, as the forthcoming capital increase transforms Piraeus Bank into one of the best capitalized banks in Europe according to the new Basel III regulatory framework, capable to withstand extreme economic conditions and to decisively support the country's economic progress. Furthermore, the intended repayment of preference shares consists a necessary prerequisite to regain flexibility in potential future dividend payments, while the forthcoming increase in the private sector's participation in the Bank' equity will enhance Piraeus' free float comprising an important step towards the Bank's privatization.

Michalis G. Sallas

Chairman of the Board of Directors

EXPLANATORY REPORT

This Board of Directors of Piraeus Bank explanatory report of 31/12/2013 addressed to the Ordinary General Meeting of its shareholders contains detailed information, regarding paragraph 7 of article 4 of Law 3556/2007.

1) Information regarding Piraeus Bank's share capital structure.

On 31/12/2013 Piraeus Bank's share capital amounted to 2,271,770,384.28 Euro, divided into 5,072,567,951 ordinary registered voting shares with a nominal value of 0.30 Euro each and a) 77,568,134 non-voting preferential shares, with a nominal value of 4.77 Euro each and b) 1,266,666,666 non-voting preferential shares, with a nominal value of 0.30 Euro each. The ordinary shares of Piraeus Bank are dematerialised and traded on the Athens Exchange.

Each ordinary share of Piraeus Bank grands the shareholder with rights provided by law and the Articles of Association' in particular:

- The right to vote and participate to the General Meeting.
- The right to dividend from the Banks' profits. After deducting regular reserves, a percentage of 35% of the net profit is distributed from the returns of each fiscal year to the shareholders as the initial dividend while the distribution of any additional dividend is decided by the General Meeting. For the period that the Greek State holds the Bank's preferential shares, subject to Law 3723/2008, the total dividend distribution cannot exceed the aforementioned percentage. Ordinary General Meeting decides the date upon which shareholders are eligible to receive dividend.Dividend is paid to the shareholder within approximately seven business days from identification date, as more specifically announced through the Press. The right to receive payment of the dividend is subject to a time limitation. The State becomes beneficiary of the respective unclaimed amount 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 claim the liquidaation product or the liquidation of the share capital, relating to the share, if resolved by the General Meeting. The General Meeting of the shareholders retains all of its rights during the liquidation procedure.
- A peferential right in every increase of the Banks' share capital through cash payment and issuance of new shares, provided that the General Meeting resolves upon it.
- The right to hold copies of the financial statements, the auditors' and the Board of Directors reports.

Prefential Shares, governed by Law 3723/2008

The aforementioned Bank's preferential shares are all held by the Greek State and were issued pursuant to a) the Extraordinary Shareholders' Meeting resolutions dated 23.01.2009 for the increase of the Bank's share capital by the amount of € 369,999,999.18, covered in full by the Greek State by contributing its bonds of equal value and b) the Extraordinary Shareholders' Meeting resolutions dated 23.12.2011 for the increase of the Bank's share capital by the amount of € 379,999,999.80, covered in full by the Greek State by contributing its bonds of equal value. The preferential shares, governed by Law 3723/2008 grant the Greek State with the following privileges:

- The right to collect fixed interest of ten percent (10%) on the price of issuance of each preferential share held by the Greek State. The interest is collected before the divident's payment and is distributed in accordance with Art.1, para. 3, Law 3723/2008, before the ordinary registered shares divident's distribution , thus independently from the distribution of dividend amounts to other Bank's shareholders, provided that after the distribution the Bank's capital adequacy ratios on an individual and consolidated basis,comply with the minimum indexes set by the Bank of Greece. The fixed interest is calculated on an annual basis, and accordingly to the period of time while the Greek State is a preferred shareholder. It is payable within the first month from the approval of annual financial statements of each fiscal year by the Ordinary Shareholders' Meeting.

- The right to vote at the the preffered shareholders' General Meeting as 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 Bank's Board of Directors meetings through a Greek State's representative, who may be appointed as additional member of the Board of Directors.
- The Greek State's representative right to veto: (a) on any resolution regarding the dividents distribution, the Chairmans', the Managing Director's, and the rest of members of the Board of Directors remuneration policy, including the general directors and their deputies, pursuant to the relevant Minister of Economy and Finance decision ; (b) in the event the representative decides that a resolution can put at risk the Bank's depositors interests;or (c) that it can affect the Bank's creditworthiness and efficient operation.
- The right to attend the Bank's ordinary General Shareholders' Meeting and the State representative's right to veto on the abovementioned issues.
- The State representative's free access to the Bank's books and records for the purposes of Law 3723/2008.
- The Greek State's right to preferential reimbursement, before every other shareholder, in the event of liquidation.

These privileges do not offend either the bearers' of Tier I hybrids rights, or of any other shareholders-with the exception of common shares' holders, that are calculated to the Bank's regulatory funds.

The Bank's shareholders' liablity is limited to the nominal value of their shares.

2) Piraeus Bank's ordinary shares are transferred in accordance with Law, and its Articles of Association do not include any restrictions in respect thereof.

According to law 3723/2008 the Greek State's preferential shares cannot be transferred to third parties, or listed on a stock exchange market.

In accordance with the share capital increase of the Bank decided upon by the 23/04/2013 Second Repeat General Meeting of Shareholders and in accordance with the provisions of Law 3864/2010 and Cabinet Decision 38/2012 in conjunction with Cabinet Decision 6/2013, the Hellenic Financial Stability Fund (HFSF), for the ordinary shares acquired under the share capital increase, 849,195,130 certificates representing rights of shares ownership (warrants) were issued to retail investors who participated in it. Each warrant incorporates the right of its holder to purchase from the HFSF (at a price determined in accordance with paragraph 5 of Article 3 of the Cabinet Decision 38/2012) a fixed number of the Bank's ordinary shares which were acquired by the HFSF due to its participation in the share capital increase. According to paragraph 7 of Article 3 of the Cabinet Decision 38/2012, apart from the transfers that occur as a result of the exercise of warrants, the HFSF can not transfer the underlying to the warrants shares, for a period of 36 months from the date of issue. After the expiry of that period and up to the final date for the exercise of warrants (54 months from their date of issue), the HFSF may transfer the underlying shares as long as it has complied with the notification and invitation procedures for the holders of warrants, as they are described in paragraph 7 of Article 3 of the Cabinet Decision 38/2012.

3) Major direct and indirect shareholdings within the meaning of Law 3556/2007

On 31/12/2013 the HFSF held directly 81.01% of the total voting rights of the Bank.

Furthermore, The Baupost Group, LLC, owned (indirectly) 0.33% of the total voting rights of the Bank and warrants which, if exercised in full, will account for 10.01% of the total voting rights of the Bank, amounting to a total proportion of 10.34%.

No other shareholder (natural or legal person) held on an individual basis directly or indirectly more than 5% of the total number of ordinary shares of Piraeus Bank.

4) Ordinary shares held by the HFSF in the share capital of the Bank provide the special rights stated in paragraphs 3 and 6 of Article 10 of Law 3864/2010. No other ordinary shares of Piraeus Bank provide their holders with special control rights.

5) The Bank's Articles of Association do not restrict by any means voting rights arrising in connection with its ordinary shares. According to Article 7α of Law 3864/2010 , the HFSF casts its vote in the General Assembly only for decisions amending the statute, including the increase or reduction of capital or relevant authorization on the Board of Directors, merger, division (demerger), transformation, revival, extension of duration or dissolution, transfer of assets, including the sale of subsidiaries, or any other issue requiring increased majority as stated in Codified Law 2190/1920. For the purposes of calculating the quorum and majority at the General Meeting, the shares of the HFSF are not taken into account when deciding on matters other than the above.

6) The Bank is not aware of any of its shareholders agreements regarding ordinary shares' transfer restrictions or affecting voting rights.

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

According to the Bank's Articles of Association in the event that a Board member resigns is deceased or forfeits his office for any reason whatsoever, or is deemed forfeited by a resolution of the Board of Directors due to his unjustifiable absence from meetings for three consecutive months, the Board of Directors may continue managing and representing the Bank without replacing the departed member as long as the remaining members number at least nine (9). In the event the members of the Board of Directors are less than nine (9), the Board is obliged to elect temporary members for the rest of the departed members' term, in order to complete the minimum number of nine (9) members. This resolution of election must be published according to the provisions of article 7b of C.L. 2190/1920 and is announced by the Board to the next General Meeting of Shareholders, which can replace the elected directors even if it is not on the Agenda. 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 in the Bank's Articles of Association regarding members' appointment and replacement as well as amendment of the respective provisions, comply with the provisions of Cod. Law 2190/1920.

The Greek State's representative is appointed and replaced by the Minister of Finance.

The Greek Financial Stability Fund appoints up to two (2) representatives to the Board, pursuant to Law 3864/2010 art. 6 paragraph 9.

8) There is no valid authorization to the Board of Directors to increase the share capital in accordance with the provisions of Article 13 paragraph 1 b) CL 2190/1920.

9) According to article 28, of Law 3756/2009 (Gov. Gazette A' 53/31.3.2009) the Bank shall not proceed to any acquisition of treasury shares for the period it remains subject to Law 3723/2008. Furthermore, in accordance with paragraph 1 of Article 16C of Law 3864/2010, during the period of the participation of the HFSF in the share capital of the Bank it is not permitted to the Bank to purchase its own shares without the approval of the HFSF.

10) No agreements become enforceable, are amended or terminated upon a change of the Bank's control that follows a public offer.

11) No agreements between the Bank and its Board of Directors' members or its employees provide compensation for the latter in the event of their resignation following a public take over bid.

Michalis G. Sallas

Board of Directors' Chairman.

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 Codified 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.piraeusbankgroup.com.

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 Audit Committee, the Risk Management Committee, the Remuneration Committee, the Board of Directors Succession and Replacement Committee, the Strategic Planning Committee, the Group Executive 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 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 Codified 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-emption 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 29.06.2015, 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 as 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 as 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 by Law 3723/2008. Additionally, Mr Berahas and Mrs Beritsi were appointed representatives of the Greek Financial Stability Fund to the Board of Directors pursuant to Law 3864/2010

The following is the current composition of the Board of Directors of PIRAEUS BANK S.A., elected by the Annual General Meeting of 29.06.2012, as this has resulted after changes (resignations, replacements, reconvening as a body):

1. Sallas Michail, Chairman of the Board, Non-Executive Member
2. Georganas Iakovos, 1st Vice-Chairman, Non-Executive Member
3. Roumeliotis Panagiotis, Vice-Chairman, Non-Executive Member
4. Lekkakos Stavros, Managing Director and CEO, Executive Member

5. Anthimos Thomopoulos, Managing Director & Co CEO, Executive Member
6. Alexandridis Georgios, Independent Non-Executive Member
7. Antoniadis Christodoulos , Deputy Managing Director, Executive Member
8. Apalagaki Charikleia, Authorized Director, Executive Member
9. Vassilakis Eftichios , Non-Executive Member
10. Golemis Stylianos, Independent Non-Executive Member
12. Milis Ilias, Deputy Managing Director, Executive Member
12. Mylonas Theodoros , Independent Non-Executive Member
13. Papaspyrou Spyridon, Deputy Managing Director, Executive Member
14. Fourlis Vasileios, Non-Executive Member
15. Jiri Smejc, Non-Executive Member
16. Konstantin Yanakov, Non-Executive Member

The Bank's Board of Directors includes 10 non-executive members, of whom Messrs. Georgios Alexandridis, Theodoros Mylonas and Stylianos Golemis are independent non-executive members in accordance with the provisions of Law 3016/2002 on corporate governance.

1.2 Operation

Under Article 15 of the Bank's Articles of Incorporation, 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 of Incorporation, 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 is also 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

Aiming to constantly improve the organization of the Bank and the Group, responsibility for certain areas requiring expert competence has been assigned, inter alia, to the following main committees and councils:

2.1 Board of Directors Committees

2.1.1 Audit Committee

The Committee comprises of five members and is chaired by the representative of the Financial Stability Fund. Four members are non-executive, three of whom are independent. 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 shall meet at least four times a year. Additional meetings may be held if deemed necessary. The Committee met ten (10) times during year 2013 and all the decisions were taken unanimously.

The main duties of the Audit Committee are:

- monitoring and annual evaluation of the adequacy and effectiveness of the Internal Audit System (IAS) on individual basis and Group level, based on the data and information of the Group Internal Audit Division;
- supervision and evaluation of the drafting processes of the published annual and interim financial statements of the Group, the Bank and its subsidiaries;
- supervision of the assessment of the Group's annual financial statements conducted by the regular certified public accountants - auditors and cooperation with them on a regular basis;
- proposing to the Board a selection of regular public accountants - auditors. Whenever it deems appropriate, the Committee shall also make their replacement or rotation proposal;
- ensuring the independence of auditors in accordance with applicable law;
- Identify weaknesses, make solutions’ proposals and monitor 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 examination areas and selecting and appointing chartered public auditors, to assess the adequacy of the Internal Audit System, periodically, and at least every three years

The Audit Committee following its duties and competences during year 2013, has fulfilled the below tasks:

- Examined and discussed the workings of the IAS on the basis of data and information contained in the quarterly reports complied by the Internal Audit Department.
- Reviewed the regular and annual financial statements on an individual and consolidated basis, prior to publication, in discussion with Mr. Georgios Poulopouls, General Manager & CFO and PWC certified accountants / auditors, in accordance with the appropriate accounting standards and in order to verify the fullness and accuracy of the information they contain.
- Discussed the independent's Auditor Report results, related to the IAS Adequacy Evaluation (3 year control), as provided for in Order 2577/9.3.2006 of the Governor of the Bank of Greece.
- Approved and systematically monitored with diligence, Internal Audit Department's Annual Action Plan for year 2013.

The Audit Committee positively evaluates that the continuous strengthening of the IAS is a strategic priority for the Board of Directors (BoD) and the Group's management, and the existence of development procedure and integration of appropriate control mechanisms, aiming at further improvement of the management's operational risks that the Group confronts in all its functions.

It is pointed that the Audit Committee's final Evaluation in relation to the IAS function, will be submitted to the Bank of Greece – according to the Order 2577/9.3.2006 of the Governor of the Bank of Greece – within the first semester of Year 2014, and followed by IAS Annual Evaluation Report, which is edited by the Group's Internal Audit Department and is submitted to the Bank's Management and the BOD through the Audit Committee.

According to the Bank's BOD meeting with no. 1332 held on 29.11.2013, unanimously decided, according to Article 37, paragraph 1, Order 3693/2008, the replacement of the resigned Audit Committee's member, Mrs. C. Apalagaki with Mr. I. Georganas and Mr. St. Golemis addendum in the Committee.
Audit Committee's composition, until the Bank's next General Meeting., has as follows:

Chairman	Beritsi Aikaterini
Members	Alexandridis Georgios
	Georganas Iakovos
	Golemis Stylianos
	Mylonas Theodoros

2.1.2 Risk Management Committee

1. Purpose
The Risk Management Committee, the 'Committee', is responsible for performing the duties set out in these rules of procedure, so as to be able to assist the Board of Directors in its work concerning:

- the existence of an appropriate risk management strategy and the definition of maximum acceptable risk levels, as well as the supervision of their application
- the establishment of principles and rules that will govern risk management as regards the recognition, prediction, measurement, monitoring, control and management of such risk,

- the development of an internal risk management system and the incorporation of suitable risk management policies in the business decision making process,
- the compliance of the Bank and the Group, through strict and reliable procedures, with the requirements of the regulatory framework for the risk management function.

Additionally, the Risk Management Committee controls the independence, adequacy and effectiveness of the operation of the Risk Management Division of the Bank and the Group.

2. Organisation – Operation

2.1 Composition

The Risk Management Committee is appointed by the Board of Directors of the Bank and is comprised of members of the Board of Directors. The number of Committee members cannot be less than three and in total cannot exceed 40 per cent (rounded up to the closest integer) of the total number of members of the Board of Directors. The majority of Committee members must not be executive members, with at least one third of the members (rounded up to the closest integer) meeting the criteria for the independence of Board members, in accordance with Law 3016/2002 and the relevant European Commission Recommendation 2005/162/EC.

A representative of the Hellenic Financial Stability Fund (HFSF) on the Board of Directors of the Bank shall also participate in the Risk Management Committee.

The Chairman of the Committee is appointed by the Board of Directors from among its non-executive members and must have significant experience in commercial banking and, preferably, in risk and capital management, as well as familiarity with the local and international regulatory framework. The office of Chairman of the Board of Directors is incompatible with that of Chairman of the Risk Management Committee, while the Chairman of the Risk Management Committee cannot simultaneously serve as Chairman of the Audit Committee of the Bank.

The members of the Risk Management Committee must have adequate knowledge and previous experience in the financial services sector or the commercial banking sector, with at least one member specialising in the fields of Risk Management and Capital Adequacy, as well as being familiar with the local and international regulatory framework.

The Committee is aided by an Executive Secretary and a Secretary. The Executive Secretary is appointed by the Board and is the Chief Risk Officer of the Group, performing the duties set out in the regulatory framework in force (at present, Bank of Greece Governor's Order 2577/2006). In the performance of his duties, the Executive Secretary reports directly to the Risk Management Committee and is subject to control by the Internal Audit Unit.

2.2 Term

The term of Committee members cannot exceed the term of the Board of Directors (three years), but the Board of Directors has the right to relieve or replace members at any time.

- Loss of membership on the Board of Directors automatically entails loss of membership in the Committee.

- Members of the Committee are rotated once they have completed two consecutive three-year periods (i.e. equal to two full terms of the Board) as Committee members. Subsequent re-appointments are not excluded.

2.3 Convocation

The Chairman convenes the Committee as often as it is deemed necessary to carry out its mission, but no less than once per month. Each Committee member has the right to request in writing the convocation of the Committee in order to discuss specific issues.

The Committee has the right to summon any Bank employees, executives or advisors it deems expedient or useful to its meetings.

2.4 Decision-making process

In order for the Committee to adopt a resolution, a quorum of over 50% of its members is required. Committee decisions are made with a 2/3 majority of the members presents, taking account of members participating via teleconference or other technological means. Subject to securing the aforementioned quorum, a Committee member can participate in the meeting via teleconferencing or, if hindered, authorise another member in writing to represent him in a specific Committee meeting and vote on his account on the items on the agenda. No member can represent more than one other Committee member.

The presence, participation and voting of a Committee member during the discussion of an issue in which he has a conflict of interest is not permitted. Decisions that concern the establishment of policy, procedures, terms or criteria for risk management or other issues of general application do not come under the previous prohibition.

Minutes are kept for all Committee meetings and are certified by the Chairman and the Executive Secretary of the Committee. The Executive Secretary is responsible for collecting information and materials that are necessary or useful for the work of the Committee; preparing the items to be discussed by the Committee; keeping the minutes and archive of Committee decisions; handling the correspondence between the Committee and the service units and the Board of Directors; and monitoring the notification of all Committee decisions at the Bank and Group level. The Executive Secretary is aided by Bank employees.

3. Duties and Competencies

3.1 General

The mission of the Risk Management Committee is:

(a) to ensure that the Bank has a well-defined strategy for risk management and risk appetite. The bank's risk appetite must be structured through a number of quantitative and qualitative positions for specific risk categories, including special tolerance levels (per portfolio, sector, geographic region, credit standing, etc.)

(b) to ensure that all forms of risk (including operational risk) connected to the activity of the Bank are covered effectively

(c) to ensure that the bank's risk appetite is clearly communicated to the entire Bank and constitutes the basis for the establishment of risk management policies and risk limits at the Group, operational and regional level.

(d) to ensure the integrated control of risk management, the specialised management of risks and the necessary coordination at the Bank and Group level.

In order to fulfil its purpose, the Committee undertakes the following duties and competencies:

- It formulates the strategy for undertaking all forms of risk and capital management in a way that corresponds to the business goals of the Bank, both at the level of the parent company and at Group level
- It takes measures for the development of an internal risk management system and its incorporation in the procedure of making business decisions (e.g. decisions that concern the introduction of new products and services, the pricing of products and serviced adjusted according to risk, as well as the calculation of efficiency and the distribution of capital in connection to risk) throughout the entire range of activities of the Bank and its consolidated subsidiaries.
- It establishes the principles that must govern risk management as regards the recognition, prediction, measurement, monitoring, control and management of risk, always in consistency with the business strategy in force and the adequacy of available funds.
- Based on the annual report of the Chief Risk Officer and the related excerpt of the report prepared by the Internal Audit Division, it annually evaluates:
    - The adequacy and effectiveness of the risk management policy of the Bank and of the Group and, in particular, compliance with the risk tolerance level set
    - The suitability of limits, the adequacy of provisions and the general adequacy of own capital in relation to the amount and form of the risk undertaken
- It formulates proposals and recommends corrective actions to the Board of Directors in cases where it ascertains failure to implement the Bank's risk management strategy or deviations as to its application.
- It formulates an appropriate internal environment in order to ensure that every Bank executive and employee is aware of the nature of the risks connected to their activities within the framework of the performance of their duties, recognises the need for their effective and timely addressing and facilitates the application of the internal audit procedures set out by the Management of the Bank.
- It communicates, on an annual basis or more frequently, if necessary, revision proposals and corrective actions to the Board of Directors in regard to the Risk Management Strategy and risk appetite, including the assessment of the suitability of the Bank's business plan / restructuring plan within the framework of risk-taking.
- It safeguards the adequacy of available funds in technical means, such as suitable methodologies, modelling tools, data sources and able personnel in order to assess: a) possible changes to the quality of assets under various assumptions (macroeconomic and market-related) and b) the risks that these changes may pose for the financial stability of the institution.
- It prepares an annual review of the Credit Policy in force and approves amendments thereto in cases where the amendment of the approved risk appetite is required.

- It safeguards the existence of suitable supervision and control mechanisms for the monitoring and effective management of problematic assets, set in such a way that it includes:
  --non-performing loans (NPLs)
  --loans under restructuring or renegotiation
  --exposures that have been written-off for accounting purposes but for which the bank is still pursuing partial or full recovery.
- It places emphasis on the development of suitable timely detection systems in order to identify debtors near the limit of their capabilities as regards the observance of their obligations.
- Similarly, it ensures that the bank develops, maintains and continuously renews a suitable number of solutions for reducing delays and preserving the value of the Bank's loan portfolio.
- It takes all other necessary actions for the effective accomplishment of its mission.

3.2 Risk Management Division (RMD)

A main responsibility of the Committee is to supervise – continuously monitor the activities of the Risk Management Division of the Bank. More specifically, the Committee has the following competencies as regards the Division:

- It ensures that the RMD develops measurement tools and methodologies for the risk-weighted measurement of efficiency and the pricing of products and services. Additionally, the Committee supervises their application through the RMD.
- It approves the recommendations of the Group RMD regarding the adoption of suitable techniques for adjusting risks to acceptable levels.
- It makes provisions for the execution of crisis condition simulations (stress tests), at least once every calendar year, for market risk, credit risk, liquidity risk and operational risk, with the use of corresponding techniques.
- It establishes suitable strategies and policies for the management of risks undertaken by the Bank (including liquidity risk), establishing, following the recommendation of the Group Risk Management Division:
  - The acceptable maximum risk limits per category of counterparty, sector, country, currency, type of financing, form of financial titles, grade(s) of evaluation of credit standing, activity or product, duration, etc.
  - The maximum limits allowed for overrides of the evaluation systems
  - The minimum risk limits allowed for the cut-offs in the credit standing evaluation systems
  - The Contingency Funding Plan at the Group level and the annual Funding Plan at the Group level; it is also informed by the Group RMD, it monitors and primarily approves any emergency deviations from the limits in question.
- It approves the recommendations of the Group Risk Management Division as regards the planning, documentation, periodic re-evaluation and monitoring of the implementation of the Internal Capital Adequacy Evaluation Procedure (DAEEK), within the framework of which goals are set as to the capital requirements of the Bank that correspond to the undertaken or potential risks at the individual level and the Group level, and its operational environment, and policies are formulated regarding the amount, management and distribution of its capital in relation to the aforementioned risks.

- It receives and evaluates the reports submitted by the Group Risk Management Division; at least once every quarter, it informs the Board of Directors of the most significant risks undertaken, the outline of risks and exposures of the Bank and provides assurances for their effective management.
- It safeguards the access of the Group Risk Management Division to all activities and units, as well as all Group data and information required for the fulfilment of its tasks.
- More specifically and in regard to credit risk management, it recommends the key points of the procedures for the internal rating and assessment of risk factors to the Board for approval and supervises the consistent implementation of the relevant supervision provisions.
- It annually evaluates the effectiveness of the Risk Management service units of the Bank, as well as the adequacy and suitability of their Heads. Similarly, on the basis of the reports prepared by the Internal Audit and Regulatory Compliance Units, it evaluates the effectiveness of the corresponding units of the Group's subsidiaries, as well as the adequacy and suitability of their Heads.

3.3 External Audit

The Committee is responsible for providing data to external auditors on issues related to its competencies, such as:

- Rules of Procedure of the Committee – Amendments
- Annual Risk Management Report
- Reports to the Committee and Committee Resolutions

3.4 Other Competencies

The Chairman of the Committee, aided by the Executive Secretary, is responsible for the coordination of all the Risk Management Committees of the Bank's subsidiaries.

4. Support of the Committee

- In order to perform its duties and competencies effectively, the Committee is supported by the service Units of the Bank and is entitled to recruit external consultants and to set the terms of cooperation with them, with their fee being covered by the budget of the Management.
- Committee members are given full and unconditional access to all information systems and specialised tools that are used by the Bank and the companies of the Group and are necessary for the performance of the duties of the Committee, both at the level of primary data and at the level of management information.

5. Recommendations and Notifications

Within the framework of its competencies, the Committee presents the results of its actions and activities to the Board of Directors:

- The Committee submits a written report to the Board of Directors on the results of its work at least once per year within a reasonable time frame.
- Additionally, the Chairman of the Board intermittently informs the Board of Directors on the work of the Committee within the framework of Board meetings.

- The Committee formulates written proposals and recommendations to the Board of Directors concerning corrective actions in cases where it has ascertained failure to implement the approved risk management strategy or deviations as to its application.
- It formulates an opinion concerning the remuneration of the CRO for approval by the Remuneration Committee.

6. Amendment of the Rules

The Committee annually re-evaluates the present rules of procedure and its competencies and recommends amendments it considers useful to the Board of Directors.

Composition of the Risk Management Committee:

Chairman	Roumeliotis, Panayiotis
Members	Lekkakos, Stavros
	Thomopoulos, Anthimos
	Antoniadis, Christodoulos
	Milis, Ilias
	Papaspyrou, Spyridon
	Vassilakis, Eftichios
	Berahas, Solomon

2.1.3 Remuneration Committee

1. Composition - Operation

1.1 The Remuneration Committee consists of three (3) to six (6) non-executive members of the Board of Directors, including a representative of the Financial Stability Fund, who must, in their majority, including the Committee Chairman, be independent in the sense of Article 4 of Law 3016/2002 (Gov. Gaz. A' 110), as currently in force. At least one member of the Committee must have adequate expertise in the management of risk and in auditing matters, in order to ensure that the remuneration policy is aligned with the Bank's risk profile.

The members of the Remuneration Committee are not permitted to hold parallel positions or offices or to conduct transactions which might be deemed incompatible with the remit of the Committee. Participation in the Remuneration Committee does not preclude the possibility of sitting on another committee of the Board of Directors.

1.2 The members of the Committee are appointed, dismissed and replaced by the Board of Directors. Loss of an individual's position on the Board of Directors automatically entails loss of his position on the Committee.

1.3 The Committee Secretary is appointed by the Committee, which may replace him at any time.

1.4 The Committee shall meet at the invitation of the Chairman whenever he/she deems it necessary for the execution of its remit, but no less than once in each calendar year. Every member of the Committee is entitled to request in writing the convening of the

Committee for discussion of specific business. Meetings may be held using video-conferencing technology.

1.5 Resolutions may only be adopted when a quorum of at least two members is reached. Subject always to this provision regarding a quorum, a member of the Committee may, if prevented from attending, authorize in writing another member to represent him at a specific meeting and to vote on his behalf on the items on the agenda. No member may represent more than one other member of the Committee.

1.6 Resolutions of the Committee are adopted by majority vote of the members present.

1.7 The Committee may summon to its meetings any employees, officers or advisors of the Bank when it deems it useful or necessary for them to attend.
The Chief Executive of the Bank does not sit on or attend meetings of the Remuneration Committee when his own remuneration is to be discussed. This prohibition does not apply to decisions relating to the setting of policies, programmes, terms or criteria for pay or benefits, or other matters of general application.

1.8 Minutes are to be kept of all meetings, and are certified by the Chairman and Secretary of the Committee.

1.9 The Committee is supported in its work by the Bank's departments (particularly the Human Resources and Internal Audit Departments) and is entitled to recruit external consultants and to define the terms of cooperation with them, their fees being charged to the Management's budget.

1.10 Each year the Committee shall review these current operating rules and supplement them or revise them, making any amendments it deems necessary.

2. Mission - Competences

As a Board of Directors Committee, the Remuneration Committee is responsible for shaping, verifying implementation of and periodically reviewing the Bank's remuneration policy, in accordance with Bank of Greece Governor's Order 2650/2012, also bearing in mind the provisions of Laws 3723/2008 and 3864/2010, as currently in force.

The Remuneration Committee shall, in the execution of its duties, take into account the long-term interests of shareholders, investors and other stakeholders in the Bank, orienting itself to the long-term prudent and sound management of the Bank and the avoidance or minimizing of conflicts of interest which might detract from prudent management.

2.1 Specifically, the Remuneration Committee:

(a) Prepares decisions relating to the remuneration to be received by the Board of Directors, which must be commensurate with the powers, duties, special knowledge, performance and responsibilities of its members, and also be appropriate to the risks undertaken and managed for the Bank; the Committee shall also oversee compliance with these decisions.

(b) Recommends corrective action in the event that it proves impossible to implement the remuneration policy that has been drawn up, or in the event that it identifies divergences between policy and implementation in practice.

(c) Submits recommendations to the non-executive members of the Board of Directors relating to the remuneration of the Administration, particularly the executive members of the Board of Directors and the higher-paid employees of the Bank.

(d) Briefs, advises and assists the non-executive members of the Board of Directors in matters relating to the framing, revision and oversight of implementation of remuneration policy.

(e) Ensures that in evaluation of the mechanisms in place to align remuneration policy with risk, account is taken of all kinds of risk, as well as the liquidity and capital adequacy of the Bank.

(f) Directly oversees payment of the senior executives in the Risk Management Division and the Group Regulatory Compliance Directorate.

(g) Seeks external auditing/confirmation of the fees policy by a recognized specialist firm of consultants.

(h) Receives and evaluates the reports (submitted regularly, at least on an annual basis) of the Group's General Internal Audit Directorate, in which the said Directorate submits observations from its central and independent internal audit of the remuneration policy the Committee is implementing, as well as its proposals for any revision of the remuneration policy, taking as its yardstick always the need to avoid the creation of incentives to take excessive risks or other behaviour incompatible with the objectives of the Bank.

(i) Cooperates with other Committees of the Board of Directors or the Administration in the event that their activities might impact on the planning and proper operation of remuneration policy and practice (e.g. Audit Committee, Risk Management Committee), and approves the payments made to the Head of the Internal Audit and Risk Management Units, at the recommendation of the Audit Committee and Risk Management Committee respectively.

(j) Ensures appropriate advisory support for the competent Units of the institution being overseen (Risk Management, Regulatory Compliance, Internal Inspection, Personnel Management, Strategic Planning Units) in the framing, revision and responsible implementation of remuneration policy, as well as for external experts when deemed necessary by the Board of Directors.

(k) Ensures that the pay of the personnel of the Bank's internal operations units (e.g. risk management, internal audit, regulatory compliance, financial auditing) is not linked to the performance of the business units which they oversee.

2.2 Also, the Remuneration Committee:

(a) Frames and recommends to the BoD the pay and benefits policy to be implemented at any time for executive members of the Management of the Bank, and frames the Board's recommendation to the General Shareholders Meeting concerning the annual payment of the executive members of the Management, which is assessed on the basis of comparative figures for managers and executives of the same or corresponding rank.

(b) Makes provision for the official evaluation of possible scenarios in order to ascertain the impact on the remuneration system of possible future events, either within or outside the institution being overseen, as well as the conduct of ex-post tests or back tests.

(c) Provides, where necessary, adequate information to the General Shareholders Meeting on the activities in which it engages.

(d) Ensures that the Bank has a clear, well documented and transparent remuneration policy, which is published on an annual basis. The remuneration policy is consistent with the Bank's business strategy, profile and readiness to undertake risk, and does not encourage excessive, short-term risk-taking.

(e) Prepares and submits recommendations to the BoD for variable pay schemes for senior executives, linked with incentives and the existence of a return clause (clawback), following prior risk assessment by the Risk Management Committee of the performance objectives.

(f) Provides each year a declaration of compliance of the remuneration policy with Law 3723/2008 and Bank of Greece Governor's Order 2650/2012, in the context of the Declaration of Corporate Governance.

(g) Ensures that the general application by the Bank of the remuneration policy and the procedures laid down by the non-executive members of the Board of Directors is subject to central and independent internal auditing and review, as exercised by the Internal Inspection Unit or a similarly empowered body, at least on an annual basis.

(h) Issues an opinion before the recruiting of high-ranking executives, when their remuneration diverges from that provided for in the remuneration policy in force at the time in question.

2.3 The Remuneration Committee shall have unimpeded access to:

(a) advisory reports compiled by the Management Committees and the Risk Management, Regulatory Compliance and Internal Audit Units, as well as by external experts, which have been prepared independently of the advisory reports of the senior executives and are not supplied on behalf of the said executives,

(b) all data and information relating to the taking of decisions by non-executive members of the Board of Directors relating to the framing and implementation of the remuneration policy, and

(c) all data and information possessed by the Risk Management, Internal Inspection and Regulatory Compliance Units, in such a way as not to place obstacles in the way of the usual activities of the Bank.

2.4 The competences of the Committee relate both to Piraeus Bank and any subsidiaries included in the consolidated financial statements of the Group.

Composition of Remuneration Committee:

Chairman	Golemis, Stylianos
Members	Vasilakis, Eftychios
	Beritsi, Aikaterini
	Mylonas,Theodoros
	Fourlis, Vasileios

2.1.4 Board of Directors Members' Succession and Replacement Committee

1. Objective-Competences

The BoD Member Succession and Replacement Committee was set up by Decision 1069/21.06.2006 of the Board of Directors, following Bank of Greece Governor's Order 2577/2006, in accordance with which the Board of Directors of a bank must possess, as a body, adequate knowledge and experience in at least the main activities of the bank to be able to exercise oversight over all its functions, either directly or indirectly through the Committees set up by statute or at the discretion of the bank on the basis of the aforesaid Order 2577/2006.

The BoD Member Succession and Replacement Committee, depending on its remit, will have a twofold function, i.e. either as a Succession Committee for the cases provided for in paragraph 1.1 or as a Board Member Replacement Committee for the cases of paras. 1.2 and 1.3 below. More specifically, the BoD Member Succession and Replacement Committee has the following remit:

1.1. As a Succession Committee, to recommend to the Board of Directors a person or persons suitable to succeed the Chairman, Deputy Chairman or Chief Executive in the event of resignation or permanent incapacity, for whatever reason, of one of these individuals during his term of office.

1.2. As a Board Member Replacement Committee, to recommend to the Board of Directors a person or persons suitable to replace members of the Board in the event of resignation, forfeiture of office under Article 9 of the Bank's Articles of Association, or permanent incapacity for whatever reason of a member during his term of office. Non-acceptance of election as a member of the BoD shall be viewed as equivalent to resignation.

1.3. As a Board Member Replacement Committee, to recommend to the Board of Directors a list of persons suitable for election by the General Meeting as members of the Board of Directors of the Bank, in such a way as to meet the obligation established by Bank of Greece Governor's Order 2577/2006 on the existence at BoD level of adequate knowledge and experience in at least the main activities of the bank to be able to exercise oversight over all its functions. In this respect the Committee will ensure the setting of criteria and an eligibility policy, to be published annually as part of the Corporate Governance Declaration.

1.4. The Committee verifies that the criteria are met for a member of the Board to be classed as independent. In applying and establishing the existence of the independence criteria the Committee shall place substance above form. It shall weigh up the independence criteria, or the absence of one of these criteria, in order to rule that the candidate member does in substance meet the independence requirements, and in particular to rule on whether his participation and manner of exercising his duties will or will not lead to conflicts of interest or raise doubts as to his free and objective judgment in the interests of the Bank.

2. Composition of the Committee

The Committee consists of from three (3) to six (6) non-executive members of the BoD, including a representative of the Financial Stability Fund.

2.1. Composition of the Succession Committee

When the Committee is convened in accordance with paragraph 1.1 above as a Succession Committee, in order to select and recommend to the Board of Directors a person or persons suitable to succeed the Chairman of the Board (Executive or Non-Executive) or Deputy

Chairman or Chief Executive, or, in the event of the same person occupying the posts, Chairman and Chief Executive, then it shall consist of the following members:

- The Chairman of the BoD (if a Chairman is in post) or in his absence the member appointed by decision of the Board.
- The Non-Executive Deputy Chairmen of the Board.
- The Chairman of the Audit Committee.
- The three most senior non-executive members of the Board, excepting those mentioned above. If more than three members are equally senior, then three of them will be appointed by decision of the BoD.

2.2. Composition of the Board Member Replacement Committee

When the Committee is convened in accordance with paragraph 1.2 above in order to select and recommend to the Board of Directors a person or persons suitable to replace a member of the BoD who has resigned, died, forfeited his position or is otherwise unable to exercise his duties, or (b) in accordance with paragraph 1.3 above, in order to select persons eligible to be appointed by the General Meeting as members of the Board of Directors of the Bank, then it shall consist of the following members:

- The Chairman of the BoD
- The Chairman of the Audit Committee
- The two most senior non-executive members of the Board. If more than two members are equally senior, then two of them will be appointed by decision of the BoD.

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By Decision of the Board of Directors, it has been set the selection criteria and the eligibility policy for the position of the Chairman of BoD, the Managing Director and the BoD candidate members, as follows:

1. **Selection criteria for the appointment of the President of the Board of Directors or / and Managing Directors**

Candidates will be selected based on the following characteristics:

Education: University degree as a minimum requirement accredited by a greek or foreign Institution.

Status and Experience: High-calibre individuals, with a minimum of 15 year prior experience in the financial or banking sector, including a minimum 10 year experience as senior level officers in banking or in other large corporations in Greece and abroad..

2. **Selection criteria for candidacy of the members of the Board of Directors**

Candidates will be selected with the following characteristics:

Personality: Candidates should be of a broad acceptance and good report, hold a great appreciation for the Group and be willing to contribute in its growth and development, to have been recognized for their professional or academic work and have business analytic perception and strategic thinking.

Knowledge and Experience: The synthesis of the BoD should be able to:

(α) represent major sectors of the economy, such as Commerce, Shipping, Industry, Logistics, Tourism, Energy and

(β) hold – as a whole- the necessary supervising knowledge, skills and experience in: Law, Accounting, Auditing, Business Management, Financing, Corporate Governance, Credit and Risk Management.

Composition of BoD Member Succession and Replacement Committee:

Chairman	Sallas, Mihalis
Members	Georganas, Iakovos
	Berahas, Solomon
	Mylonas, Theodoros
	Fourlis, Vasileios

2.2 Executive and Administrative Committees

2.2.1 Strategic Planning Committee

1. Competencies

The Strategic Planning Committee has the following competencies:

1.1 It regularly follows up, analyses and deliberates over issues concerning the Bank's strategic choices (e.g. capital increase or decrease, acquisitions, mergers, investments or liquidation of strategic participations, strategic alliances, etc.), assigns special missions to executives in order to achieve its goals and, when necessary, formulates a relevant recommendation to the Board of Directors of the Bank.

1.2 It sets the key objectives and goals of the Business Plan, within the framework of which the Executive Committee draws up the annual Budget to be approved by the Board of Directors.

1.3 It introduces the aforementioned issues for inclusion in the agenda of meetings of the Board of Directors or the General Assembly of the Bank.

1.4 It follows up, introduces and decides on any issue that is of strategic importance to the Group.

1.5 In cases of crisis, the Committee has the competencies of the Crisis Management Committee, supervising and monitoring recovery actions. It is also responsible for activating and implementing the Recovery Plan in force, which is prepared in accordance with Article 62 of Law 3601/2007 and Bank of Greece Governor's Act 2648/19.01.2012, as in force.

The competencies of the Strategic Planning Committee cover both Piraeus Bank and the Group subsidiaries.

2. Meetings

The Strategic Planning Committee meets regularly every first Wednesday of the month, at the time and place and with the agenda set by its Chairman and announced by the Secretary to the members.

The Chairman can decide to convene an extraordinary meeting of the Strategic Planning Committee or to alter the day or frequency of regular meetings.

Each member of the Strategic Planning Committee has the right to table issues for discussion within the framework of their competencies. The issues are taken into account by the Chairman, who includes them in the agenda of the next regular or extraordinary meeting of the corresponding Committee.

The meetings of the Committee can take place with the use of teleconferencing that does not require the physical presence of all members at the same location.

Meetings of the Strategic Planning Committee can be attended, apart from its members, by the executives or employees responsible for various issues tabled for discussion or other Bank executives or advisors whose presence is requested by the Committee.

Minutes are kept for all meetings of the Strategic Planning Committee and are certified by the Chairman and the Executive Secretary of the Committee.

3. Decision-making

The Strategic Planning Committee makes decisions with a quorum of at least half its members and a 2/3 majority of the members present.

4. Amendment

This Act Establishing and Setting the Competencies of the Strategic Planning Committee is part of the Corporate Governance Procedures and can be amended by an Act of the Chairman of the Board of Directors, following related authorisation by the Board of Directors (Board Decision 1253/9.2.2011).

Composition of the Strategic Planning Committee:

Chairman	Sallas, Michael
Members	Roumeliotis, Panayiotis
	Lekkakos, Stavros
	Thomopoulos, Anthimos
	Karamouzis, Nikolaos

Mylonas, Theodoros
Frangos, Sophocles

2.2.2 Group Executive Committee

Operation

The Committee meets regularly once a week, being convened by its Chairman, and as many times as necessary in order to accomplish its mission. The invitation sets the agenda, time and place of the meeting of the Executive Committee. Each Committee member has the right to request in writing the convocation of the Committee in order to discuss specific issues.

In order for the Group Executive Committee to make a decision, a quorum of at least 50% of its members present in person either at the meeting location or at another location via teleconferencing is required. Subject to securing the aforementioned quorum, a Committee member can, if hindered, authorise in writing another Committee member to represent him in a specific Committee meeting and vote on his account on the items on the Agenda.

Committee decisions are taken with a 2/3 majority of the members present and represented.

The presence, participation and voting of a Committee member during the discussion of an issue in which he has a conflict of interest is not permitted. Decisions that concern the establishment of policy, procedures, terms or criteria for risk management or other issues of general application do not come under the previous prohibition.

The Committee has the right to summon any Bank employees, executives or advisors it deems expedient or useful to its meetings.

Minutes are kept for all Committee meetings and are certified by the Chairman, the Executive Secretary and the Secretary of the Committee.

Competencies

The competencies of the Group Executive Committee cover both Piraeus Bank and its consolidated subsidiaries.

Authorised by the Board of Directors of Piraeus Bank, the Group Executive Committee has the following competencies, which it may delegate or assign to administrative committees, Committee members or Bank executives.

1. It monitors the implementation of both the Business Plan and the Restructuring Plan of the Bank and of the Group and makes the necessary decisions for achieving the Plans' goals. At the first meeting of the Committee held at the beginning of each quarter, the CFO of the Group and the head of Business Planning present a report to the Committee on the progress of the implementation of both the Business Plan and the Restructuring Plan, highlighting any issues that may require particular attention.
2. It establishes the directions of the Budget and proposes the Annual Budget to the Board of Directors.
3. At the beginning of each year, the head of each business activity or support division makes a concise presentation of the Business Plan for their area of responsibility to the Executive Committee, along with concise data on the relevant budget and, at the end of each quarter, a

summary review of its implementation.

4. On the second fortnight of each quarter, the CFO presents the actual versus budget figures for the previous quarter to the Committee, highlighting any variances so that the necessary corrective actions can be taken by the executives responsible. The CFO also supervises and monitors the course of the Group's subsidiaries within and beyond the country's borders.

   Each quarter, the Head of International Banking presents the actual vesrus budget figures, highlighting any variances so that the necessary corrective actions can be taken by the executives responsible.

5. It approves the organisational structure of the Bank and changes to the Organisation Chart.
6. It establishes administrative committees and determines their composition and competencies.
7. It approves, complements or amends the Group's accounting principles, following a recommendation by the Directorate of Financial Services.
8. It determines the interest rate policy and the pricing of the products and services offered by the Bank.
9. It approves the introduction of new and significant changes to existing products and services of the Bank, as well as restructuring products, and formulates their pricing policy before they are made available to clients.
10. It approves the marketing strategy and sponsorships, monitoring their implementation and effectiveness.

    At the beginning of each year, the Head of Marketing presents the Bank's marketing strategy, as well as the results of qualitative research and customer satisfaction measurements at a suitable time.

11. It approves the Group's technological infrastructure strategy.

    At the beginning of each year, the Head of the Group Technology Division presents the Group's technology strategy.

12. It approves proposed partnerships in sectors or fields of the economy, following a recommendation by the heads of the competent business units or support units.
13. It approves Credit Policy principles and rules, as well as the Credit Policy regulations, manuals, policies and procedures set into force in application of these principles and any amendments thereto, with the agreement of the Chief Risk Officer, except for amendments to Risk Appetite, which are approved by the Risk Management Committee.
14. It monitors and supervises the observance of Corporate Governance rules and programs and decides on taking regulatory compliance measures following the recommendation of competent Units or Committees.
15. It approves human resources programs (voluntary departure, fees, insurance and other contributions), always within the framework of the approved Personnel Policy (Bank of Greece Governor's Act 2650/2012), having been assigned the related competency of Article 3(2) of Law 3016/2020 by the Board of Directors.
16. It approves the promotion of executives to positions higher than Directorate Director.
17. It sets, within the range of its own approval limits, the approval limits of the Bank's management committees and executives on issues not related to financing approval.

18. It informs the Board via its Chairman at least once every quarter that the operation of the Committee is in accordance with the Bank's operational strategy and risk strategy.
19. It approves the acts presented in the attached Table and within the limits set therein.

TABLE OF APPROVAL COMPETENCIES OF THE EXECUTIVE COMMITTEE

	Approval competency	**Approval authority**	
		Executive Committee	**Board of Directors**
(a)	Acquisition or sale of fixed assets.	Over the limit of the Expenditure & Budget Committee and up to €150 million per case	€150 million and over per case
(b)	Specifically in the cases of: acquisition and sale, leasing, concession of use or exploitation of a property or other fixed assets, when the transaction is with a counterparty or concerns shares of the company that owns the real estate property in which a member of the Board of Directors or of the Executive Committee participates as a member of the management or as a shareholder with a percentage of over 20%, except if said individual participates in the management of the company representing the Bank.	Over €5 million (limit of the Expenditure & Budget Committee) and up to €50 million per case	€50 million and over per case
(c)	Investments in or liquidation of shares and securities of all types and any issuer	Up to 10% of the regulatory own funds of the Bank per case	Over 10% of the regulatory own funds of the Bank per case
(d)	Business participations of a strategic or non-strategic character (acquisition, change of position, exit)	Up to 10% of the regulatory own funds of the Bank per case	Over 10% of the regulatory own funds of the Bank per case and up to the regulatory limit in force

Composition of the Executive Committee:

Chairman	Lekkakos, Stavros
Members	Thomopoulos, Anthimos
	Antoniadis, Christodoulos
	Milis, Ilias
	Papaspyrou, Spyridon
	Georgiou, Konstantinos
	Poulopoulos, Georgios
	Sgourovassilakis, Ioannis

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 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.

INFORMATIONAL DATA REGARDING THE TAKE OVER BID FOR THE ACQUISITION OF GENIKI BANK S.A.

The Bank launched a Mandatory Take Over Bid towards every stockholder of Geniki Bank S.A., a company listed on the Athens Stock Exchange since January, 1963. The abovementioned Take Over Bid was operated lawfully and under the provisions contained in the Information Memorandum and completed on April of 2013. Both the Information Memorandum and the announcements related to the Take Over Bid, including its outcome, are available on the Banks' website [www.piraeusbankgroup.com].

Michalis G. Sallas

Chairman of the Board of Directors

Remuneration Committee Statement

According to the Remuneration Committee's regulation operation, we declare that the Bank's Remuneration Policy, approved by a resolution of the Remuneration Committee of 30.12.2013 and by a resolution of the Bank's Board of Directors of 16.01.2014, is according to the Law 3723/2008 related to the "economy liquidity support for the confrontation of the impacts of the international financial crisis" and No. 2650/19.01.2012 Act of the Bank of Greece Governor.

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

To the best of our knowledge, the Full Year 2013 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 2013 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.

Michalis G. Sallas	Stavros M. Lekkakos	Anthimos K. Thomopoulos
Chairman of BoD	Managing Director & CEO	Managing Director & Co-CEO

AVAILABILITY OF ANNUAL FINANCIAL REPORT 2013

The Annual Financial Report for the year 2013 which includes:

- The Board of Directors' Management Report
- The Explanatory Report
- The Corporate Governance Statement
- The Remuneration Committee 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 31/12/2013
- The Information according to article 10, Law 3401/ 2005
- The Report on use of funds raised
- The Auditor's report on use of funds raised

is available in the Bank's internet site http://www.piraeusbankgroup.com/en/investors/financials/financial-statements

[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 2013 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, 2013, 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.

Reference on Other Legal and Regulatory Matters

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

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

pwc

Athens, 17 March 2014
THE CERTIFIED AUDITOR

Dimitris Sourbis
SOEL Reg. No. 16891

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

PIRAEUS BANK

PIRAEUS BANK GROUP

Consolidated Financial Statements

31 December 2013

In accordance with the International Financial Reporting Standards

The attached financial statements have been approved by Piraeus Bank S.A. Board of Directors on 16th of March 2014 and they are available on the web site of Piraeus Bank at www.piraeusbankgroup.com

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 2013	31 December 2012
Interest and similar income	6	3,566,497	2,905,242
Interest expense and similar charges	6	(1,904,344)	(1,877,722)
NET INTEREST INCOME		**1,662,154**	**1,027,520**
Fee and commission income	7	329,806	249,015
Fee and commission expense	7	(43,122)	(31,426)
NET FEE AND COMMISSION INCOME		**286,683**	**217,589**
Dividend income	8	15,368	7,295
Net trading income	9	83,070	189,133
Net income from financial instruments designated at fair value through profit or loss	10	9,285	3,388
Results from investment securities	11	54,329	442,970
Other operating income	12	24,232	(21,483)
Negative goodwill due to acquisitions	48	3,810,338	350,928
TOTAL NET INCOME		**5,945,459**	**2,217,339**
Staff costs	13	(884,841)	(421,845)
Administrative expenses	14	(625,811)	(379,273)
Depreciation and amortisation	28.29	(126,826)	(105,388)
Gains/ (Losses) from sale of assets		156	(850)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,637,323)**	**(907,357)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**4,308,136**	**1,309,982**
Impairment losses on loans, debt securities and other receivables	24	(2,363,801)	(2,057,154)
Impairment on participations and investment securities	25, 26	(67,217)	(391,113)
Other provisions and impairment	28, 29, 31, 39	(100,636)	(59,628)
Share of profit of associates	26	(28,770)	14,666
PROFIT/ (LOSS) BEFORE INCOME TAX		**1,747,712**	**(1,183,247)**
Income Tax	16	768,535	662,680
PROFIT/ (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**2,516,247**	**(520,567)**
Profit/ (loss) after income tax from discontinued operations		29,912	13,020
PROFIT/ (LOSS) AFTER TAX		**2,546,159**	**(507,547)**
From continuing operations			
Profit/ (Loss) for the year attributable to equity holders of the parent entity		2,532,176	(511,614)
Non controlling interest		(15,929)	(8,953)
From discontinued operations			
Profit/ (Loss) for the year attributable to equity holders of the parent entity	15	29,913	12,974
Non controlling interest	15	(1)	46
Earnings/ (Losses) per share attributable to equity holders of the parent entity (in euros):			
From continuing operations			
- Basic and Diluted	17	0.9187	(4.4510)
From discontinued operations			
- Basic and Diluted	17	0.0109	0.1129

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Year ended 31 December 2013	31 December 2012
CONTINUING OPERATIONS			
Profit/ (loss) after tax for the year (A)		**2,516,247**	**(520,567)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	18	52,415	114,444
Change in currency translation reserve	18	16,668	3,640
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations		7,184	-
Other comprehensive income for the year, net of tax (B)		**76,267**	**118,084**
Total comprehensive income for the year, net of tax (A+B)		**2,592,514**	**(402,482)**
- Attributable to equity holders of the parent entity		2,608,336	(393,404)
- Non controlling interest		(15,822)	(9,078)
DISCONTINUED OPERATIONS			
Profit / (loss) after tax for the year (C)		**29,912**	**13,020**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	18	8,877	9,775
Change in currency translation reserve	18	(113)	3,287
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations		40	-
Other comprehensive income for the year, net of tax (D)		**8,804**	**13,062**
Total comprehensive income for the year, net of tax (C+D)		**38,715**	**26,082**
- Attributable to equity holders of the parent entity		38,717	26,038
- Non controlling interest		(2)	44

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2013	31 December 2012
ASSETS			
Cash and balances with Central Banks	19	2,874,771	3,307,503
Loans and advances to credit institutions	20	293,035	380,384
Derivative financial instruments - assets	21	325,032	441,317
Trading securities	22	196,930	362,868
Financial instruments at fair value through profit or loss	22	17,183	7,833
Reverse repos with customers	23	7,124	35,924
Loans and advances to customers (net of provisions)	24	62,365,774	44,612,686
Debt securities - receivables	24	15,628,221	8,015,997
Investment securities			
- Available for sale securities	25	1,377,749	4,836,475
- Held to maturity	25	58,041	74,006
Investments in associated undertakings	26	304,967	301,696
Intangible assets	28	300,345	409,755
Property, plant and equipment	29	1,416,404	1,324,491
Investment property	30	902,859	1,078,513
Assets held for sale	31	34,743	15,537
Deferred tax assets	40	2,861,716	1,897,474
Inventories property	32	669,125	443,906
Other assets	32	2,017,917	2,484,961
Assets from discontinued operations	27	357,657	377,150
TOTAL ASSETS		**92,009,592**	**70,408,477**
LIABILITIES			
Due to credit institutions	33	26,274,952	32,561,322
Liabilities at fair value through profit or loss	34	549	21,953
Derivative financial instruments - liabilities	21	329,618	423,519
Due to customers	35	54,279,320	36,971,208
Debt securities in issue	36	305,361	533,702
Hybrid capital and other borrowed funds	37	256,004	324,141
Retirement benefit obligations	41	161,397	183,238
Other provisions	39	39,882	22,136
Current income tax liabilities		35,390	12,996
Deferred tax liabilities	40	42,300	37,215
Other liabilities	38	1,185,347	1,035,700
Liabilities from discontinued operations	27	556,574	605,654
TOTAL LIABILITIES		**83,466,694**	**72,732,784**
EQUITY			
Share capital	43	2,271,770	1,092,998
Share premium	43	10,008,734	2,953,356
Less: Treasury shares	43	(113)	(36)
Other reserves	44	82,604	(4,655)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	44	18,106	9,301
Retained earnings	44	(3,957,192)	(6,503,766)
Capital and reserves attributable to equity holders of the parent entity		**8,423,909**	**(2,452,802)**
Non controlling interest		118,990	128,495
TOTAL EQUITY		**8,542,899**	**(2,324,307)**
TOTAL LIABILITIES AND EQUITY		**92,009,592**	**70,408,477**

Amounts in thousand euros (Unless otherwise stated)

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 2012		**1,092,998**	**2,953,355**	**(192)**	**(145,587)**	**(5,975,641)**	**135,230**	**(1,939,837)**
Impact from the retrospective application of I.A.S. 19 amendment						11,073	4	**11,077**
Restated opening balance as at 1 January 2012		**1,092,998**	**2,953,355**	**(192)**	**(145,587)**	**(5,964,568)**	**135,234**	**(1,928,760)**
Other comprehensive income for the year, net of tax	18, 44				131,274		(127)	131,147
Results after tax for the year 2012	44					(498,640)	(8,907)	(507,547)
Total recognised income for the year 2012		**0**	**0**	**0**	**131,274**	**(498,640)**	**(9,034)**	**(376,400)**
Impact from I.A.S. 19 amendment after income tax recorded directly to Equity						(21,569)	(5)	(21,574)
Prior year dividends of ordinary shares							(250)	(250)
Expenses on issue of preference shares	43, 44					(23)		(23)
(Purchases)/ sales of treasury shares	43, 44			156		215		371
Transfer between other reserves and retained earnings	44				19,427	(19,427)		0
Acquisitions, disposals, absorptions, liquidation and movement in participating interest	44				(467)	245	2,551	2,329
Balance as at 31 December 2012		**1,092,998**	**2,953,355**	**(36)**	**4,647**	**(6,503,767)**	**128,496**	**(2,324,307)**
Opening balance as at 1 January 2013		**1,092,998**	**2,953,355**	**(36)**	**4,647**	**(6,503,767)**	**128,496**	**(2,324,307)**
Other comprehensive income for the year, net of tax	18, 44				84,964		107	85,070
Results after tax for the year 2013	44					2,562,089	(15,931)	2,546,159
Total recognised income for the year 2013		**0**	**0**	**0**	**84,964**	**2,562,089**	**(15,824)**	**2,631,229**
Increase of share capital		1,487,471	6,746,680					8,234,151
Decrease of the nominal value of ordinary shares		(308,698)	308,698					0
Prior year dividends of ordinary shares							(1,049)	(1,049)
(Purchases)/ sales of treasury shares	43, 44			(77)		113		36
Transfer between other reserves and retained earnings	44				11,099	(11,099)		0
Expenses on Increase of share capital of subsidiary companies						(1,625)	(1)	(1,626)
Acquisitions, disposals, absorbtions, liquidation and movement in participating interest	44					(2,903)	7,368	4,464
Balance as at 31 December 2013		**2,271,770**	**10,008,734**	**(113)**	**100,709**	**(3,957,192)**	**118,990**	**8,542,899**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT

	Note	From January 1st to 31 December 2013	31 December 2012
Cash flows from operating activities from continuing operations			
Profit/ (Loss) before tax		1,747,712	(1,183,247)
Adjustments to profit/ (loss) before tax:			
Add: provisions and impairment	24, 25, 26, 28, 29, 31, 39	2,531,654	2,522,126
Add: depreciation and amortisation charge	28, 29	126,826	105,388
Add: retirement benefits	13	10,268	18,248
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		(38,311)	(141,182)
(Gains)/ losses from investing activities		43,236	(1,095,467)
Negative goodwill due to the acquisitions	48	(3,810,338)	350,928
Cash flows from operating profits before changes in operating assets and liabilities		**611,047**	**576,795**
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Banks		(63,743)	(698,826)
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		185,040	(129,873)
Net (increase)/ decrease in debt securities - receivables		(626,855)	288,725
Net (increase)/ decrease in loans and advances to credit institutions		39,466	17,584
Net (increase)/ decrease in loans and advances to customers		2,812,484	(103,875)
Net (increase)/ decrease in reverse repos with customers		28,801	21,471
Net (increase)/ decrease in other assets		170,250	(75,819)
Net increase/ (decrease) in amounts due to credit institutions		(7,467,288)	104,018
Net increase/ (decrease) in liabilities at fair value through profit or loss		(21,404)	3,478
Net increase/ (decrease) in amounts due to customers		(543,124)	(2,101,866)
Net increase/ (decrease) in other liabilities		43,847	146,697
Net cash inflow/ (outflow) from operating activities before income tax payment		(4,831,479)	(1,951,491)
Income tax paid (including tax contribution)		(11,905)	(16,865)
Net cash inflow/ (outflow) from continuing operating activities		**(4,843,385)**	**(1,968,356)**
Cash flows from investing activities of continuing operations			
Purchases of property, plant and equipment	29, 30	(238,350)	(193,703)
Sales of property, plant and equipment		26,320	31,561
Purchases of intangible assets	28	(44,555)	(128,608)
Purchases of assets held for sale	31	(14,513)	(4,484)
Sales of assets held for sale		9,797	4,136
Purchases of investment securities		(8,404,095)	(9,914,442)
Disposals/ maturity of investment securities		11,932,934	11,303,779
Acquisition of subsidiaries (net of cash & cash equivalents acquired)	49	171,140	515,637
Disposals of subsidiaries (net of cash & cash equivalents disposed)	49	20,859	(84,427)
Acquisition and participation in share capital increases of associates	26	(24,532)	(1,453)
Disposal of associates		4	-
Dividends received		14,101	6,513
Net cash inflow/ (outflow) from continuing investing activities		**3,449,109**	**1,534,509**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(366,028)	(660,587)
Increase of share capital through cash payment		1,180,322	-
Payment of prior year dividends		(5,246)	(252)
(Purchases)/ sales of treasury shares and preemption rights		36	289
Other cash flows from financing activities		17,279	17,388
Net cash inflow/ (outflow) from continuing financing activities		**826,363**	**(643,162)**
Effect of exchange rate changes on cash and cash equivalents		(29,397)	(6,103)
Net increase/ (decrease) in cash and cash equivalents of the year from continuing activities (A)		**(597,309)**	**(1,083,113)**
Net cash flows from discontinued operating activities		(35,679)	(6,018)
Net cash flows from discontinued investing activities		36,745	16,983
Net cash flows from discontinued financing activities		-	85
Effect of exhange rate changes on cash and cash equivalents		(71)	265
Net incease/ (decrease) in cash and cash equivalents of the year from discontinued activities (B)		**996**	**11,315**
Cash and cash equivalents at the beginning of the year (C)	46	**2,473,084**	**2,681,134**
Cash and cash equivalents at the acquisition date of assets and liabilities of Cypriot banks' network in Greece (D)		**11,696**	-
Cash and cash equivalents at the acquisition date of assets and liabilities of former ATEbank S.A. and its subsidiaries (E)		-	**863,748**
Cash and cash equivalents at the end of the year (A)+(B)+(C)+(D)+(E)	46	**1,888,466**	**2,473,084**

The notes on pages 7 to 99 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 as well as Western Europe. The Group employs in total 22,718 people of which 208 people, refer to discontinued operations (ATE Insurance S.A., ATE Insurance Romania S.A.).

Apart from the ATHEX Composite Index, Piraeus Bank’s share is a constituent of other indices as well, such as FTSE/ATHEX (Large Cap, Banks), FTSE (Greece Small Cap, RAFI, Med 100), MSCI (Emerging Markets, EM EMEA, Greece), Euro Stoxx (TMI, TMI Banks, Greece TM) and S&P (Global BMI, Developed BMI).

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 annual 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 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. It shall be noted that, the figures of the consolidated statement of financial position as at 31/12/2013 are not comparable with the corresponding figures as at 31/12/2012, as Piraeus Bank acquired the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/03/2013, as well as Millennium Bank Group on 19/06/2013. Furthermore, the figures of the consolidated income statement for the year 2013 are not comparable with the figures for the year 2012 as Piraeus Bank acquired a) selected assets and liabilities of former ATEbank S.A. and some of its subsidiaries on 27/07/2012, b) Geniki Bank Group S.A. on 14/12/2012, c) the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/03/2013 and d) Millennium Bank Group on 19/06/2013. Namely to the profit or loss for the year 2013, the aforementioned acquisitions mainly affected net interest income, net fee and commission income, staff costs, administrative cost, as well as provisions and taxes.

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.

Piraeus Bank Group is affected by the ongoing economic variability and the increased volatility of the global financial markets and is exposed to risks that could potentially arise in other financial institutions, mainly due to the debt crisis in peripheral Eurozone countries.

The economic situation in Greece, though improving fiscally, still remains the main risk factor for the Greek banking sector. In case of negative developments in this area, the Bank's and as a consequence the Group´s liquidity, the quality of its loan portfolio, its profitability, and ultimately, its capital adequacy may significantly be affected.

Greece’s public debt sustainability consists an additional risk factor for the Greek banking system. At the same time, both the risks of a deceleration in the global economic growth and of the debt crisis in other peripheral European economies are also added to the external factors of uncertainty.

The completion of the share capital increase of Piraeus Bank in June 2013 resulted in the enhancement of its capital base and the restoration of the EBA Core Tier I at a level much higher than the minimum required (9%). From the total amount raised for the share capital increase, approximately €1.4 billion was covered by private investors and € 7 billion approximately by the HFSF.

Despite the uncertainties and the risks existing in the Greek banking system, the following factors provide support to the economy and the Greek banking sector and shall therefore be taken into consideration:

- The completion of the recapitalisation programme of systemic banks.
- The availability of additional capital, in case this is required for the further recapitalisation of the Greek banks and for the reorganization of the banking sector (the total amount of capital has been already

provided to the HFSF for the support of the Greek banking system is € 50 billion, while €39 billion have already been provided).

- The financial support mechanism from the International Monetary Fund as well as from the European Union, in the context of the second economic adjustment programme for Greece.
- The capability to raise liquidity through the Eurosystem.
- The application of the economic adjustment programme and the observed recovery of the greek economy (i.e. primary fiscal surplus for 2013 compared to a deficit in 2012, and current account surplus for 2013 after many decades of deficits).

Taking into consideration the above, Piraeus Bank's Management estimates that the Group will continue in operational existence for the foreseeable future. Accordingly, the annual consolidated financial statements have been prepared on a going concern basis.

(A) The following new IFRSs, interpretations and amendments that have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and they are effective from 1.1.2013:

- **IAS 12 (Amendment), "Income Taxes" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IAS 12 were issued to provide guidance namely to the measurement 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 measured using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale.

- **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 shall be recognized in other comprehensive income as they occur. Namely to the plan assets, the calculation of the return is based on corporate bond yields irrespective of the actual composition and return of assets held. The application of the revised IAS 19 is retrospective and the impact from its adoption is presented in note 50.

- **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. The adoption of the aforementioned amendment led to changes only in the presentation of the Consolidated Statement of Total Comprehensive Income.

- **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. The required disclosures due to the adoption of IFRS 13 are presented in note 3 of the consolidated financial statements.

- **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.

  It shall be noted that IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine" and IFRS 1 (Amendments), "Government Loans" are not applicable to the Group.

  Improvements to IFRSs (May 2012)

- **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies the accounting for re-application of IFRS for entities that have stopped applying IFRS in the past and choose or are required to apply IFRS again.

- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** The amendment requires notes to the financial statements when additional comparative periods are voluntarily presented.

- **IAS 16 (Amendment), "Property, Plant and Equipment" (effective for annual periods beginning on or after 1 January 2013).** The amendment provides guidance for the classification of major spare parts and servicing equipment as property, plant and equipment.

- **IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies that taxes arising from distributions to holders of equity instruments are accounted for in accordance with IAS 12 "Income Taxes".

- **IAS 34 (Amendment), "Interim Financial Reporting" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities to enhance consistency with IFRS 8 "Operating Segments" and to ensure that interim disclosures are aligned with annual disclosures.

(B) The following new IFRSs and amendments have been issued by the International Accounting Standards Board and have been endorsed by the E.U. up to 2013. They are not effective in 2013 and they have not been early adopted by the Group:

- **IAS 27 (Amendment), "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).** 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 2014).** 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 2014).** 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 2014).** 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 2014).** 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.

- **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 10, IFRS 11 and IFRS 12 (Amendment), "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" (effective for annual periods beginning on or after 1 January 2014).** The amendment in IFRS 10, 11 and 12 clarifies the transition guidance in IFRS 10 and provides relief from the presentation or adjustment of comparative periods prior to the immediately preceding period.

- **IFRS 10, IFRS 12 and IAS 27 (Amendments), "Investment Entities" (effective for annual periods beginning on or after 1 January 2014).** The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities, as well as new disclosure requirements for investment entities in IFRS 12 and IAS 27.

- **IAS 36 (Amendment), "Impairment of Assets" (effective for annual periods beginning on or after 1 January 2014).** The amendment requires the disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognised or reversed.

- **IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 January 2014).** The amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations.

(C) The following new IFRSs, amendments and interpretations have been issued by the International Accounting Standards Board but they have not been endorsed by the E.U. up to 2013 and they have not been adopted by the Group:

- **IFRS 9, "Financial Instruments" (the effective date has not been determined by the International Accounting Standards Board).** IFRS 9 was published in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets.

- **IFRS 9 (Amendment), "Financial Instruments" (the effective date has not been determined by the International Accounting Standards Board).** Amendments to IFRS 9 were issued to address financial liabilities.

- **IFRS 7 (Amendments), " Financial Instruments: Disclosures" (the effective date has not been determined by the International Accounting Standards Board).** The amendment to IFRS 7 requires additional disclosures on the transition from IAS 39 to IFRS 9.

- **IFRS 9 (Amendment), "Financial Instruments - Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39" (the effective date has not been determined by the International Accounting Standards Board).** The amendment includes the addition of hedge accounting as well as the removal of the mandatory effective date of the standard.

- **IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).** The interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax.

- **IAS 19 (Amendment), "Employee Relations" (effective for annual periods beginning on or after 1 January 2014).** The amendment allows an entity to recognise contributions as a reduction in the service cost in the period in which the related service is rendered, if the amount of such contributions is independent of the number of years of service.

Annual Improvements to IFRSs 2010 - 2012 Cycle (December 2013)

- **IFRS 2 (Amendment), “Share-based Payment” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies the definition of vesting conditions.

- **IFRS 3 (Amendment), “Business Combinations” (effective for annual periods beginning on or after 1 July 2014**). The objective of this amendment is to clarify certain aspects of accounting for contingent consideration in a business combination.

- **IFRS 8 (Amendment), “Operating Segments” (effective for annual periods beginning on or after 1 July 2014).** The amendment requires entities to disclose the factors used to identify the entity’s reportable segments when operating segments have been aggregated.

- **IFRS 13 (Amendment), “Fair Value Measurement” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

- **IAS 16 (Amendment), “Property, Plant and Equipment” and IAS 38 (Amendment), “Intangible assets” (effective for annual periods beginning on or after 1 July 2014**). The objective of these amendments is to clarify the requirements for the revaluation method.

- **IAS 24 (Amendment), “Related Party Disclosures” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies that an entity providing Key Management Personnel services to the reporting entity is a related party of the reporting entity.

Annual Improvements to IFRSs 2011 - 2013 Cycle (December 2013)

- **IFRS 3 (Amendment), “Business Combinations” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies that joint arrangements are outside the scope of IFRS 3, not just joint ventures.

- **IFRS 13 (Amendment), “Fair Value Measurement” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies that the portfolio exception (scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis) in IFRS 13 applies to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets or financial liabilities.

- **IAS 40 (Amendment), “Investment Property” (effective for annual periods beginning on or after 1 July 2014).** The objective of this amendment is to clarify that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3.

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 determined 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 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, then an impairment test is performed by comparing the investment's recoverable amount with its carrying amount. Where the carrying amount of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

The impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the investment´s recoverable amount since the last impairment loss was recognized. If this is the case the carrying amount of the investment is increased to its higher recoverable amount and that increase is a reversal of an impairment loss.

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

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

Associates' accounting policies have been changed where necessary and practicable 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 determined 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, hedging purposes as well as the service of its clients needs. Derivative financial instruments held by the Group mainly include Swaps, Forwards, Futures and Options.

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, usually related to credit instruments (i.e. bonds or loans) that are the underlying instruments of the agreements in this category.

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).

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.

In particular, the fair value of the derivative financial instruments that are traded over the counter (OTC) is determined using valuation models. These valuation models take into account the credit risk of the counterparty (Credit Valuation Adjustment "CVA"), against which the Group has an open position, as well as own credit risk (Debt Valuation Adjustment "DVA"). The assessment of CVA/ DVA mainly depends on the existence of collateral between counterparties (CSA agreement). It is noted that in cases where there is no such collateral, factors such as the amount of the exposure, the average duration of the derivative financial instrument, the counterparty's cost of risk as well as the risk free rate shall be assessed. In addition, namely to the exposures to the State, derivative financial instruments are segregated according to the jurisdictions that govern the relevant derivative contracts, in coordination with the existence or non existence of ISDA agreement.

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 aligned with 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 and is calculated in all cases; 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 as determined in accordance with IFRS 13), 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 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 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 assets. 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 credit institutions" or "Due to customers", as appropriate.

Securities purchased under agreements to resell (reverse repos) are recorded as "Reverse repos with customers". "Reverse repos with customers" are carried at amortised cost using the effective interest rate method.

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

Securities transferred to counterparties by the Group are presented in the Group's financial statements as assets, in the case that the Group retains substantially all the risks and rewards of ownership of these securities.

Securities transferred to the Group by counterparties are not recognized in the Group's financial statements, unless these securities can be sold by the Group 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 such case, the Group will not be able to classify any financial assets in the held to maturity portfolio 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 initial 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 at the 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 the aforementioned securities 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, the models used 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 shares with similar characteristics. Significant or prolonged decline of the fair value is defined as:

1. the decline in fair value below the cost of the investment for more than 40%
   or
2. the twelve month period decline in fair value for more than 25% of acquisition cost.

If these conditions are objective evidence, in order for the Group to assess the need for impairment, further considered:

- the operational and financing cash flow of the company,
- the general market conditions,
- the historical volatility of share price,
- the financial health and the short-term perspective of the company,
- the sector performance in which the company operates and changes in technology.

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. On the contrary impairment losses for a debt instrument that is classified as available for sale, can be reversed in profit or loss only 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. Probability 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.

Forborne loans are loans to which a renegotiation of the original contractual terms has taken place due to financial difficulties or a change in the cash inflows of the borrower. The Group decides to modify the terms of the contract to allow the borrower to service the debt or refinance the contract, either totally or partially.

Namely to the classification of loans as simple rescheduled or restructured, Piraeus Bank follows the guidelines of Bank of Greece, widening their scope by adding other criteria, in order to converge with the definitions of European Securities and Markets Authority.

Loans are classified as "forborne" from the date when the contractual terms are modified, provided that the modified terms of the contract are met.

If the terms of the renegotiation are not met or if there is a delay in the repayment for more than 3 months, the loans are exiting the restructured loans category and they are included in the relevant, by case, adverse category.

Interest on restructured – rescheduled loans is included in "Interest and similar income" of the consolidated income statement.

Forborne loans are tested for impairment in accordance with the impairment and provisioning policy as described in this note.

Note 3.1.5 is relevant to the policy of forborne loans.

2.14 Debt securities receivables

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

(a) those that the Group classifies as trading portfolio and those that the entity upon initial recognition designates at fair value through profit or loss;
(b) those that the Group upon initial recognition designates as available for sale; and

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

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

2.15 Intangible assets

2.15.1 Goodwill

For business combinations, 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.

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

The aforementioned 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 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 until 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/and for capital appreciation 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. Additionally, according to IFRS 13, fair value measurement shall take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. 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.

The fair value of investment property that is not valuated by independent valuers, is determined by similar valuation methods conducted by experts of the Group entities.

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 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. Similarly, 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 Group 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 are separated and reduce the balance of the lease receivable, while the respective interest income is recognised in the income statement 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 three 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.

In particular, namely to the outstanding litigations against the Group, arising in the ordinary course of business, the Group assesses the need for raising provisions at each reporting date. In the context of this assessment, the Group takes into account the probability of a negative outcome for these litigations as well as the ability to estimate reliably the cash outflows required to settle the liability. The aforementioned assessment as well as the quantification of the loss requires estimates from the Bank's management and the Legal Division. These estimates are reviewed at regular intervals.

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 expense in the consolidated income statement.

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 of: a) 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.

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

Actuarial gains and losses

Actuarial gains and losses are recognised directly to equity of the Group, as they occur. These gains and losses are not recycled to profit or loss.

Past service costs

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. This cost is recognised directly to profit or loss, when the plan amendment or curtailment occurs.

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 accounted for 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. Deferred tax on carried forward tax losses is 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. 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 income will be available in the future against which the temporary difference can be utilised.

Deferred tax related to the fair value measurement of: a) the available-for-sale investments and b) the cash flow hedges that were recognized directly to equity, is credited or charged directly to equity. Upon the sale of the security or the partial recognition of the derivative's valuation to profit or loss, the part of the relevant deferred tax is recognized to the profit or loss.

Additionally, deferred tax related to the actuarial gains/ losses of the defined benefit obligations as well as to the subsequent change of these actuarial gains/ losses, is recognized directly to equity, at the time which they take place.

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 fully consolidated companies 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

a) Initial recognition and measurement

The liabilities from the issuance of the debt securities, hybrid capital and other borrowed funds are recognised initially at fair value, net of incurred issuance costs.

b) Measurement after initial recognition

After initial recognition, the aforementioned debt securities and hybrid capital 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), 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, which is calculated using the effective interest method as long as no legal restrictions or prohibitions for their payment exist.

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 or holds main part of their risks. In such case, the bonds issued under the securitisation of financial assets are presented on balance sheet at their unamortized cost.

2.29 Fair value measurement of assets and liabilities

Fair value is the price that would be received to sell an asset (financial or non financial) or paid to transfer a liability (financial or non financial) in an orderly transaction between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Valuation techniques used to measure fair value shall maximise the use of observable data input and minimise the use of unobservable input. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect the Group's market assumptions.

Inputs to valuation techniques used to measure fair value are categorised into three levels (fair value hierarchy) as follows:

• 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 or indirectly. 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). Level 3 includes participations of the Group categorized in the available for sale portfolio, which are not traded in an active market or for which there are not available prices from external traders in order to determine their fair value. For the determination of the fair value of the aforementioned participations, the Bank uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The Group, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions. The estimated fair value of the corporate participations of the Group within level 3 is only taken into account for impairment test purposes, else these participations are recorded at cost.

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

2.30 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.

2.31 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, 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% and e) the Financial Stability Fund. 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.

2.32 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.

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.

2.33 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.

2.34 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 Division, the Group Market Risk & Operational Risk Management Division, the Group Capital Management Division, the Group Corporate Credit Control and the Group Risk Coordination Its activities are subject to the independent supervision of the 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 Framework for Credit Risk Management Strategies & Procedures

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 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. Piraeus Bank Group applies the Moody's Risk Analyst (MRA) borrower credit rating system for the assessment of credit risk that arises from loans to medium and large-sized enterprises, , whereas for small-sized enterprises, internally developed (in-house) rating systems, as well as scoring systems, are applied. In accordance with the regulatory framework for credit institutions (Basel II), the Bank has developed and applies a distinct credit rating model for specialized lending that concerns sea-going shipping (object finance).

Within 2013 the model was optimized and aligned with the special lending criteria of Basel's IRB methodology.

For the international banks subsidiaries it must be noted that during 2013 further progress was achieved regarding the process of developing and implementing credit rating models while in parallel the calibration of RA model to the uniform 19th grade scale that is applied in Piraeus Bank was completed successfully.

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. The target of the group is 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.

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 mutual fund shares, stocks, or bonds or bills

- Mortgages on real estate property

- Ship mortgages

- Receivables

The collateral/ security associated with a credit is initially evaluated during the credit approval process, based on their current or fair value, and 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.

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 Forbearence measures and forbearance policy

As a result of the recessionary economic environment, in order for Piraeus Bank Group to manage risks more effectively, especially in the downward phase of the economic cycle, proceeded to the extension of loan forbearance measures.

Specifically forborne loans are characterized all loans to which a renegotiation of the original terms of the loan contract has been done due to financial difficulties of the borrower. Based on these difficulties, the Group decides to modify the terms and conditions of the contract to allow the borrower sufficient ability to service the debt or refinance the contract, either totally or partially.

The Group monitors the forborne loans by customer category, by portfolio and by managerial division. For every forborne loan the date of designation to forbearance is retained and the implementation date of the new program as well. From the moment of the implementation of the new program the forborne loans may exit the forborne status provided that the new contractual obligations have been fully met.

In the respective manuals of Piraeus Bank's Group Credit Policy regarding Corporate and Retail Credit, there are specific chapters, which describe in detail the procedures for the approval and management of forborne loans, as well as the relevant approval bodies/approval units and management units.

Forborne loans are examined for impairment in accordance with the impairment and provisioning policy as described above.

Amounts in thousand euros (Unless otherwise stated)

3.2 Credit risk management

Loans and advances to Credit Institutions, Reverse repos with customers, as well as Debt securities receivables are summarised as follows:

	31 December 2013			31 December 2012		
	Loans and advances to credit institutions	Reverse repos with customers	Debt securities-receivables	Loans and advances to credit institutions	Reverse repos with customers	Debt securities-receivables
A) Loans and advances neither past due or impaired	293,035	7,124	15,623,686	380,384	35,924	8,011,257
B) Loans and advances Past due but not impaired	-	-	4,535	-	-	4,740
C) Impaired loans and advances	-	-	23,846	-	-	23,846
Total	**293,035**	**7,124**	**15,652,066**	**380,384**	**35,924**	**8,039,843**

Loans and advances to credit institutions

Grades	**31 December 2013**	**31 December 2012**
Investment grade	1,961	27,615
Standard monitoring	289,911	350,215
Special monitoring	1,163	2,554
Total	**293,035**	**380,384**

Reverse repos with customers

Grades	**31 December 2013**	**31 December 2012**
Standard monitoring	7,124	35,924
Total	**7,124**	**35,924**

	31 December 2013	**31 December 2012**
Debt securities-receivables	15,652,066	8,039,843
Less: Allowance for impairment for debt securities - receivables	(23,846)	(23,846)
Net	**15,628,221**	**8,015,997**

In regards to Debt securities – receivables, the Group has raised a provision for titles of equal value both as at 31/12/2013 and as at 31/12/2012, from liquidation of a credit institution.

Loans and advances to Customers are summarised as follows:

	31 December 2013					
	Loans and advances to customers before provisions and adjustments	Individual allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Adjustments of opening balances at acquisition date	Positive adjustment for loans opening balances at acquisition date	**Net Loans and advances to customers after provisions and adjustments**
A) Loans and advances neither past due or impaired	31,871,147	-	(201,682)	(98,665)	626,118	**32,196,918**
B) Loans and advances Past due but not impaired	20,264,169	-	(321,798)	(874,736)	-	**19,067,635**
C) Impaired loans and advances	23,352,193	(4,187,073)	(998,220)	(7,065,679)	-	**11,101,221**
Total	**75,487,509**	**(4,187,073)**	**(1,521,700)**	**(8,039,080)**	**626,118**	**62,365,774**

	31 December 2012				
	Loans and advances to customers before provisions and adjustments	Individual allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Adjustments of opening balances at acquisition date	**Net Loans and advances to customers after provisions and adjustments**
A) Loans and advances neither past due or impaired	26,956,387	-	(68,953)	(65,218)	**26,822,216**
B) Loans and advances Past due but not impaired	12,767,537	-	(415,678)	(625,824)	**11,726,034**
C) Impaired loans and advances	10,849,385	(2,506,068)	(842,265)	(1,436,617)	**6,064,435**
Total	**50,573,309**	**(2,506,068)**	**(1,326,896)**	**(2,127,659)**	**44,612,685**

"Adjustment for opening balances at acquisition date" relates mainly to allowance for impairment for loans of companies of former ATEbank, Geniki Bank Group and acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Popular Bank of Greece, Hellenic Bank) and Millennium Bank S.A.. as at their acquisition date from Piraeus Bank Group. The aforementioned allowance for impairment has been included in the adjustment of loans and advances to customers to fair value according to the provisions of IFRS 3. It is noted that in note 15 "Loans and advances to customers and debt securities – receivables", the adjustment has decreased the balance of loans and advances to customers before provisions and it is not included in the allowance for impairment on loans and advances to customers.

However for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, the aforementioned adjustment as well as the positive adjustment of loan balances, do not affect the balances of loans and advances before provisions, as the Group monitors the aforementioned adjustments as part of the provisions or the loans respectively.

The analysis of the adjustment that has taken place as at the acquisition date per loan category follows:

Amounts in thousand euros (Unless otherwise stated)

An analysis of the adjustment at the acquisition date per category of loans is provided below:

	31 December 2013	31 December 2012
Loans to individuals	**(1,936,803)**	**(704,610)**
Mortgages	(426,770)	(242,059)
Consumer/ personal loans	(1,160,754)	(275,559)
Credit cards	(349,280)	(186,991)
Corporate/ Public Sector loans	(6,102,277)	(1,423,049)
Total adjustment	**(8,039,080)**	**(2,127,659)**

The information included in the following tables, that is related to credit risk, is provided taking into consideration the adjustments that arose from the purchase price allocation procedure.

Amounts in thousand euros (Unless otherwise stated)

3.2.1. Loans and Advances to Customers by Asset Quality (impaired or non – impairment allowance - value of collateral)

	Non impaired L&As		Impaired L&As		Total Gross amount	Impairment Allowance		Total Net amount	Value of collateral
31/12/2013	**Neither past due nor impaired**	**Past due but not impaired**	**Individually assessed**	**Collectively assessed**		**Individually assessed**	**Collectively assessed**		
Retail Lending	**13,237,275**	**7,310,212**	**314,034**	**5,084,654**	**25,946,175**	**(160,996)**	**(3,392,695)**	**22,392,484**	**17,312,972**
Mortgage	10,209,770	6,045,671	149,320	1,679,567	18,084,328	(61,508)	(674,483)	17,348,337	15,760,759
Consumer	2,285,736	1,135,589	159,617	2,648,151	6,229,093	(94,391)	(2,096,313)	4,038,389	1,545,277
Credit cards	727,208	119,927	2,340	748,757	1,598,232	(2,340)	(620,527)	975,364	945
Other	14,562	9,025	2,757	8,179	34,523	(2,757)	(1,372)	30,394	5,991
Corporate Lending	**17,128,805**	**12,852,095**	**17,923,280**	**0**	**47,904,180**	**(9,345,851)**	**(828,098)**	**37,730,230**	**19,438,615**
Large	7,843,792	5,291,909	7,927,540	-	21,063,241	(4,231,635)	(108,696)	16,722,910	7,191,534
SMEs	9,285,013	7,560,185	9,995,741	-	26,840,939	(5,114,217)	(719,402)	21,007,320	12,247,081
Public Sector	**2,131,186**	**101,862**	**30,224**	**-**	**2,263,272**	**(18,654)**	**(1,558)**	**2,243,060**	**1,969,027**
Greece	2,090,953	83,570	30,224	-	2,204,747	(18,654)	(1,216)	2,184,877	1,959,325
Other countries	40,233	18,292	-	-	58,525	-	(342)	58,182	9,701
Total	**32,497,265**	**20,264,169**	**18,267,539**	**5,084,654**	**76,113,627**	**(9,525,502)**	**(4,222,351)**	**62,365,774**	**38,720,613**

	Non impaired L&As		Impaired L&As		Total Gross amount	Impairment Allowance		Total Net amount	Value of collateral
31/12/2012	**Neither past due nor impaired**	**Past due but not impaired**	**Individually assessed**	**Collectively assessed**		**Individually assessed**	**Collectively assessed**		
Retail Lending	**10,718,715**	**4,558,176**	**218,644**	**2,498,523**	**17,994,058**	**(84,035)**	**(1,791,335)**	**16,118,688**	**12,429,362**
Mortgage	8,162,269	3,599,604	102,008	849,575	12,713,456	(46,446)	(385,785)	12,281,225	11,550,005
Consumer	1,957,616	795,100	110,139	1,166,873	4,029,728	(36,517)	(1,025,774)	2,967,437	870,979
Credit cards	582,527	147,794	2,299	475,366	1,207,985	(52)	(377,735)	830,199	1,032
Other	16,303	15,678	4,198	6,709	42,889	(1,020)	(2,041)	39,828	7,345
Corporate Lending	**13,885,184**	**8,161,879**	**7,862,220**	**0**	**29,909,283**	**(3,147,722)**	**(783,402)**	**25,978,159**	**13,762,207**
Large	6,138,489	2,282,459	2,617,586	-	11,038,534	(995,879)	(46,621)	9,996,034	3,635,662
SMEs	7,746,694	5,879,421	5,244,634	-	18,870,749	(2,151,843)	(736,781)	15,982,125	10,126,545
Public Sector	**2,352,487**	**47,481**	**269,998**	**0**	**2,669,967**	**(152,807)**	**(1,322)**	**2,515,838**	**2,199,161**
Greece	2,320,054	46,626	269,476	-	2,636,156	(152,396)	(512)	2,483,248	2,195,477
Other countries	32,433	855	522	-	33,811	(410)	(811)	32,590	3,684
Total	**26,956,387**	**12,767,537**	**8,350,862**	**2,498,523**	**50,573,308**	**(3,384,564)**	**(2,576,059)**	**44,612,685**	**28,390,730**

Retail loans past due more than 180 days with insufficient collaterals are considered impaired.

“Value of collateral” reflects their realizable value that is determined after the application of specific haircut rates, according to the Group credit risk management policy. For mortgage loans of the Bank in specific, the “value of collateral” mainly regards the fair value of the properties, for which the Bank possesses first class prenotation or mortgage. When the value of the collateralized property exceeds the loan balance, the “value of collateral” is cupped to the loan balance.

Amounts in thousand euros (Unless otherwise stated)

3.2.2 An analysis of Neither past due nor Impaired Loans and Advances to Customers:

31/12/2013	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired Loans and Advances to Customers	Value of Collateral
Retail lending	**13,237,275**	**0**	**13,237,275**	**9,668,543**
Mortgage	10,209,770	-	10,209,770	8,946,742
Consumer	2,285,736	-	2,285,736	717,217
Credit cards	727,208	-	727,208	711
Other	14,562	-	14,562	3,873
Corporate Lending	**10,882,137**	**6,246,667**	**17,128,805**	**7,529,227**
Large	5,051,843	2,791,949	7,843,792	2,917,857
SMEs	5,830,295	3,454,718	9,285,013	4,611,370
Public Sector	**174,245**	**1,956,941**	**2,131,186**	**1,954,813**
Greece	139,379	1,951,574	2,090,953	1,947,478
Other countries	34,866	5,367	40,233	7,335
Total	**24,293,657**	**8,203,608**	**32,497,265**	**19,152,583**

31/12/2012	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired Loans and Advances to Customers	Value of Collateral
Retail lending	**10,718,715**	**0**	**10,718,715**	**8,019,310**
Mortgage	8,162,269	-	8,162,269	7,484,754
Consumer	1,957,616	-	1,957,616	528,872
Credit cards	582,527	-	582,527	848
Other	16,303	-	16,303	4,836
Corporate Lending	**8,931,980**	**4,953,204**	**13,885,184**	**6,221,878**
Large	4,819,545	1,318,945	6,138,489	1,721,694
SMEs	4,112,435	3,634,259	7,746,694	4,500,184
Public Sector	**2,331,710**	**20,778**	**2,352,487**	**2,170,471**
Greece	2,302,107	17,947	2,320,054	2,166,968
Other countries	29,603	2,831	32,433	3,504
Total	**21,982,405**	**4,973,981**	**26,956,387**	**16,411,659**

Amounts in thousand euros (Unless otherwise stated)

3.2.3. Ageing analysis of Past due but not Impaired Loans and Advances to Customers by product line:

31/12/2013	Retail lending				Corporate Lending		Public Sector		Total Past due but not impaired Loans and Advances to Customers
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
1-29 days	2,281,304	523,535	52,516	7,712	2,656,427	2,091,266	21,867	2,367	7,636,995
30-59 days	823,635	234,943	23,933	603	521,657	667,804	21,982	-	2,294,558
60-89 days	524,356	174,565	16,362	190	707,224	768,801	18,681	15,924	2,226,103
90-179 days	601,436	202,546	27,116	519	294,547	808,018	362	-	1,934,544
180-360 days	400,944	-	-	-	564,821	842,997	614	-	1,809,376
>360 days	446,498	-	-	-	419,464	1,677,674	1,190	-	2,544,827
Denounced	967,497	-	-	-	127,769	703,625	18,874	-	1,817,765
Total	**6,045,671**	**1,135,589**	**119,927**	**9,025**	**5,291,909**	**7,560,185**	**83,570**	**18,292**	**20,264,169**
Value of collateral	5,409,691	412,496	234	1,535	2,242,665	4,042,762	11,368	2,366	**12,123,119**

	Retail lending				Corporate Lending		Public Sector		Total Past due but not impaired Loans and Advances to Customers
31/12/2012	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
1-29 days	1,245,135	397,659	61,131	13,661	551,104	1,561,097	16,834	855	3,847,477
30-59 days	581,071	155,160	30,325	1,064	394,508	571,745	4,138	-	1,738,011
60-89 days	424,663	103,678	20,453	336	1,073,432	1,216,598	17,917	-	2,857,076
90-179 days	489,497	138,604	35,885	618	22,925	556,912	2,134	-	1,246,574
180-360 days	228,332	-	-	-	96,638	631,174	482	-	956,626
>360 days	60,354	-	-	-	99,114	701,052	1,389	-	861,909
Denounced	570,552	-	-	-	44,737	640,843	3,732	-	1,259,864
Total	**3,599,604**	**795,100**	**147,794**	**15,678**	**2,282,459**	**5,879,421**	**46,626**	**855**	**12,767,537**
Value of collateral	3,324,745	219,736	64	1,785	1,051,369	3,308,623	16,444	180	**7,922,946**

Loans past due but not impaired that are fully covered by collaterals are considered non-impaired.

Amounts in thousand euros (Unless otherwise stated)

3.2.4. Impaired Loans and Advances to Customers:

3.2.4.1. Movement in Impaired L&As by product line

	Retail lending				Corporate lending		Public sector		TOTAL
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
Gross balance as at 1.1.2013	951,583	1,277,011	477,665	10,907	2,617,586	5,244,634	269,476	522	**10,849,385**
Opening balance of new companies and banking operations acquired	471,119	970,612	132,718	-	2,095,540	2,277,735	-	-	**5,947,723**
New impaired L&As	493,573	698,449	191,173	1,666	3,888,465	3,292,925	3,100	-	**8,569,350**
Transferred to non-impaired	(13,299)	(23,694)	(1,704)	(56)	(74,629)	(196,260)	(33,849)	-	**(343,491)**
Repayment	(87,158)	(69,217)	(6,893)	(1,547)	(505,998)	(460,921)	(208,502)	-	**(1,340,237)**
Impaired L&As written-off	(3,020)	(52,524)	(40,893)	(65)	(55,995)	(84,093)	-	-	**(236,590)**
Disposals	-	(3,545)	(459)	-	(19,555)	(73,540)	-	-	**(97,099)**
Foreign exchange differences and others movements	16,090	10,677	(510)	31	(17,874)	(4,738)	-	(522)	**3,152**
Gross balance as at 31.12.2013	**1,828,886**	**2,807,769**	**751,096**	**10,936**	**7,927,540**	**9,995,742**	**30,224**	**0**	**23,352,192**
Impairment allowance	(396,567)	(1,900,709)	(585,128)	(4,062)	(4,231,635)	(5,114,217)	(18,654)	-	**(12,250,972)**
Net balance as at 31.12.2013	**1,432,319**	**907,059**	**165,968**	**6,873**	**3,695,905**	**4,881,525**	**11,570**	**0**	**11,101,220**

	Retail lending				Corporate lending		Public sector		TOTAL
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
Gross balance as at 1.1.2012	394,861	746,026	211,847	8,137	1,149,722	3,811,772	128,908	1,002	**6,452,275**
Opening balance of new companies and banking operations acquired	214,847	268,844	191,586	-	971,442	754,710	262,865	-	**2,664,293**
New impaired L&As	391,017	386,509	93,501	4,715	1,149,233	2,490,212	64	-	**4,515,252**
Transferred to non-impaired	(2,951)	(22,747)	(596)	(42)	(39,097)	(156,582)	0	-	**(222,014)**
Repayment	(36,791)	(58,953)	(6,026)	(382)	(609,929)	(499,186)	(30,887)	(480)	**(1,242,635)**
Impaired L&As written-off	(8,190)	(31,191)	(12,281)	(548)	(7,484)	(1,120,140)	(91,473)	-	**(1,271,307)**
Disposals	(1,093)	(6,596)	-	-	-	(17,586)	-	-	**(25,275)**
Foreign exchange differences and others movements	(116)	(4,881)	(366)	(972)	3,699	(18,566)	-	-	**(21,202)**
Gross balance as at 31.12.2012	**951,584**	**1,277,011**	**477,665**	**10,908**	**2,617,586**	**5,244,634**	**269,476**	**522**	**10,849,386**
Impairment allowance	(267,615)	(891,155)	(322,640)	(3,008)	(995,879)	(2,151,843)	(152,396)	(410)	**(4,784,948)**
Net balance as at 31.12.2012	**683,968**	**385,856**	**155,025**	**7,900**	**1,621,707**	**3,092,791**	**117,080**	**112**	**6,064,439**

Amounts in thousand euros (Unless otherwise stated)

3.2.4.2. Ageing analysis of Impaired Loans and Advances to Customers by product line

	Retail lending				Corporate lending		Public sector		TOTAL
31/12/2013	**Mortgage**	**Consumer**	**Credit cards**	**Other**	**Large**	**SMEs**	**Greece**	**Other Countries**	
Not past due	6,097	2,124	-	4	1,008,939	812,311	85	-	**1,829,559**
1-29 days	312	2,707	-	-	353,135	110,892	1,643	-	**468,690**
30-59 days	1,235	1,259	-	2	33,030	90,087	-	-	**125,613**
60-89 days	300	2,215	-	0	245,692	159,787	190	-	**408,185**
90-179 days	10,228	621	-	72	139,293	362,161	-	-	**512,375**
180-360 days	28,510	110,898	38,086	1,130	245,761	268,554	-	-	**692,939**
>360 days	27,948	185,280	882	4,729	1,160,942	968,487	-	-	**2,348,268**
Denounced	1,357,691	601,953	127,001	936	509,113	2,109,245	9,652	-	**4,715,592**
Total net amount	**1,432,320**	**907,059**	**165,969**	**6,874**	**3,695,905**	**4,881,524**	**11,570**	**0**	**11,101,221**
Value of collateral	1,404,326	415,563	-	583	2,031,012	3,592,950	479	-	**7,444,911**

	Retail lending				Corporate lending		Public sector		TOTAL
31/12/2012	**Mortgage**	**Consumer**	**Credit cards**	**Other**	**Large**	**SMEs**	**Greece**	**Other Countries**	
Not past due	343	67	-	89	592,314	839,546	138	-	**1,432,498**
1-29 days	1,356	476	-	-	51,901	177,658	-	-	**231,392**
30-59 days	306	161	-	-	69,052	66,881	-	-	**136,399**
60-89 days	1,052	462	-	16	373,543	406,550	24	-	**781,647**
90-179 days	10,651	639	-	24	112,540	58,369	78,119	-	**260,342**
180-360 days	107,369	51,281	13,863	4,629	97,548	236,653	-	-	**511,343**
>360 days	9,096	68,402	341	1,713	154,100	372,948	-	-	**606,600**
Denounced	553,794	264,369	140,821	1,428	170,709	934,186	38,798	112	**2,104,216**
Total net amount	**683,968**	**385,856**	**155,024**	**7,899**	**1,621,707**	**3,092,791**	**117,080**	**112**	**6,064,437**
Value of collateral	740,507	122,371	120	725	862,598	2,317,738	12,066	-	**4,056,124**

The difference between net and collateral value, is related to recoverability, which is estimated for the collectively assessed loans, on the basis of historical data of collectibility, and for the individually assessed loans, on the basis of expected cash flows.

Amounts in thousand euros (Unless otherwise stated)

3.2.5 Loan-to-value Ratio (LTV) of Mortgage Lending

31/12/2013	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	5,031,301	630,286
50%-70%	3,905,807	522,916
71%-80%	2,155,450	132,142
81%-90%	1,871,687	229,176
91%-100%	1,578,111	249,871
101%-120%	1,802,136	339,338
121%-150%	1,049,569	203,407
Greater than 150%	690,267	477,296
Total exposure	**18,084,328**	**2,784,431**
Avg LTV	76%	112%

31/12/2012	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	2,766,132	399,821
50%-70%	3,355,833	349,892
71%-80%	1,834,570	143,227
81%-90%	1,441,904	72,160
91%-100%	876,091	66,268
101%-120%	1,213,041	300,276
121%-150%	608,763	158,872
Greater than 150%	617,122	294,846
Total exposure	**12,713,456**	**1,785,362**
Avg LTV	84%	104%

Amounts in thousand euros (Unless otherwise stated)

3.2.6 Repossessed collaterals

31/12/2013	Gross amount	Of which: added this year	Accumulated impairment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**631,887**	**90,741**	**(70,968)**	**(34,832)**	**560,920**	**8,105**	**(1,295)**
Residential	332,761	46,389	(14,534)	(3,462)	318,228	2,223	(416)
Commercial	299,126	44,351	(56,434)	(31,370)	242,692	5,881	(879)
Other collateral	**31,489**	**6,336**	**(5,375)**	**(1,343)**	**26,113**	**4,762**	**(1,597)**

Apart from the property above, within 2013 the Bank acquired under the same scope property of total amount € 2.8 million (2012: € 9.4 million), but due to their different characteristics classified, according to the IFRS, as "Investment Property".

31/12/2012	Gross amount	Of which: added this year	Accumulated impairment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**234,844**	**47,262**	**(15,603)**	**(2,106)**	**219,241**	**2,545**	**182**
Residential	164,913	42,492	(6,287)	(2,099)	158,627	2,112	236
Commercial	69,931	4,770	(9,317)	(7)	60,614	433	(54)
Other collateral	**16,526**	**2,935**	**0**	**0**	**16,526**	**12**	**(1)**

3.2.7 Breakdown of collateral and guarantees

	Value of collateral received				**Guarantees received**
31/12/2013	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	16,928,973	324,129	59,870	17,312,972	3,561
Corporate Lending	15,842,087	1,230,647	2,365,880	19,438,615	14,255,052
Public Sector	10,073	9,671	1,949,282	1,969,027	412,459
Total	**32,781,134**	**1,564,448**	**4,375,031**	**38,720,613**	**14,671,072**

	Value of collateral received				**Guarantees received**
31/12/2012	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	12,161,247	221,249	46,866	12,429,362	2,992
Corporate Lending	11,332,306	774,037	1,655,863	13,762,206	6,778,800
Public Sector	10,673	1,594	2,186,895	2,199,161	3,959
Total	**23,504,226**	**996,879**	**3,889,625**	**28,390,729**	**6,785,751**

The value of guarantees includes mainly personal or corporate guarantees.

Amounts in thousand euros (Unless otherwise stated)

3.3. Impairment Provisioning

3.3.1. Reconciliation of Impairment Allowance by Product Line

	Mortgages	Consumer/ personal loans	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2013	190,796	789,796	190,168	1,170,760	2,639,089	23,114	3,832,963
Impairment loss for the period	128,680	328,238	127,560	584,478	1,764,563	2,872	2,351,913
Reversal of impairment allowances no longer required	(2,014)	(6,373)	(664)	(9,051)	(120,721)	(4,786)	(134,558)
Total impairment loss on L&As	**126,667**	**321,865**	**126,896**	**575,428**	**1,643,842**	**(1,914)**	**2,217,355**
Amounts written off	(6,411)	(68,586)	(41,929)	(116,926)	(165,610)	-	(282,535)
Foreign exchange differences and other movements	(1,520)	(9,674)	(2,086)	(13,280)	(44,744)	(987)	(59,010)
Closing balance as at 31.12.2013	**309,532**	**1,033,401**	**273,050**	**1,615,982**	**4,072,578**	**20,212**	**5,708,772**

	Mortgages	Consumer/ personal loans	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2012	126,034	579,989	153,232	859,255	2,040,247	152,897	**3,052,399**
Opening balance for Egypt companies (discontinued operations for the year 2011)	13	13,185	4,674	17,872	70,193	-	**88,065**
Opening balance from discontinued operations	(538)	(10)	-	(548)	(6,603)	-	**(7,151)**
Impairment loss for the period	79,124	275,665	48,085	402,874	1,664,591	1,439	**2,068,904**
Reversal of impairment allowances no longer required	(5,552)	(42,626)	(1,747)	(49,925)	(61,925)	(185)	**(112,035)**
Total impairment loss on L&As	**73,573**	**233,038**	**46,338**	**352,948**	**1,602,667**	**1,254**	**1,956,869**
Amounts written off	(8,942)	(33,617)	(12,999)	(55,557)	(1,180,782)	-	**(1,236,339)**
Foreign exchange differences and other movements	18	(2,790)	(449)	(3,221)	(17,633)	(27)	**(20,881)**
Closing balance as at 31.12.2012	**190,158**	**789,796**	**190,795**	**1,170,749**	**2,508,089**	**154,125**	**3,832,963**

Amounts in thousand euros (Unless otherwise stated)

3.3.2. Loans and Advances to Customers, Impaired Loans and Impairment Allowance by Product Line, Industry and Geographical Region

31.12.2013	Greece			Rest of Europe			Other countries		
	Gross amount	Impaired amount	Impairment Allowance	Gross amount	Impaired amount	Impairment Allowance	Gross amount	Impaired amount	Impairment Allowance
Retail Lending	**24,132,573**	**4,947,528**	**(3,123,617)**	**1,752,868**	**437,083**	**(418,403)**	**60,733**	**14,076**	**(11,671)**
Mortgage	17,392,146	1,741,287	(663,788)	690,098	87,599	(72,200)	2,083	-	(3)
Consumer	5,176,507	2,463,172	(1,854,531)	1,006,634	334,128	(328,577)	45,952	10,469	(7,595)
Credit cards	1,535,096	734,086	(602,016)	50,438	13,403	(16,779)	12,698	3,608	(4,072)
Other	28,824	8,983	(3,282)	5,698	1,953	(846)	-	-	-
Corporate Lending	**41,949,154**	**15,183,091**	**(9,179,892)**	**5,561,929**	**2,640,875**	**(919,418)**	**393,096**	**99,314**	**(74,639)**
Agriculture	1,433,693	255,597	(137,610)	114,271	26,829	(14,006)	3,457	0	(9)
Manufacturing	7,016,923	2,494,372	(1,518,245)	606,738	265,706	(106,827)	175,341	58,400	(49,388)
Energy	1,283,834	8,827	(6,415)	82,918	28,514	(8,563)	1,742	1,388	(1,391)
Commerce and services	6,504,112	2,311,401	(1,762,584)	907,327	374,836	(158,259)	16,725	3,209	(3,260)
Shipping	2,970,832	786,751	(272,775)	20,809	458	(89)	-	-	-
Coastline/ Ferries Companies	351,951	195,924	(115,164)	-	-	-	-	-	-
Construction	4,880,792	2,082,523	(1,197,251)	1,206,260	742,607	(213,529)	39,566	7,033	(4,635)
Transport & Logistics	943,245	403,770	(280,213)	243,888	59,826	(18,645)	33,336	946	(1,089)
Tourism	3,083,936	552,654	(282,835)	195,804	62,149	(22,143)	40,747	7,364	(4,581)
Financial Sector	3,077,455	2,032,622	(1,235,550)	146,189	68,257	(24,237)	42,853	9,334	(1,253)
Real Estate Companies	2,528,306	955,630	(452,259)	1,009,623	500,285	(155,917)	28,567	7,886	(5,086)
Project Finance	1,225,843	256,549	(165,406)	173,889	31,186	(7,640)	-	-	-
Other	6,648,233	2,846,471	(1,753,587)	854,213	480,222	(189,562)	10,761	3,754	(3,946)
Public Sector	**2,204,747**	**30,224**	**(19,870)**	**21,934**	**0**	**(57)**	**36,590**	**0**	**(285)**
Total	**68,286,475**	**20,160,843**	**(12,323,380)**	**7,336,732**	**3,077,959**	**(1,337,878)**	**490,420**	**113,391**	**(86,595)**

Amounts in thousand euros (Unless otherwise stated)

31.12.2012	Greece			Rest of Europe			Other countries		
	Gross amount	Impaired amount	Impairment Allowance	Gross amount	Impaired amount	Impairment Allowance	Gross amount	Impaired amount	Impairment Allowance
Retail Lending	**16,020,728**	**2,323,717**	**(1,492,754)**	**1,906,548**	**375,924**	**(367,850)**	**66,782**	**17,525**	**(14,766)**
Mortgage	11,986,897	888,613	(384,825)	723,786	62,970	(47,406)	2,773	-	-
Consumer	2,860,184	968,595	(750,380)	1,120,561	295,117	(301,652)	48,982	13,299	(10,259)
Credit cards	1,137,687	457,565	(355,561)	55,272	15,873	(17,719)	15,027	4,226	(4,507)
Other	35,960	8,944	(1,988)	6,929	1,964	(1,073)	-	-	-
Corporate Lending	**23,507,193**	**5,310,911**	**(3,161,227)**	**6,021,902**	**2,451,297**	**(694,329)**	**442,804**	**100,012**	**(75,572)**
Agriculture	1,646,683	185,940	(142,970)	105,366	58,442	(15,437)	4,778	0	0
Manufacturing	4,727,686	1,539,333	(829,119)	641,403	270,787	(91,348)	197,063	47,820	(38,614)
Energy	1,009,393	12,794	(10,611)	73,457	20,087	(5,191)	35,385	5,585	(732)
Commerce and services	3,854,921	852,128	(687,267)	938,272	356,794	(129,815)	22,804	5,042	(2,665)
Shipping	1,386,149	136,454	(20,517)	21,884	423	(28)	-	-	-
Coastline/ Ferries Companies	210,088	15,522	(5,068)	-	-	-	-	-	-
Construction	2,443,984	583,663	(313,403)	716,356	306,671	(83,202)	43,340	15,639	(11,498)
Transport & Logistics	309,516	133,425	(85,695)	288,050	50,559	(14,922)	29,975	41	(41)
Tourism	1,684,130	185,239	(66,329)	209,244	90,669	(20,453)	45,428	8,275	(3,706)
Financial Sector	453,416	445,140	(162,611)	392,092	87,206	(16,673)	35,465	-	-
Real Estate Companies	1,053,410	53,868	(42,792)	1,542,993	802,872	(196,962)	3,279	-	825
Project Finance	1,061,884	126,941	(30,564)	179,185	24	(24)	840	-	(840)
Other	3,665,932	1,040,463	(764,284)	913,601	406,763	(120,274)	24,447	17,609	(18,301)
Public Sector	**2,573,540**	**269,476**	**(152,904)**	**33,289**	**0**	**(811)**	**522**	**522**	**(410)**
Total	**42,101,461**	**7,904,104**	**(4,806,885)**	**7,961,739**	**2,827,222**	**(1,062,989)**	**510,109**	**118,059**	**(90,749)**

3.3.3.Interest Income Recognized by Quality of Loans and Advances to Customers and Product Line

2013	**Interest income on non-impaired L&As**	**Interest income on impaired L&As**	**Total interest income**
Retail lending	894,603	60,294	954,897
Corporate lending	1,726,993	425,645	2,152,638
Public sector	22,796	3,169	25,965
Total interest income	**2,644,392**	**489,108**	**3,133,500**

Amounts in thousand euros (Unless otherwise stated)

2012	Interest income on non-impaired L&As	Interest income on impaired L&As	Total interest income
Retail lending	650,164	20,491	670,655
Corporate lending	1,271,022	256,598	1,527,620
Public sector	31,878	24	31,901
Total interest income	**1,953,064**	**277,113**	**2,230,176**

3.4. Forbearance

3.4.1. Forborne Loans and Advances to Customers by Type of Forbearance Measure

	Forborne L&As (net amounts):	
Forbearance measures:	**31/12/2013**	**31/12/2012**
Interest only schedule	104,082	8,806
Reduced payment schedule	2,810,554	1,855,098
Payment moratorium/Holidays	882,225	110,682
Term extension	947,706	194,764
Arrears capitalization	324,811	6,363
Hybrid (i.e. term extension and interest only)	4,713,885	3,518,710
Other	593,188	374,311
Total net amount	**10,376,451**	**6,068,734**

3.4.2. Credit Quality of Forborne Loans and Advances to Customers

31/12/2013	Total amount of L&As	Total amount of forborne L&As	% of forborne L&As
Neither past due nor impaired	32,497,265	5,371,397	16.53%
Past due but not impaired	20,264,169	3,395,318	16.76%
Impaired	23,352,193	2,663,434	11.41%
Total Gross Amount	**76,113,627**	**11,430,148**	**15.02%**
Individual Impairment Allowance	(9,525,502)	(840,431)	8.82%
Collective Impairment Allowance	(4,222,351)	(213,266)	5.05%
Total Net Amount	**62,365,774**	**10,376,451**	**16.64%**
Collateral received	38,720,613	5,744,461	14.84%
Total Net Amount less collateral value	**23,645,160**	**4,631,990**	**19.59%**

Amounts in thousand euros (Unless otherwise stated)

31/12/2012	Total amount of L&As	Total amount of forborne L&As	% of forborne L&As
Neither past due nor impaired	26,956,387	2,435,241	9.03%
Past due but not impaired	12,767,537	2,549,953	19.97%
Impaired	10,849,385	1,743,859	16.07%
Total Gross Amount	**50,573,308**	**6,729,053**	**13.31%**
Individual Impairment Allowance	(3,384,564)	(479,472)	14.17%
Collective Impairment Allowance	(2,576,059)	(180,848)	7.02%
Total Net Amount	**44,612,685**	**6,068,734**	**13.60%**
Collateral received	28,390,730	4,119,846	14.51%
Total Net Amount less collateral value	**16,221,955**	**1,948,888**	**12.01%**

3.4.3 .Reconciliation of Forborne Loans and Advances to Customers

	31/12/2013	31/12/2012
Opening balance	6,068,734	4,368,190
Opening balance of new companies and banking operations acquired	588,716	357,334
Forbearance measures in the period	8,324,684	4,035,186
Cumulative provision on exposures characterised forborne in the period without derecognition	(34,704)	(30,911)
Repayment of loans (partial or total)	(675,563)	(333,440)
L&As that exited forbearance status	(3,507,363)	(2,082,243)
Impairment loss	(388,051)	(245,382)
Closing balance	**10,376,451**	**6,068,734**

3.4.4. Forborne Loans and Advances to Customers by Product Line

	31/12/2013	31/12/2012
Retail Lending	**3,683,025**	**2,707,393**
Mortgage	2,873,040	2,186,642
Consumer	809,505	520,577
Credit cards	73	51
Other	407	124
Corporate Lending	**6,689,855**	**3,360,419**
Large	3,395,408	1,004,650
SMEs	3,294,446	2,355,769
Public Sector	**3,572**	**922**
Greece	899	595
Other countries	2,673	327
Total net amount	**10,376,451**	**6,068,734**

Amounts in thousand euros (Unless otherwise stated)

3.4.5. Forborne Loans and Advances to Customers by Geographical Region

	31/12/2013	31/12/2012
Greece	8,827,808	4,971,050
Rest of Europe	1,545,117	1,091,679
Other countries	3,526	6,005
Total net amount	**10,376,451**	**6,068,734**

Amounts in thousand euros (Unless otherwise stated)

3.5 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 2013, based on Standard & Poor's ratings or their equivalent:

31 December 2013	Trading securities	Debt securities - receivables	Investment securities	Total
AAA	-	-	-	0
AA- to AA+	1,444	14,292,736	182,334	14,476,514
A- to A+	-	-	-	0
BBB- to BBB+	6,173	-	-	6,173
BB- to BB+	155,466	-	115,957	271,423
Lower than BB-	26,248	1,335,485	482,365	1,844,097
Unrated	-	-	172,623	172,623
Total	**189,330**	**15,628,221**	**953,279**	**16,770,830**

3.6 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 2013. The credit risk exposure is based on the country of domicile of the Group's companies.

	Greece	Rest of Europe	Egypt	Total
Loans and advances to credit institutions	8,958	139,202	144,874	293,035
Derivative financial instruments - assets	322,143	2,889	-	325,032
Bonds & Treasury Bills of trading portfolio	27,692	161,639	-	189,330
Loans and advances to customers (net of provisions)	55,528,418	6,433,531	403,825	62,365,774
Loans to individuals	21,008,986	1,334,435	49,063	22,392,484
- Mortgages	16,728,326	617,931	2,080	17,348,337
- Consumer - personal loans	3,347,580	682,846	38,357	4,068,783
- Credit cards	933,080	33,658	8,626	975,364
Loans to corporate entities/ Public sector	34,519,432	5,099,096	354,763	39,973,290
Debt securities - receivables	15,564,939	4,535	58,747	15,628,221
Bonds & Treasury Bills of investment portfolio	492,664	427,591	33,024	953,279
Revesre repos with customers	6,353	771	-	7,124
Other assets	1,849,838	120,006	9,912	1,979,757
As at 31 December 2013	**73,801,004**	**7,290,165**	**650,383**	**81,741,552**
As at 31 December 2012	**52,401,251**	**7,539,511**	**751,864**	**60,692,627**

Amounts in thousand euros (Unless otherwise stated)

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 2013. The Group has allocated exposures to sectors based on the industry sector of our counterparties.

	Financial institutions	Manufacturing/ 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	293,035													**293,035**
Derivative financial instruments - assets	20,913	2,215	-	2,181	28,141	204	240,084	11,397	-	-	10,329	9,568	-	**325,032**
Bonds of Trading portfolio	-	-	-	-	-	-	189,330	-	-	-	-	-		**189,330**
Loans and advances to customers (net of provisions)	2,005,456	6,124,543	4,711,204	2,953,235	1,226,686	5,504,060	2,243,060	2,718,778	3,010,926	1,399,796	2,509,433	5,566,112	22,392,484	**62,365,774**
Loans to individuals (retail customers)													22,392,484	**22,392,484**
- Mortgages													17,348,337	**17,348,337**
- Consumer - personal loans													4,068,783	**4,068,783**
- Credit cards													975,364	**975,364**
Loans to corporate entities	2,005,456	6,124,543	4,711,204	2,953,235	1,226,686	5,504,060	-	2,718,778	3,010,926	1,399,796	2,509,433	5,566,112	-	**37,730,230**
Public Sector loans							2,243,060							**2,243,060**
Debt securities-receivables	-	4,535	-	-	-	-	15,623,686	-	-	-	-	-	-	**15,628,221**
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	-	7,124	**7,124**
Bonds of Investment portfolio	26,772	21,143	-	81	-	-	905,208	-	-	-	-	74		**953,279**
Other assets	376,509	27,513	9,823	1,269	6	40,314	953,010	8,325	265	164	1,709	349,402	211,448	**1,979,757**
Balance at 31st December 2013	**2,722,685**	**6,179,950**	**4,721,027**	**2,956,765**	**1,254,833**	**5,544,578**	**20,154,378**	**2,738,500**	**3,011,192**	**1,399,961**	**2,521,472**	**5,925,155**	**22,611,055**	**81,741,551**
Balance at 31st December 2012	**1,957,551**	**4,627,487**	**2,806,762**	**2,367,860**	**1,344,685**	**4,054,463**	**8,668,539**	**1,401,305**	**1,848,630**	**1,598,615**	**1,835,520**	**11,856,262**	**16,324,945**	**60,692,627**

Off Balance Sheet Items - Industry sectors	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Letters of Guarantee	326,610	559,097	1,405,373	44,729	101,167	240,529	10,954	-	85,768	16,199	169,585	371,557	7,601	3,339,169
Letters of Credit	49	42,676	726	-	-	11,329	-	-	-	163	323	9,177	-	64,442
Commitments to Extend Credit	12,903	117,350	35,453	14,322	12,344	105,877	170,751	27,890	8,904	8,728	18,342	143,971	1,204,602	1,881,437
Balance at 31st December 2013	**339,561**	**719,124**	**1,441,552**	**59,050**	**113,511**	**357,735**	**181,705**	**27,890**	**94,673**	**25,090**	**188,250**	**524,705**	**1,212,203**	**5,285,048**
Letters of Guarantee	510,117	340,092	1,202,117	51,348	259,403	184,061	5,358	-	42,806	8,997	168,590	334,920	2,129	3,109,938
Letters of Credit	11	32,179	435	-	-	6,864	-	-	57	207	356	3,506	614	44,229
Commitments to Extend Credit	28,607	57,505	20,042	15,128	16,946	166,872	499	57,031	7,361	2,255	66,283	114,869	675,952	1,229,350
Balance at 31st December 2012	**538,736**	**429,776**	**1,222,594**	**66,476**	**276,349**	**357,797**	**5,857**	**57,031**	**50,224**	**11,459**	**235,229**	**453,295**	**678,695**	**4,383,517**

3.7 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 Risk Committee 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 31/12/2013, was € 1.27 million. This estimate consists of € 0.42 million for interest rate risk, € 0.01 million for equity risk, € 1.14 million for foreign exchange risk and € 0.05 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 0.34 million due to the diversification effect in the portfolio.

The Value-at-Risk estimate for the Group's Trading Book at 31/12/2012, was € 1.32 million. This estimate consists of € 0.46 million for interest rate risk, € 0.01 million for equity risk, € 1.13 million for foreign exchange risk and € 0.1 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 0.38 million due to the diversification effect in the portfolio.

The VaR of the Group's trading book remained at the level of 2012.

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
2013	**1.27**	**0.42**	**0.01**	**1.14**	**0.05**	**-0.34**
2012	**1.32**	**0.46**	**0.01**	**1.13**	**0.10**	**-0.38**

Amounts in thousand euros (Unless otherwise stated)

3.8 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 31/12/2013. 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 2013	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with central Banks	2,256,206	190,974	30,178	5,094	15,191	377,129	2,874,771
Loans and advances to credit institutions	103,941	110,602	7,141	-	-	71,351	293,035
Derivative financial instruments - assets	322,184	55	-	-	-	2,792	325,032
Trading securities	70,616	2,497	-	-	-	123,817	196,930
Financial instruments at fair value through Profit or Loss	17,183	-	-	-	-	-	17,183
Reverse repos with customers	6,353	-	-	-	-	771	7,124
Loans and advances to customers (net of provisions)	53,914,611	4,053,522	71,246	172,303	3,006,349	1,147,743	62,365,774
Debt securities - receivables	15,564,939	4,535	-	-	-	58,747	15,628,221
Investment securities	1,225,144	20,359	-	-	-	190,288	1,435,790
Other assets	1,872,944	11,645	902	687	36,774	56,805	1,979,757
Total financial assets	**75,354,120**	**4,394,189**	**109,466**	**178,083**	**3,058,314**	**2,029,444**	**85,123,616**
Foreign exchange risk of liabilities							
Due to credit institutions	26,044,818	78,746	286	3	27,490	123,609	26,274,952
Liabilities at fair value through profit or loss	549	-	-	-	-	-	549
Derivative financial instruments - liabilities	257,494	60,201	8	205	8,938	2,772	329,618
Due to customers	49,174,884	2,493,591	163,299	2,925	26,834	2,417,786	54,279,320
Debt securities in issue	305,361	-	-	-	-	-	305,361
Hybrid capital and other borrowed funds	256,004	-	-	-	-	-	256,004
Other liabilities	1,117,618	13,437	2,006	597	426	51,264	1,185,347
Total financial liabilities	**77,156,728**	**2,645,975**	**165,599**	**3,730**	**63,688**	**2,595,431**	**82,631,151**
Net on-balance sheet financial position	**(1,802,609)**	**1,748,214**	**(56,133)**	**174,354**	**2,994,626**	**(565,986)**	**2,492,465**
Net position of non financial assets - liabilities	**(3,301,691)**	**129,709**	**(270)**	**205**	**16,037**	**668,091**	**(2,487,920)**
Net Off balance sheet items	**4,997,715**	**(2,134,485)**	**13,988**	**(173,977)**	**(2,956,595)**	**258,440**	**5,085**
Currency position	**(106,585)**	**(256,563)**	**(42,416)**	**581**	**54,068**	**360,545**	**9,630**
At 31 December 2012							
Total financial assets	56,888,923	2,746,334	142,530	160,426	2,513,109	2,065,675	64,516,998
Total financial liabiities	67,215,317	2,080,771	116,956	205,744	46,590	2,179,473	71,844,852
Net on-balance sheet financial position	**(10,326,395)**	**665,563**	**25,573**	**(45,317)**	**2,466,519**	**(113,798)**	**(7,327,855)**
Net position of non financial assets - liabilities	**6,577,715**	**103,850**	**(790)**	**0**	**11,163**	**475,484**	**7,167,423**
Net Off balance sheet items	**3,643,508**	**(1,101,186)**	**(26,797)**	**45,241**	**(2,504,161)**	**108,472**	**165,078**
Currency position	**(105,171)**	**(331,773)**	**(2,014)**	**(76)**	**(26,479)**	**470,158**	**4,644**

3.9 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.

Amounts in thousand euros (Unless otherwise stated)

In the table, assets and liabilities in foreign currency are converted into EUR using the FX rates as of 31/12/2013.

At 31 December 2013	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	2,552,652	17,597	321	-	-	304,201	2,874,771
Loans and advances to credit institutions	258,409	32,254	1,573	-	-	798	293,035
Trading securities	4,871	19,569	13,642	141,128	10,121	7,599	196,930
Reverse repos with customers	1,584	1,272	4,268	-	-	-	7,124
Financial instruments at fair value through Profit or Loss	-	-	-	-	-	17,183	17,183
Loans and advances to customers (net of provisions)	49,863,942	6,905,060	3,993,606	1,047,205	555,960	-	62,365,774
Debt securities - receivables	13,319	5,026	15,605,341	4,535	-	-	15,628,221
Investment securities	14,343	91,444	617,966	203,385	26,141	482,511	1,435,790
Other assets	569	5,725	2,610	1,844	7,915	1,961,093	1,979,757
Total financial assets	**52,709,689**	**7,077,948**	**20,239,326**	**1,398,097**	**600,137**	**2,773,387**	**84,798,585**
Liabilities							
Due to credit institutions	26,215,465	6,744	42,191	10,053	-	500	26,274,952
Due to customers	33,298,681	9,822,402	10,500,256	474,148	651	183,181	54,279,320
Liabilities at fair value through profit or loss	-	499	49	-	-	-	549
Debt securities in issue	188,587	116,154	121	498	-	-	305,361
Hybrid capital and other borrowed funds	256,004	-	-	-	-	-	256,004
Other liabilities	13,628	2,091	50,355	62,599	209,525	847,148	1,185,347
Total financial liabilities	**59,972,366**	**9,947,891**	**10,592,972**	**547,298**	**210,176**	**1,030,830**	**82,301,533**
Net notional amount of derivative financial instruments	**96,841**	**158,124**	**10,851**	**(388)**	**0**	**-**	**265,427**
Total interest rate gap	**(7,165,836)**	**(2,711,819)**	**9,657,206**	**850,410**	**389,961**	**1,742,558**	**2,762,479**

The following table includes figures of the comparative year.

At 31 December 2012	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	37,679,679	16,419,968	3,829,197	2,091,974	754,549	3,300,312	64,075,680
Total financial liabiities	57,116,984	6,087,983	6,329,603	776,351	178,040	959,064	71,448,026
Net notional amount of derivative financial instruments	(15,263)	237,351	(44,635)	9,539	(60,201)	-	126,790
Total interest rate gap	**(19,452,568)**	**10,569,336**	**(2,545,042)**	**1,325,162**	**516,307**	**2,341,248**	**(7,245,556)**

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.

3.10 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 Prudential Regulatory Authority (PRA) of Great Britain.

Measures such as the maintenance of a liquid securities portfolios, the expansion of diversified core deposits (i.e saving accounts) and competitively priced term deposits, were taken in order to mitigate liquidity risk.

The Group managed to improve the composition of its funding sources, mainly through the acquisition of the branches of the ex Cypriot Banks (Cyprus, Popular and Hellenic) and that of Millennium Bank. During the year the Bank reduced its use of the ELA by approximately € -30,000 million and the overall use of Eurosystem funding by € -13,800 million, partly because of its return to the interbank repo market, with an outstanding balance of repos at the year end of € 7,000 million. In addition, the bank completed a successful share capital increase in June 2013, which provided additional funding in the tune of € 1,500 million.

The Group continued to make use of the provisions of law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis", through issued preferred stocks (Pillar I),received Guarantees (Pillar II) and Special Bonds (Pillar III) from the Greek State amounting to € 12,200 million.

Due to the acquisition of Banks during 2013, the Group received through the recapitalization process, an additional amount of EFSF Bonds with a face value of €1,900 million, while it returned to HFSF EFSF bonds of a face value of € 500 million due to the excess of private capital raised above the required minimum.

In general, liquidity management aims at 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 2013	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	26,097,481	2,152	39,851	155,793	3,106	26,298,382
Due to customers	33,497,546	10,005,943	10,686,040	501,286	1,593	54,692,408
Liabilities at fair value through profit or loss	-	499	49	-	-	549
Debt securities in issue	7,301	1,240	174,141	133,079	-	315,762
Other borrowed funds	5,428	-	4,315	248,119	-	257,862
Hybrid capital	807	-	248	1,958	32,093	35,107
Other liabilities	51,637	70,031	(94,806)	108,019	1,100,686	1,235,567
Total liabilities (contractual maturity dates)	**59,660,201**	**10,079,864**	**10,809,839**	**1,148,254**	**1,137,478**	**82,835,636**
Total assets (expected maturity dates)	**27,688,319**	**2,670,687**	**9,023,111**	**22,870,803**	**36,811,440**	**99,064,360**

At 31 December 2012	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	32,083,776	72,839	18,476	388,798	22,514	32,586,403
Due to customers	24,497,774	5,790,229	6,310,608	717,860	3,476	37,319,946
Liabilities at fair value through profit or loss	9,239	173	11,929	-	1,772	23,113
Debt securities in issue	726	15,931	3,350	521,213	-	541,219
Other borrowed funds	400	-	4,751	281,396	-	286,547
Hybrid capital	222	-	794	5,002	100,280	106,298
Other liabilities	100,569	47,559	116,195	118,028	891,894	1,274,245
Total liabilities (contractual maturity dates)	**56,692,707**	**5,926,731**	**6,466,103**	**2,032,297**	**1,019,935**	**72,137,772**
Total assets (expected maturity dates)	**19,186,051**	**5,424,808**	**7,172,588**	**14,940,172**	**23,283,792**	**70,007,411**

b) Derivative cash flows

bi) Derivatives settled on a net basis

Amounts in thousand euros (Unless otherwise stated)

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

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

At 31 December 2013	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	18	8	2	-	-	28
-Interest rate derivatives	865	1,149	(659)	7,907	11,719	20,981
-Other derivatives	-	4	-	-	-	4
Derivatives held for fair value hedging						
-Foreign exchange derivatives	-	-	-	-	-	0
-Interest rate derivatives	-	-	-	-	-	0
Total	**883**	**1,160**	**(657)**	**7,907**	**11,719**	**21,013**

At 31 December 2012	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	72	91	64	-	-	227
-Interest rate derivatives	1,412	2,332	(4,460)	3,889	13,138	16,311
-Other derivatives	-	11	-	-	-	11
Derivatives held for fair value hedging						
-Foreign exchange derivatives	1,385	454	-	-	-	1,840
-Interest rate derivatives	1,388	476	(178)	-	-	1,686
Total	**4,257**	**3,364**	**(4,574)**	**3,889**	**13,138**	**20,075**

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 2013	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	(2,660,712)	(885,057)	(114,835)	(2,770,173)	(285,145)	(6,715,923)
Inflow	2,657,463	889,599	121,793	2,839,529	289,155	6,797,538

At 31 December 2012	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	(2,251,373)	(1,188,198)	(13,337)	(1,454,668)	(373,011)	(5,280,587)
Inflow	2,253,845	1,190,099	13,421	1,423,075	371,385	5,251,824

On 31 December 2013, Piraeus Bank's Group total raised liquidity against acceptable collateral from the Eurosystem - European Central Bank (ECB) and the Bank of Greece (BoG) amounted to € 17.9 billion (2012: € 31.6 billion). It is noted that the Bank regained access to the funding through ECB in mid-January 2013. The decrease in the financing raised from the eurosystem during 2013, mainly reflects the improvement of the Group's liquidity through customer deposits, the deleverage of assets as well as the interbank repo transactions.

biii) Off Balance Sheet Items

At 31 December 2013	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	113,508	173,888	673,935	570,866	1,806,973	**3,339,169**
Letters of Credit	47,539	11,477	5,092	153	181	**64,442**
Commitments to Extend Credit	492,157	22,698	1,084,589	77,391	204,602	**1,881,437**

At 31 December 2012	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	205,112	283,162	554,148	482,151	1,585,365	**3,109,938**
Letters of Credit	13,246	14,583	16,280	120	-	**44,229**
Commitments to Extend Credit	129,830	10,333	1,006,033	51,307	31,848	**1,229,350**

Amounts in thousand euros (Unless otherwise stated)

3.11 Fair values of assets and liabilities

a) Assets and liabilities not held at fair value:

The following table summarizes the fair values and the carrying amounts of those assets and liabilities not carried at fair value on the consolidated balance sheet.

	Carrying Value		Fair Value	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Assets				
Loans and advances to credit institutions	293,035	380,384	293,035	380,384
Loans and advances to customers (net of provisions)	62,365,774	44,612,686	62,255,628	44,566,217
-Loans to individuals	22,392,484	16,118,688	21,895,956	16,102,893
-Loans to corporate entities	37,730,230	26,040,772	38,050,676	26,000,507
-Loans to Public sector	2,243,060	2,453,226	2,308,996	2,462,817
Debt securities - receivables	15,628,221	8,015,997	15,860,534	7,664,643
Reverse repos with customers	7,124	35,924	7,115	35,917
Held to maturity investment securities	58,041	74,006	58,041	74,006

	Carrying Value		Fair Value	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Liabilities				
Due to credit institutions	26,274,952	32,561,322	26,274,952	32,562,806
Due to customers	54,279,320	36,971,208	54,279,320	36,970,560
Debt securities in issue	305,361	533,702	175,825	389,228
Hybrid capital and other borrowed funds	256,004	324,141	137,559	154,826

The fair value for the year 2013 of loans and advances to credit institutions, 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 are very short term in duration and priced at current market rates. These rates are often reprised and due to their short duration they are discounted with the risk free rate.

The fair value of loans and advances to customers has been calculated using a discounted cash flow model, taking into account yield curves and any adjustments for credit risk.

Fair value for held to maturity investments securities and debt securities – receivables is estimated using quoted market prices. Where this information is not available, fair value has been estimated using the prices of 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.

It is also noted that significant portion of loans and advances to customers as well as due to customers relates to the acquired operations in 2013 which were purchased at their fair value as determined by the purchase price allocation (PPA) exercise.

Classification of assets and liabilities measured at amortized cost, according to the fair value hierarchy levels of IFRS 13, is presented in the table below:

Analysis of Fair Value in Levels	Level 2	Level 3	Total
Assets			
Loans and advances to customers (net of provisions)			
-Loans to individuals	-	21,895,956	21,895,956
-Loans to corporate entities	-	38,050,676	38,050,676
-Loans to public sector	-	2,308,996	2,308,996
Reverse repos with customers	-	7,115	7,115
Debt securities-receivables	15,860,534	-	15,860,534
Investment Securities (Held to Maturity)	58,041	-	58,041
Liabilities			
Debt Securities in Issue	175,825	-	175,825
Hybrid Capital and Other borrowed funds	137,559	-	137,559

b) 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:

Amounts in thousand euros (Unless otherwise stated)

• 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). Level 3 includes:

a) participations of the Group categorized in the available for sale portfolio, which are not traded in an active market or for which there are not available prices from external traders in order to determine their fair value. For the determination of the fair value of the aforementioned participations, the Group uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The Group, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions. The estimated fair value of the corporate participations of the Group within level 3 is only taken into account for impairment test purposes, else these participations are recorded at cost and

b) investment property of the Group for which no market prices are available in an active market so as to determine their fair value. For the determination of the fair value of the above mentioned investment property, generally accepted valuation models are used by independent valuers.

This fair value 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 as mentioned above, reconciliation of level 3 items for the year 2013 and sensitivity analysis:

Assets & Liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivative financial instruments - assets	624	324,408	-	325,032
Trading portfolio				
-Trading bonds	141,995	41,976	-	183,971
-Trading treasury bills	5,360	-	-	5,360
-Shares & other variable income securities	6,994	606	-	7,599
Financial Assets at FV through PL				
-Shares & other variable income securities	17,183	-	-	17,183
Available for Sale Securities				
-Trading bonds	298,724	102,774	-	401,497
-Shares & other variable income securities	283,753	4,331	194,428	482,511
-Treasury bills	390,486	103,255	-	493,741
Liabilities				
-Liabilities at fair value through profit or loss	549	-	-	549
-Derivative financial instruments - liabilities	48	329,570	-	329,618

The movement of Investment Property categorized in Level 3 is presented in note 30.

Reconciliation of Level 3 items	**Shares & Other variable Income securities**
Opening balance	269,375
Opening balance of new subisidiaries	2,761
Profit/ (loss) of the year	(5,018)
Purchases	15,236
Impairment	(28,384)
Disposals	(15,272)
FX differences	(1,509)
Other income	(344)
Tranfers in to level 3	14,034
Tranfers out of level 3	(56,452)
Total	**194,427**

"Transfers into level 3" relate to a listed share of a company, for which no active market exists.

During the financial year 2013, the amount of € 0.4 million was transferred from level 2 to level 1.

It is noted that no transfers from level 1 to 2 occurred during the year 2013.

The estimation of the change in the fair value of the Group´s participations in Level 3, has been approached by various methods, such as:

- the net asset value (NAV),
- the discounted future dividends taking into account estimates of the issuer and the relevant cost of capital,
- the closing prices of similar listed shares or the indices of similar listed companies,
- the adjusted equity position taking into account the value of the assets (i.e. tangible assets) and the relevant qualifications from the certified auditors´ report.

Amounts in thousand euros (Unless otherwise stated)

Also, factors that may adjust these values such as the industry and the business environment in which companies operate, current developments and prospects, have been taken into account, while the Group based on prior experience, adjusts further where necessary, these values so as to assess the possible changes. The following table presents the sensitivity analysis of level 3 available for sale securities:

Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:	Favourable changes	Unfavourable changes
Income Statement		
Available for sale securities	-	(20,220)
Equity Statement		
Available for sale securities	20,673	-

3.12 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. As the Group does not guarantee these investments, is not exposed to any credit risk relating to such assets.

3.13 Capital adequacy

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

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

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

Capital Adequacy Ratio is specified as the regulatory capital to the total risk weighted assets and off balance sheet items. The existing 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 the regulatory framework.
- Preserve the Group's ability to continue unhindered its operations, thus to continue providing returns and benefits to its shareholders.
- To retain a sound and stable capital base in order to support the Bank's management business plans.

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

For the calculation of regulatory capital, own share capital must undergo some regulatory adjustments, such as the deduction of intangible assets and goodwill, the deduction of 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 2013**	**31 December 2012**
Ordinary shares	1,521,770	342,998
Share premium	10,008,734	2,953,356
FSF Capital Advance	-	6,844,711
One off contribution Law 4093/12	-	(98,445)
Preference shares	750,000	750,000
Less: treasury shares	(113)	(36)
Minority Interest	118,990	128,463
Available for sale reserve	112,423	51,252
Legal reserve and other reserves	(11,714)	(46,606)
Retained earnings	(3,957,192)	(6,494,933)
Less: intangible assets	(301,241)	(410,644)
Total regulatory adjustments on Tier I capital	(50,259)	(63,163)
Total Core Tier I capital	**8,191,398**	**3,956,953**
Hybrid capital	18,500	59,916
Total Tier I capital	**8,209,898**	**4,016,869**
Tier II Capital		
Subordinated debt	130,627	198,169
Total regulatory adjustments on Tier II capital	(48,175)	(9,404)
Total Tier II capital	**82,452**	**188,765**
Regulatory capital	**8,292,350**	**4,205,634**
Total risk weighted assets (on and off-balance sheet items)	**59,035,671**	**43,175,453**
Core Tier I ratio	**13.9%**	**9.2%**
Tier I ratio	**13.9%**	**9.3%**
Total Capital Adequacy ratio	**14.0%**	**9.7%**

According to Executive Committee’s Act 13/28.03.2013, credit institutions in Greece have to comply with two additional minimum capital ratios (of 9% and 6%), calculated over their Core Tier 1 regulatory capital.

On the 23rd December 2013, amendment 36/23.12.2013 was issued, allowing credit institutions to recognize the full amount of differed tax assets as eligible Core Tier 1 capital.

As of 31st December 2013 Piraeus Bank Group reported relevant Core Tier 1 capital ratio of 13.9%, fully comply with the strengthened regulatory demands.

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.

In addition, it is noted that Piraeus Bank participates as one of the 128 banks throughout Europe in the process of risk assessment, asset quality review and stress testing, that the ECB is conducting in cooperation with the participating European and national regulatory authorities in the context of establishing a Single Supervisory Mechanism (SSM)
The evaluation, which began in November 2013, will be completed in 12 months and in cooperation with the national competent authorities of the Member States participating in the SSM and along with the assistance of independent third parties at all levels of the ECB and national authorities.

In early February 2014 the collection of the first set of data was completed, while in mid-February 2014 the process for selecting portfolios, which will be subject to review, was concluded. The stress tests will incorporate the results of the asset quality review. As announced by the European Banking Authority, the capital thresholds for the baseline scenario and the adverse scenario are defined to be 8.0% and 5.5% of the Common Equity Tier 1 respectively.

In early March 2014, ECB published the manual that contains the methodology for performing the asset quality review. Phase 2 is pursuant to the completion of the selection of portfolios (Phase 1) and will last up until August 2014. The asset quality review will be completed in October 2014, when the results will be released along with the results of the stress test conducted in cooperation with the European Banking Authority.

Banks which are deemed viable to the extent that it they do not meet the aforementioned thresholds will be required to take corrective actions in order to strengthen their ratios, within a specific timeframe. The corrective actions and implementation time plan are an integral part of the evaluation process. Specifically for the capital increases an obligation is set for the private sector to participate in the coverage of the relevant capital needs, while under certain conditions the utilization of support measures provided by European and national legislation is permitted, in the degree that the system’s stability is served.

The methodology adopted by Bank of Greece for its own assessment during its stress test exercise, the results of which were disclosed on March 6, 2014, was aligned to the greatest extent possible, with the methodology of the European Regulators for the new Bank’s assessment as it is described by the documents that had been released in February 2014.

Due to the fact that the methodology of the new evaluation could potentially differ from the one used by the Bank of Greece, while at the same time it will be based on data of subsequent instance, it is possible that the evaluation results could vary from the capital needs of Piraeus Bank as recently announced by the Bank of Greece, which are mentioned in note 51 “Events subsequent to the end of the year”.

Piraeus Bank Management believes that the Group’s solid capital base (EBA Core Tier I at 13.9% in end-December 2013), in conjunction with the announced on 06 March 2014 share capital increase by an amount up to €1.75 billion, safeguards the Bank's position in view of the scenario testing to be conducted by the ECB in 2014.

4. Critical accounting estimates and judgements in the application of the accounting policies

a. Impairment of Greek Government Bonds (GGBs) for the year 2012

The discussions and negotiations for the specification of the agreed measures on 21 July 2011 and on 26 October 2011 namely to the revised private sector involvement programme (PSI), were completed on 21 February 2012. The finalisation of the revised private sector involvement programme (PSI) was taken into account in the annual consolidated financial statements as at 31.12.2011, and so the consolidated profit or loss was charged with the additional loss that resulted, compared to the initial loss that was recognized in the consolidated interim condensed financial information for June and for September 2011.

As the Group considered that the exchange of bonds and loans constitutes discontinuation of the existing relationship between the Bank and the debtor, the Group proceeded in the first quarter of 2012 to the full derecognition of the old securities and loans and the recognition of the new securities received from the exchange at a value initially derived by a valuation model (mark to model), in accordance with the special rules set out in the International Financial Reporting Standards (IAS 39), whereas any differences arising from the initial classification of the new securities affected the consolidated profit or loss for the first quarter of 2012.

From the new securities received under the private sector involvement programme (PSI), the Greek Government bonds were classified in the held to maturity portfolio and the EFSF bonds were classified in the available for sale portfolio. Within the second quarter of 2012, the Group redetermined the fair value of the new securities received from the exchange, based on their market value (mark to market) at the dates these securities were exchanged, that is 12/3/2012, 11/4/2012 and 25/4/2012. Due to the redetermination of the fair value, an additional loss was accounted for in the first quarter of 2012 and therefore the before and after tax consolidated profit or loss for the first quarter was charged with an amount of €311 million and €251 million respectively.

The Group, in the context of the private sector involvement programme (PSI), charged the before tax results for the years 2012 and 2011 with a total amount of approximately € 6.2 billion.

Piraeus Bank, following the December 7th 2012 decision of the Board of Directors of the Bank, participated in the buy back program of the Greek Government bonds, in order to reduce Greek Government's debt, with the total (100%) of the eligible bonds that the Bank owned, in response to the relevant invitation of the Hellenic Ministry of Finance dated 3/12/2012. In this context, bonds of nominal value €4.3 billion approximately and of a carrying value at the exchange date of €1.7 billion approximately, were exchanged with EFSF bonds, with a benefit in the after tax results and equity of €0.3 billion approximately.

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

For the preparation of consolidated financial statements, the Group proceeds to certain accounting estimates and judgements that affect the reported amounts of certain 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 other receivables

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 portfolio and associate companies

a. 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 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. Associate companies

The Group tests for impairment the investments in associate companies, comparing the recoverable amount of the investment (the higher of the value in use and the fair value less cost to sell) with its carrying amount.

In these cases, a similar methodology is used with that described above, for the shares of the available for sale portfolio, while taking into account the present value of the estimated future cash flows expected to be generated by the associate company. The amount of the permanent impairment of the investment, which may arise from the assessment, is recorded to the income statement.

b.4. Investment property

Investment property is measured at fair value, which is determined in cooperation with independent valuers.

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.

For investment property of a value that is not considered as individually significant, the fair value may be determined by internal independent valuers, by applying the aforementioned valuation methods or by extrapolating the results of the independent valuations, to groups of investment property, with similar characteristics.

b.5. Income taxes

Piraeus Bank Group recognizes deferred tax on temporary tax differences in accordance with the regulations of tax law which distinguishes revenues on those subject to tax and non-taxable, assessing future benefits as well as tax liabilities.

For the calculation and evaluation of the deferred tax asset recoverability, management considers the best estimates for the evolution of the Group´s tax results in the foreseeable future.

The Management's estimates, according to the enacted business plan, for the future tax results of the Group are based on the assumptions related to the Greek economy prospect, as well as on other actions or amendments already implemented, improving the evolution of the future profitability.

Moreover, the Group examines the nature of temporary differences and tax losses, the ability for their recovery in accordance with the tax regulations related to their offsetting with profits generated in future periods (e.g. five years), or other specific tax regulations. For example, an extended period has been set by the Greek tax legislation allowing the recoverability of deferred tax related to the amortized loss from the participation of the Greek entities in Private Sector Involvement (PSI).

b.6. Goodwill/ negative goodwill

The acquisition method is used by the Group to account for the acquisition of subsidiaries. The Group, for the estimation of the fair values of identifiable assets and liabilities and contingent liabilities of the newly acquired subsidiaries, uses the method of purchase price allocation (PPA), according to the requirements of IFRS 3 "Business Combination". For this purpose, the Group uses estimates to determine the fair value of the acquired net assets.

In case of goodwill, the Group proceeds to impairment test annually and whenever there is an indication of impairment, by comparing the carrying amount of the cash generating unit, including goodwill, with the respective recoverable amount. In the context of this procedure, the Group's estimates for the determination of the recoverable amount include key assumptions of the management for the period of the estimated cash flows, the cash flows, the growth rate and the discount rate. These estimates are disclosed in the consolidated financial statements, in case that the amount of goodwill allocated to each cash generating unit is significant compared to the total goodwill, according to IAS 36.

Note 48 is relevant to the recognition of negative goodwill on the acquisition of a) the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, b) the selected assets and liabilities of former ATEbank S.A. and some of its subsidiaries, as well as c) the Millennium Bank Group S.A. for the year 2013.

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 and advisory services, underwriting services and public listings, stock exchange services 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:

1/1-31/12/2013	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group	Discontinued operations	Group (Continuing operations)
Net interest income	1,062,490	613,141	1,093	118,463	(131,100)	**1,664,086**	1,932	1,662,154
Net fee and commision income	211,044	43,066	9,679	6,762	16,083	**286,634**	(49)	286,683
Net income	1,299,052	662,219	13,003	192,360	3,848,720	**6,015,354**	69,895	5,945,459
Segment results before participations	(1,897,523)	6,925	685	147,261	3,541,529	**1,798,876**	22,394	1,776,482
Share of results of associates						**(28,770)**	0	(28,770)
Results before tax						**1,770,106**	**22,394**	**1,747,712**
Income tax						**776,053**	7,518	768,535
Results after tax						**2,546,159**	**29,912**	**2,516,247**
Other segment items at 31 December 2013								
Capital expenditure	180,111	11,444	340	1,077	90,375	**283,347**	441	282,906
Depreciation and amortisation	59,564	7,692	378	1,361	59,692	**128,687**	1,861	126,826
Provision and Impairment	1,845,550	517,853	399	0	172,582	**2,536,384**	4,730	2,531,654
Segment assets	47,484,571	17,669,581	72,248	18,602,766	8,180,427	**92,009,592**	357,657	91,651,936
Segment liabilities	48,773,182	2,806,125	909,817	27,506,067	3,471,502	**83,466,694**	556,574	82,910,120

1/1-31/12/2012	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group	Discontinued operations	Group (Continuing operations)
Net interest income	949,422	319,092	1,094	36,536	(259,136)	**1,047,008**	19,488	1,027,520
Net fee and commision income	163,368	28,765	6,907	2,057	17,378	**218,474**	885	217,589
Net income	1,136,080	342,815	19,969	309,790	463,539	**2,272,192**	54,853	2,217,339
Segment results before participations	(959,696)	(62,292)	(1,255)	(42,731)	(112,231)	**(1,178,205)**	19,707	-1,197,912
Share of results of associates						**14,666**	0	14,666
Results before tax						**(1,163,539)**	**19,707**	**(1,183,246)**
Income tax						**655,995**	(6,685)	662,680
Results after tax						**(507,544)**	**13,022**	**(520,566)**
Other segment items at 31 December 2012								
Capital expenditure	100,884	13,711	122	2,082	205,744	**322,543**	232	322,311
Depreciation and amortisation	51,969	9,202	374	1,033	44,601	**107,181**	1,792	105,388
Provision and Impairment	1,556,574	320,272	4,521	296,798	340,806	**2,518,970**	11,075	2,507,895
Segment assets	37,311,697	9,235,478	78,544	16,912,379	6,870,380	**70,408,477**	377,150	70,031,327
Segment liabilities	32,931,562	2,657,861	366,541	33,602,096	3,174,724	**72,732,784**	605,654	72,127,130

Amounts in thousand euros (Unless otherwise stated)

In the tables above, interest income is analyzed into business segments net of interest expense, as the Bank's management relies primarily on net interest revenue to assess the performance of the segment.

Negative goodwill due to the acquisition of the Greek banking operations of the three Cypriot banks, of the acquired assets and liabilities of former ATEbank, of Geniki Bank S.A. and of Millennium Bank S.A. (note 48) is included in lines "Net Income" and "Segment Results" of other business segments. Regarding results before tax of other business segments, there is no 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 3 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, Luxemburg and Germany. The main business segments of operation in these countries are Retail Banking, Corporate Banking, Investment Banking and Asset Management & Treasury. The main business segment of operation in Germany is Retail Banking.

The following table incorporates geographical concentrations of 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 2013	Net Revenues	Non current assets
Greece	5,544,256	2,160,158
Rest of Europe	370,979	381,432
Egypt	30,223	78,018
Continuing Operations	**5,945,459**	**2,619,608**
Discontinued Operations	**69,895**	**51,037**

As at 31 December 2012	Net Revenues	Non current assets
Greece	1,740,235	2,309,404
Rest of Europe	431,269	415,483
Egypt	45,836	87,872
Continuing Operations	**2,217,339**	**2,812,759**
Discontinued Operations	**54,853**	**57,477**

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

Concerning discontinued operations, the year of 2013 include the results and the non current assets of ATE Insurance S.A. and ATE Insurance Romania S.A..

6 Net interest income

	1/1-31/12/2013	1/1-31/12/2012
Interest income		
Interest on fixed income securities	331,450	574,857
Interest income on loans and advances to customers and repos	3,108,398	2,211,195
Interest on loans and advances to credit institutions	75,252	99,327
Other interest income	51,397	19,862
Total interest income	**3,566,497**	**2,905,242**
Interest expense		
Interest on customer deposits and repos	(1,381,422)	(836,894)
Interest on debt securities in issue and on other borrowed funds	(7,380)	(25,198)
Interest on due to credit institutions	(381,663)	(915,196)
Contribution of Law 128	(132,044)	(88,677)
Other interest expense	(1,834)	(11,757)
Total interest expense	**(1,904,344)**	**(1,877,722)**
Net interest income	**1,662,154**	**1,027,520**

Amounts in thousand euros (Unless otherwise stated)

7 Net fee and commission income

	1/1-31/12/2013	1/1-31/12/2012
Fee and commission income		
Commercial banking	292,847	225,182
Investment banking	18,469	12,749
Asset management	18,489	11,084
Total fee and commission income	**329,806**	**249,015**
Fee and commission expense		
Commercial banking	(36,804)	(28,171)
Investment banking	(4,768)	(2,652)
Asset management	(1,551)	(603)
Total fee and commission expense	**(43,122)**	**(31,426)**
Net fee and commission income	**286,683**	**217,589**

8 Dividend income

	1/1-31/12/2013	1/1-31/12/2012
Dividend from AFS securities	15,298	7,258
Dividend from trading securities	70	37
	15,368	**7,295**

9 Net trading income

	1/1-31/12/2013	1/1-31/12/2012
Gains less losses on FX	(23,184)	5,256
Gains less losses on shares and mutual funds	1,392	11,559
Gains less losses on derivatives	6,761	(23,893)
Gains less losses on bonds	98,101	196,210
	83,070	**189,133**

During 2013 “Gains less losses on bonds” includes a gain of approximately € 66 million from repurchase of Hybrid Capital (Tier 1), Subordinated Debt (Lower Tier 2) and securitized loans.

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

	1/1-31/12/2013	1/1-31/12/2012
Gains less losses on shares	9,285	1,954
Gains less losses on other financial instruments	-	1,434
	9,285	**3,388**

11 Results from investment securities

	1/1-31/12/2013	1/1-31/12/2012
Gains less losses on AFS - shares and mutual funds	7,109	32,981
Gains less losses on AFS - bonds	41,160	409,909
Gains less losses on sale of subsidiaries and associates	6,060	80
	54,329	**442,970**

The "Gains less losses on sale of subsidiaries and associates" for the fiscal year 2013 include the profit from the sale of ATEbank Romania which took place during the 4th quarter of 2013, as well as the profit from the sale of the subsidiaries Orion and Astraios.

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

12 Other operating income

	1/1-31/12/2013	1/1-31/12/2012
Income/ expense from real estate (rental income and result from the valuation of investment property)	(92,019)	(73,750)
Income from the operations of ETVA Industrial Parks S.A.	4,138	2,508
Income from operating leasing	19,896	35,113
Other income from banking activities	10,428	4,365
Other operating income	81,789	10,281
	24,232	**(21,482)**

“Income/ Expense from real estate” also includes the valuation results of investment property which amount to a loss of € 84.3 million for the year 2013, of which the largest amount relates to the Citylink property (€ 36.5 million).

“Other operating income” contains the amount of € 50 million approximately, from derecognition of liabilities due to amendment in the legal framework.

Receivables from operating leases are as follows:

Receivables from operating leases	**31 December 2013**	**31 December 2012**
Up to 1 year	26,718	25,770
From 1 to 5 years	94,341	91,105
More than 5 years	1,087,809	1,285,759
	1,208,869	**1,402,633**

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

Amounts in thousand euros (Unless otherwise stated)

13 Staff costs

	1/1-31/12/2013	1/1-31/12/2012
Wages & salaries	(573,965)	(311,767)
Social insurance contributions	(146,305)	(76,839)
Other staff costs	(27,884)	(14,990)
Voluntary Redundancy Costs	(126,418)	-
Retirement benefit charges	(10,268)	(18,249)
	(884,841)	**(421,845)**

The number of persons employed by the Group as at 31/12/2013 was 22,718 (2012: 18,872), of which 208 people refer to discontinued operations (ATE Insurance S.A., ATE Insurance Romania S.A.).

On December 31, 2013 the Group employed 22,509 people, of which 16,558 in Greece and 5,952 abroad. It should be noted that in the second half of 2013, a voluntary exit scheme was concluded, through which 2,115 employees from the Bank and its subsidiaries opted for the early retirement. The above mentioned voluntary exit scheme contributed to the Group's total operating expenses of the year 2013, for the amount of € 126.4 million.

14 Administrative expenses

	1/1-31/12/2013	1/1-31/12/2012
Rental expense	(94,632)	(65,582)
Taxes and duties	(90,382)	(54,026)
Promotion and advertising expenses	(40,067)	(26,704)
Servicing - promotion of banking products	(57,253)	(27,694)
Fees and third parties expenses	(99,495)	(57,596)
Security and maintenance of fixed assets	(54,159)	(34,773)
Telecommunication and electricity expenses	(48,126)	(28,554)
Contribution expense in state controlled deposit guarantee scheme	(59,672)	(21,679)
Other administrative expenses	(82,025)	(62,665)
	(625,811)	**(379,273)**

The item "Contribution expense in State Controlled Deposit & Investments Guarantee Scheme & Restructuring Scheme" includes an amount of € 9,315 thousand relating to foreign subsidiaries and € 50,357 thousand from domestic credit institutions. Especially we mention that, in November 2011 the "Restructuring Scheme" legally separated from the already existing two arms (the Deposit Guarantee Scheme and the Investment Guarantee Scheme) was established at the Hellenic Deposit & Investment Guarantee Fund (HDIGF) in accordance with the provisions of Law 4021/2011. Participation of all credit institutions in the Restructuring Scheme is obligatory. The participation requirement consists of paying annual fees, which amount to 0.09% of the average amount of the total liabilities as of June of each year with the exception of the elements of supervisory capital as well as the guaranteed deposits.

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

The year 2013 includes the results of ATE Insurance S.A. and ATE Insurance Romania S.A., for which the sale process is in progress. The year 2012 include the results of ATE Insurance S.A., and ATE Insurance Romania S.A., as well as the results of Marathon Banking Corporation for the period 1/1-30/9/2012 until the date of its sale.

	1/1-31/12/2013	1/1-31/12/2012
Net interest income	1,932	19,488
Net fee and commission income	(49)	885
Dividend income	64	120
Net trading income	3,107	4,330
Results from investment securities	-	(57)
Other operating income/ (expense)	64,842	20,689
Total net income	**69,895**	**45,456**
Staff costs	(29,377)	(13,060)
Administrative expenses	(11,529)	(9,220)
Depreciation and amortization	(1,861)	(1,792)
Gains/ (Losses) from sale of assets	(4)	-
Total operating expenses before provisions	**(42,772)**	**(24,072)**
Impairment losses on loans, debt securities and other receivables	(5,000)	(2,239)
Other provisions and impairment	270	(8,836)
Profit/ (loss) before income tax	**22,394**	**10,308**
Income tax	7,518	(6,685)
Profit/ (loss) after income tax from discontinued operations	**29,912**	**3,623**
Profit/ (loss) from disposal of discontinued operations	-	9,397
Profit/ (loss) from discontinued operations	**29,912**	**13,020**

16 Income tax

	1/1-31/12/2013	1/1-31/12/2012
Current tax	(31,442)	(12,547)
Deferred tax (note 40)	803,714	678,027
Provisions for tax differences	(3,737)	(2,800)
	768,535	**662,680**

In accordance with the regulations of the Greek Tax Law 4110/23.1.2013, for the years from 01/01/2013 and thereon, the income tax rate for greek legal entities increased (from 20% to 26%) whereas the tax rate for dividends distribution decreased (from 25% to 10%) for profits distribution which will be approved from 01/01/2014 and thereon.

The change of the tax rate had a positive effect (deferred tax) on the results for the fiscal year 2013 of approximately € 0.5 billion (1st quarter of 2013), equally increasing the amount of the deferred tax asset recognized in financial statements of 2012.

In addition to the aforementioned positive effect, the deferred tax for 2013 was increased mainly due to the additional provisions for loan impairment, recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes within the same year and to the additional tax losses of the year.

Piraeus Bank Group has recognized deferred tax asset amounting to € 2.8 bn, based on the best estimates of the Management for the future evolution of the Group's tax results, and assessing the recoverability of other relevant factors (such as the nature of the temporary tax differences, the time limitations for offsetting losses, etc).

Despite the fact that under the scope of International Financial Reporting Standards an entity should assess the previous losses related to the recoverability of deferred tax in order to proceed to its recognition, Standards mainly focus on the company's capacity to recover deferred tax in the future.

The Management considers that тhe tax losses for the period 2011-2013, mainly related to the Bank, are exclusively related to the adverse conditions of the Greek economy, which as being estimated were extreme. The Group's earnings due to the conditions mentioned above were consequently affected, however the Management estimates that they do not relate with the Group's capacity for adequate profits in the foreseeable future particularly by taking into account the following factors:

• The strengthening of the Group's capital position for 2013, the improvement of basic balance sheet figures and their structure (the increase of loans and deposits, the improvement of loans to deposit ratio combined to the increase of low cost deposits base) that took place from July 2012 until June 2013, as a result of the recapitalization and the acquisition of banking operations that significantly improved the liquidity and the profitability perspective.

• The reduction of operational costs through the implementation of a number of actions (Voluntary Exit Scheme, integration of acquired banks and a number of additional measures which lead to synergies and further cost cutting), enforcing the Group's future profitability.

• The existing de- escalation of interest rates, the progressive decrease of term deposits' cost and the minimization of the Bank's reliance from increased funding cost (ELA facility) which is already reflected in the financial statements of 2013.

• The forthcoming capital increase of € 1.75 bn will decrease further the funding cost of the Bank and improve the recurring profits.

Additional factors, also evaluated, to reinsure the recoverability of the material components of deferred taxes regarding the entities operating in Greece such as:

• The absence of time restrictions from current Greek tax legislation that allows the recognition of temporary differences from loan impairments on tax books (deferred tax of approximately € 1.5 bn).

• The extended period which has been set from the Greek Tax authorities regarding the recoverability of deferred tax (€ 1.3 bn approximately) calculated on the amortized loss from the participation of the Greek entities of the Group in Private Sector Involvement (PSI). Specifically, in accordance with the regulations of the Law 4110/23.1.2013 the losses of legal entities, arising from the participation in PSI are deductible from gross income in 30 equal annual installments.

• The benefit provided by the enacted Greek Tax legislation to offset tax losses with profits incurred within the next five years from the year they were generated. The expected profitability of the Group's companies will allow the reversal of deferred tax on tax losses recognized in the financial statements of 31.12.2013 (€ 0.3 bn approximately).

It is noted that, the provisions of Tax Law 4172/2013 (article 72), referring to the taxation of non-distributed or non capitalized tax-free reserves of legal entities and which derive from profits that were not taxed at the time they arose had an effect of approximately € 2 ml in the Group's income tax of the year. (the Bank has not recognized deferred tax asset on its negative reserves).

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the years of 2012 and 2013 (Bulgaria: 10%, Romania: 16%, Egypt: 20% for net income not exceeding 10.000.000 EGP and 25% for net income exceeding the above amount, Serbia: 15% for 2013 and 10% for 2012, Ukraine: 19% for 2013 and 21% for 2012, Cyprus: 12.5% for 2013 and 10% for 2012, Albania: 10% and United Kingdom: 23% from 01/04/2013 and 24% for 2012 until 31/03/2013).

The tax on the Group's profit before tax differs from the theoretical amount, that would arise, using the nominal tax rates of the Group's entities, as follows:

Amounts in thousand euros (Unless otherwise stated)

	2013	2012
Results before tax	1,747,712	(1,183,246)
Tax calculated	(454,405)	236,649
Income not subject to tax (corresponding tax)	1,005,584	143,257
Non deductible expenses and provisions (corresponding tax)	(125,940)	(105,480)
Effect of different tax rates applied abroad	1,191	1,035
Impact on deferred tax from the future legally approved change of tax rate	523,879	(602)
Effect of results of investment in associates	(6,646)	2,933
Effect of change in tax law for previous year's PSI losses	-	407,123
Effect of deferred tax that is estimated not to be offset	(171,390)	(19,436)
Provisions for tax differences	(3,737)	(2,800)
Income Tax	**768,535**	**662,680**

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 in accordance with Law regulations will select a sample of companies for 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 has been audited by the tax authorities and all the unaudited fiscal years until 2010 have been finalized. In accordance with the article 82 of Law 2238/94, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A for the fiscal year 2011 has been completed and a non qualified Tax Compliance Report has been issued. It is noted that, for tax audit purposes the fiscal year 2011 has been finalized, since on 31/12/2013 a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance has been completed.

For the fiscal year 2012, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non qualified Tax Compliance Report has been issued. Namely to the subsidiaries and associates of Piraeus Bank Group that are incorporated in Greece and which must be audited according to the applicable law in force, the tax audit of these entities for the year 2012 has been completed and the relevant Tax Compliance Reports have been issued.

The unaudited tax years of the Group’s subsidiaries and affiliates, are included in (Note 26) of the Consolidated Financial Statements and therefore their tax liabilities for these years have not been finalized.

For the fiscal year 2013, the tax audit is being performed by the statutory auditors of the Group companies and is still in progress.

A provision is booked on a company by company basis to cover possible tax differences that may arise, for the unaudited tax years or those for which a Tax Compliance Report has not been issued, upon the completion of the tax audit.

The Management does not expect additional tax liabilities to arise, in excess of those already recorded and presented in the financial statements

A provision is booked to cover possible additional taxes, based on the findings of the tax audits of prior years, related to the evolution of relevant amounts. The provision raised for the unaudited tax years, which is included in the current tax liabilities, amounts to € 9.7 million for the fiscal year 2013, whereas the respective amount for the fiscal year 2012 amounts to € 10.2 million.

17 Earnings/ (Losses) per share

Basic earnings/ (losses) per share is calculated by dividing the profit/ (loss) after tax attributable to ordinary shareholders of the parent entity by the weighted average number of ordinary shares in issue during the period, 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	**1/1-31/12/2013**	**1/1-31/12/2012**
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	2,532,176	(511,614)
Weighted average number of ordinary shares in issue	2,756,287,001	114,944,482
Basic and diluted earnings/ (losses) per share (in euros) from continuing operations	0.9187	(4.4510)

Basic and diluted earnings/ (losses) per share from discontinued operations	**1/1-31/12/2013**	**1/1-31/12/2012**
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued operations	29,913	12,974
Weighted average number of ordinary shares in issue	2,756,287,001	114,944,482
Basic and diluted earnings/ (losses) per share (in euros) from discontinued operations	0.0109	0.1129

Amounts in thousand euros (Unless otherwise stated)

The weighted average number of shares has been adjusted for the comparative period from 1/1/2012 - 31/12/2012 by a 1.0057 factor, in order to adjust the results per share for the discount price of the rights issue of the share capital increase according to the requirements of IAS 33. Comparative period has been also adjusted by a factor 1/10 in order to adjust the results per share for the reverse split (note 43).

18 Analysis of other comprehensive income

A. Continuing operations

1/1 - 31/12/2013	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	74,485	(22,070)	52,415
Change in currency translation reserve	16,668	-	16,668
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	7,250	(67)	7,184
Other Comprehensive Income from continuing operations	**98,403**	**(22,136)**	**76,267**

1/1 - 31/12/2012	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	146,802	(32,358)	114,444
Change in currency translation reserve	3,640	-	3,640
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	-	0
Other Comprehensive Income from continuing operations	**150,442**	**(32,358)**	**118,084**

B. Discontinued operations

1/1 - 31/12/2013	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	8,877	-	8,877
Change in currency translation reserve	(113)	-	(113)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	40	-	40
Other Comprehensive Income from discontinued operations	**8,804**	**0**	**8,804**

1/1 - 31/12/2012	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	9,775	-	9,775
Change in currency translation reserve	3,287	-	3,287
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	-	0
Other Comprehensive Income from discontinued operations	**13,062**	**0**	**13,062**

19 Cash and balances with the Central Banks

	31 December 2013	**31 December 2012**
Cash in hand	765,839	779,859
Nostros and sight accounts with other banks	416,691	481,423
Balances with central bank	246,221	725,588
Cheques clearing system - Central Banks	164,645	103,000
Included in cash and cash equivalents less than 90 days (note 46)	**1,593,396**	**2,089,870**
Blocked Deposits	873,743	769,779
Mandatory reserves with Central Banks	407,633	447,854
	2,874,771	**3,307,503**

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

The amount of blocked deposits mainly contains mainly guarantees granted to credit institutions

Amounts in thousand euros (Unless otherwise stated)

20 Loans and advances to credit institutions

	31 December 2013	31 December 2012
Placements with banks	199,750	361,428
Cheques receivables	156	857
Reverse repurchase agreements	85,279	8,214
Included in cash and cash equivalents less than 90 days (Note 46)	**285,186**	**370,499**
Placements with banks	1,578	9,886
Reverse repurchase agreements	6,271	-
Loan and advances to credit institutions	**7,849**	**9,886**
Total loans and advances to credit institutions	**293,035**	**380,384**

The interest rates for total loans and advances to credit institutions are floating.

	31 December 2013	31 December 2012
Current loans and advances to credit institutions (up to 1 year)	292,161	376,827
Non current loans and advances to credit institutions (more than 1 year)	874	3,557
	293,035	380,384

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 or/and currency or/and shares.

The notional amounts and fair values of derivative instruments held as at year end are set out below:

At 31 December 2013	**Notional amounts**	**Fair values**	
		Assets	**Liabilities**
Derivatives held for trading			
Futures	652,963	-	-
Interest rate swaps	4,542,489	321,168	325,446
Currency swaps	2,768,930	1,967	1,935
FX forwards	360,647	202	1,117
Options and other derivative instruments	393,980	1,651	1,099
Cross Currency Interest Rate Swaps	3,137,600	-	-
		324,987	**329,597**
		Assets	**Liabilities**
Embedded equity derivatives			
Customer deposits/ loans linked to options	15,321	45	21
Total recognised derivative assets/ liabilities		**325,032**	**329,618**
Current		**7,023**	**7,444**
Non-current		**318,009**	**322,174**
		325,032	**329,618**

At 31 December 2012	**Notional amounts**	**Fair values**	
		Assets	**Liabilities**
Derivatives held for trading			
Futures	1,132,300	-	-
Asset swaps	4,761,110	424,773	418,740
Interest rate swaps	3,225,074	15,318	964
Currency swaps	174,292	134	2,670
FX forwards	4,328	1,020	710
Options and other derivative instruments	1,744,331	0	0
		441,245	**423,084**
Embedded equity derivatives			
Customer deposits/ loans linked to options	34,861	72	43
Derivatives held for fair value hedging			
Interest rate swaps	6,584	-	392
Total recognised derivative assets/ liabilities		**441,317**	**423,519**
Current		24,508	13,119
Non-current		416,810	410,401
		441,317	**423,519**

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).

Amounts in thousand euros (Unless otherwise stated)

22 Financial assets at fair value through profit or loss

Trading securities	**31 December 2013**	**31 December 2012**
Treasury bills	4,164	4,459
Foreign government bonds	3,403	6,935
Foreign government treasury bills	-	-
Included in cash and cash equivalents less than 90 days (note 46)	**7,567**	**11,393**
Greek government bonds	20,888	5,416
Foreign government bonds	159,680	316,748
Corporate entities bonds	-	95
Bank bonds	-	56
Greek government treasury bills	1,196	16,859
Foreign government treasury bills	-	-
	181,763	**339,175**
Athens stock exchange listed shares	6,989	11,628
Foreign stock exchanges listed shares	5	6
Mutual funds	606	666
	7,599	**12,299**
Total trading securities	**196,930**	**362,868**
Other financial assets at fair value through profit or loss	**17,183**	**7,833**

From the above mentioned trading securities as at 31/12/2013, amount of € 172 million relates to fixed income securities (2012: € 287 million), amount of € 12 million relates to floating rate securities (2012: € 5 million) and amount of € 5 million relates to zero coupon bonds (2012: € 59 million).

Securities pledged are presented in note 42.

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 2013	**31 December 2012**
Reverse repos with customers - individuals	7,124	1,840
Reverse repos with customers - corporate entities	-	34,084
Total reverse repos with customers	**7,124**	**35,924**

24 Loans and advances to customers and debt securities - receivables

	31 December 2013	**31 December 2012**
A) Loan and advances to customers		
Mortgages	17,657,558	12,471,397
Consumer/ personal and other loans	5,102,862	3,797,057
Credit cards	1,248,952	1,020,994
Loans to individuals	**24,009,372**	**17,289,448**
Loans to corporate entities/ Public sector	44,065,175	31,156,201
Total loans and advances to customers	**68,074,546**	**48,445,650**
Less: Allowance for impairment on loans and advances to customers	(5,708,773)	(3,832,964)
Loans and advances to customers (net of provisions)	**62,365,774**	**44,612,686**
Current loans and advances to customers (up to 1 year)	30,010,958	22,253,679
Non current loans and advances to customers (more than 1 year)	32,354,816	22,359,007
	62,365,774	**44,612,686**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 4,982 million (2012: € 4,519 million) and floating rate loans amount to € 63,093 million (2012: € 43,927 million).

Please note that the amounts of loans have been amended by fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. The relevant adjustments incurred as at acquisition date are presented in note 3.

Amounts in thousand euros (Unless otherwise stated)

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

	Loans to individuals					
	Credit cards	Consumer/ personal loans	Mortgages	Total of loans to individuals	Loans to corporate entities/ Public sector	Total
Opening balance at 1/1/2012	**153,232**	**579,989**	**126,034**	**859,255**	**2,193,144**	**3,052,399**
Opening balance for Egypt companies (discontinued operations for the year 2011)	4,674	13,185	13	17,872	70,193	**88,065**
Opening balance from discontinued operations	0	(10)	(538)	(548)	(6,603)	**(7,151)**
Charge for the period from continuing operations	46,338	233,038	73,573	352,948	1,603,921	**1,956,869**
Writte offs of loans from continuing operations	(12,999)	(33,617)	(8,942)	(55,557)	(1,180,782)	**(1,236,339)**
Foreign exchange differences from continuing operations	(449)	(2,790)	29	(3,211)	(7,335)	**(10,546)**
Other movements	-	-	-	-	(10,335)	**(10,335)**
Balance at 31/12/2012	**190,795**	**789,796**	**190,168**	**1,170,760**	**2,662,204**	**3,832,964**
Opening balance at 1/1/2013	**190,795**	**789,796**	**190,168**	**1,170,760**	**2,662,204**	**3,832,964**
Impairment loss for the period	126,896	321,865	126,667	575,428	1,641,927	**2,217,355**
Writte offs of loans from continuing operations	(41,929)	(68,586)	(6,411)	(116,926)	(165,610)	**(282,535)**
Foreign exchange differences and other movements	(2,086)	(9,674)	(1,520)	(13,280)	(45,731)	**(59,010)**
Balance at 31/12/2013	**273,677**	**1,033,401**	**308,904**	**1,615,982**	**4,092,791**	**5,708,773**

''Impairment losses on loans, debt securities and other receivables'' in the Income Statement for the year 2013 includes an amount of € 145.9 million that relates to impairment losses on other receivables and an amount of € 524 thousand that relates to loans written-off directly in the income statement.

Allowance for loans and advances to customers	**31 December 2013**	**31 December 2012**
Individual allowance	4,187,073	2,506,068
Collective allowance	1,521,700	1,326,896
Total	**5,708,773**	**3,832,964**

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	**31 December 2013**	**31 December 2012**
Up to 1 year	670,947	380,478
From 1 to 5 years	522,918	498,679
More than 5 years	1,748,595	688,307
	2,942,460	**1,567,465**
Unearned future finance income	**(253,224)**	**(263,553)**
Net investments in finance leases	**2,689,236**	**1,303,912**

Net investments in finance leases are analysed as follows:

	31 December 2013	**31 December 2012**
Up to 1 year	630,160	344,260
From 1 to 5 years	424,658	392,205
More than 5 years	1,634,418	567,448
	2,689,236	**1,303,912**

B) Debt securities - receivables	**31 December 2013**	**31 December 2012**
Corporate entities debt securities - receivables	4,535	4,740
Bank debt securities - receivables	23,846	23,846
Greek government bonds debt securities - receivables	1,272,203	1,415,002
Foreign government bonds debt securities - receivables	14,351,482	6,596,255
Total debt securities - receivables	**15,652,066**	**8,039,843**

Amounts in thousand euros (Unless otherwise stated)

Less: Allowance for impairment on debt securities - receivables	(23,846)	(23,846)
Debt securities - receivables (net of provisions)	**15,628,221**	**8,015,997**
Current loans of debt securities receivables (up to 1 year)	1,330,940	82,372
Non current loans of debt securities receivables (more than 1 year)	14,297,281	7,933,625
	15,628,221	**8,015,997**

Debt securities - receivables as at 31/12/2013 include Greek Government Bonds of nominal value € 1,280 million, which were issued according to the requirements of Law 3723/2008 “Enhancement of the Greek economy’s liquidity”. From these, debt securities with nominal value of € 782 million were transferred to Piraeus Bank in order to cover the issuance of Piraeus Bank's preference shares to the Greek State of amount € 370 million in 2009 and € 380 million in 2011. Additionally, securities of nominal value € 498 million were acquired by the Bank in the context of the transfer of selected assets and liabilities of former ATEbank. The book value of the aforementioned securities amounted to € 1,272 million as at 31/12/2013.

Foreign Government Bonds include bonds issued by the European Financial Stability Fund (EFSF) of € 7,295 million, which the Bank received under the transfer agreement of selected assets and liabilities of the former ATEbank. In the aforementioned category are also included bonds of the same issuer amounting to € 6,848 million, which the Bank received as a result of the participation of the Greek Financial Stability Fund in the share capital increase of Piraeus Bank. The book value of the above mentioned debt securities amounted to € 14,193 million as at 31/12/2013, whereas for the total balance amounts to € 14,293 million. Bonds of book value € 58 million held by subsidiaries of the Group are also included in line "Foreign government bonds debt securities - receivables".

25 Investment securities

Available for sale securities

	31 December 2013	31 December 2012
Bonds and other fixed income securities		
Greek government bonds	38,636	70,544
Foreign government bonds and EFSF bonds	320,091	826,495
Corporate entities bonds	41,608	339,503
Bank bonds	1,162	96,963
Greek government treasury bills	381,825	2,871,679
Foreign government treasury bills	111,916	134,555
Total (A)	**895,238**	**4,339,739**
Shares and other variable income securities		
Athens stock exchange listed shares	196,461	150,429
Foreign stock exchanges listed shares	26,162	26,008
Unlisted shares	150,813	237,942
Mutual Funds	56,808	52,593
Other variable income securities	52,268	29,762
Total (B)	**482,512**	**496,735**
Total available for sale securities (A) + (B)	**1,377,750**	**4,836,474**

As at 31/12/2013, amount of € 465 million relates to investment portfolio bonds and treasury bills with fixed rates (2012: € 976 million), amount of € 39 million relates to floating rate bonds (2012: € 420 million) and amount of € 391 million relates to zero coupon bonds (2012: € 2,944 million).

Amounts in thousand euros (Unless otherwise stated)

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

	31 December 2013	31 December 2012
Opening balance	**4,836,474**	**2,745,065**
Opening balance for Egypt companies (discontinued operations for the year 2011)	-	77,371
Opening balance from discontinued operations	-	(31,106)
Opening balance of new companies and banking operations acquired	41,202	1,242,521
Disposal of Subsidiaries	(10,781)	-
Additions	8,403,753	9,687,204
Disposals/ maturities	(11,916,235)	(10,490,527)
Changes in fair value	120,158	563,372
Transfers to associates (note 26)	(56,472)	(820)
Transfers to subsidiaries	(175)	-
Impairment charge	(31,755)	(70,561)
Derecognition of Greek Government bonds due to PSI	-	(153,688)
Recognition of EFSF bonds due to PSI	-	1,274,735
Foreign exchange differences	(8,419)	(7,092)
Balance at the end of the year	**1,377,750**	**4,836,474**

Held to maturity	31 December 2013	31 December 2012
Foreign government bonds	52,740	66,505
Corporate entities bonds	5,301	7,501
Total held to maturity	**58,041**	**74,006**

As at 31/12/2013, held to maturity securities relates to fixed rates with an amount of € 51 million (2012: € 74 million) and to floating rates with an amount of € 7 million.

Movement of the held to maturity securities	31 December 2013	31 December 2012
Opening balance	74,006	1,249,849
Opening balance for Egypt companies (discontinued operations for the year 2011)	-	11,181
Opening balance from discontinued operations	-	(11,275)
Opening balance of new companies and banking operations acquired	1,457	32,582
Additions	342	126,115
Sale/ maturity of securities	(16,699)	(1,026,560)
Impairment of Greek Government bonds	-	(306,850)
Subsidiaries sold	(327)	-
Foreign exchange differences	(739)	(1,036)
Balance at the end of the year	**58,041**	**74,006**

During 2013, “Sale/ Maturity of securities” mainly includes maturity of securities. During 2012, the relevant account includes sales of GGBs in the context of Piraeus Bank’s participation in the buyback program in order to reduce Greek Government’s debt. These sales meet IAS 39 rules and there is no need to apply the tainting provisions.

	31 December 2013	31 December 2012
Current investments securities (up to 1 year)	702,481	3,563,595
Non current investments securities (more than 1 year)	250,798	850,150
Total of investments securities	**953,279**	**4,413,745**

Reclassification of financial assets

The Investment portfolio as at 31/12/2013 includes mutual funds, which have been reclassified during the financial year 2008 from the “Trading securities” portfolio. Specifically, the “Available for sale securities” portfolio as at 31/12/2013 includes mutual funds with fair value of € 12.4 million. The revaluation profit of € 1.9 million for 2013 has been recognized in the “Available for Sale reserve”. In the Income Statement of the year, it has been recognized a profit of € 0.5 million from the sale of reclassified shares.

“Debt securities – receivables” portfolio as at 31/12/2013 includes bonds with fair value of € 3.4 million (amortized cost of € 4.5 million) which have been reclassified from the “Available for sale securities” portfolio during the financial years 2008 and 2010. Had these bonds not been reclassified, a revaluation gain of € 0.6 million would have been recognized in the “Available for sale reserve” of 31/12/2013. The bonds included in “Loans and advances to credit institutions” as at 31/12/2012, which had been reclassified from the “Available for sale securities” portfolio during the financial year 2008, have expired during the second quarter of 2013. No sale of reclassified bonds took place in the year 2013.

Amounts in thousand euros (Unless otherwise stated)

26 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	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania	2012-2013
2	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2013
3	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2006-2013
4	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2013
5	Piraeus Bank Egypt S.A.E.	Banking activities	98.30%	Egypt	2003-2013
6	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2011-2013
7	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus	2007-2013
8	Geniki Bank S.A.	Banking activities	99.94%	Greece	2005-2010,2012-2013
9	Piraeus Leasing Romania S.R.L.	Finance leases	100.00%	Romania	2003-2013
10	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2012-2013
11	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2010,2012-2013
12	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom	-
13	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria	2008-2013
14	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom	2013
15	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010,2012-2013
16	Picar S.A.	City Link areas management	100.00%	Greece	2010,2012-2013
17	Bulfina S.A.	Property management	100.00%	Bulgaria	2008-2013
18	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece	2010,2012-2013
19	Pireaus Direct Services S.A.	Call center services	100.00%	Greece	2010,2012-2013
20	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010,2012-2013
21	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2012-2013
22	ND Development S.A.	Property management	100.00%	Greece	2010,2012-2013
23	Property Horizon S.A.	Property management	100.00%	Greece	2010,2012-2013
24	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece	2010,2012-2013
25	Piraeus Development S.A.	Property management	100.00%	Greece	2010,2012-2013
26	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010,2012-2013
27	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2013
28	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
29	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.89%	Cyprus	2006-2013
30	Lakkos Mikelli Real Estate LTD	Property management	50.66%	Cyprus	2009-2013
31	Philoktimatiki Public LTD	Land and property development	53.31%	Cyprus	2009-2013
32	Philoktimatiki Ergoliptiki LTD	Construction company	53.31%	Cyprus	2008-2013
33	New Evolution S.A.	Property, tourism & development company	100.00%	Greece	2010,2012-2013
34	EMF Investors Limited	Investment company	100.00%	Cyprus	2008-2013
35	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2012-2013
36	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2005-2010,2012-2013
37	Sunholdings Properties Company LTD	Land and property development	26.66%	Cyprus	2008-2013
38	Polytropon Properties Limited	Land and property development	39.98%	Cyprus	2008-2013
39	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
40	Vitria Investments S.A.	Investment company	100.00%	Panama	-
41	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2013
42	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
43	Piraeus Egypt Leasing Co.	Finance leases	98.30%	Egypt	2007-2013
44	Piraeus Egypt for Securities Brokerage Co.	Stock exchange operations	98.30%	Egypt	2007-2013
45	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and reinsurance brokerage	100.00%	Romania	2009-2013
46	Piraeus Real Estate Consultants S.R.L.	Construction company	100.00%	Romania	2007-2013
47	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2007-2010,2012-2013
48	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2013
49	Olympic Commercial & Tourist Enterprises S.A.	Operating leases- Rent-a-Car and long term rental of vehicles	94.00%	Greece	2009-2010,2012-2013
50	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2013
51	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
52	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2013
53	Piraeus Real Estate Consultants Doo	Construction company	100.00%	Serbia	2008-2013
54	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2013
55	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2007-2013
56	Piraeus Bank Egypt Investment Company	Investment company	98.28%	Egypt	2007-2013
57	Piraeus Insurance Agency S.A.	Insurance - agency	100.00%	Greece	2010,2012-2013
58	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010,2012-2013
59	Piraeus Insurance Brokerage Egypt	Insurance brokerage	96.33%	Egypt	2008-2013

Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
60	Integrated Services Systems Co.	Warehouse & mail distribution management	98.30%	Egypt	2004-2013
61	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
62	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	100.00%	Greece	2010,2012-2013
63	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
64	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
65	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
66	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
67	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
68	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	-
69	R.E Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus	2009-2013
70	Pleiades Estate S.A.	Property management	100.00%	Greece	2010,2012-2013
71	Solum Limited Liability Company	Property management	99.00%	Ukraine	2009-2013
72	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2013
73	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2013
74	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010,2012-2013
75	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus	2011-2013
76	Piraeus Equity Advisors Ltd.	Investment advise	100.00%	Cyprus	2009-2013
77	Achaia Clauss Estate S.A.	Property management	74.76%	Greece	2010,2012-2013
78	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2013
79	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
80	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
81	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2009-2013
82	Curdart Holding Ltd	Holding company	100.00%	Cyprus	2009-2013
83	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2013
84	Piraeus Clean Energy Holdings LTD	Holding Company	100.00%	Cyprus	2010-2013
85	Visa Rent A Car S.A.	Rent A Car company	94.00%	Greece	2010,2012-2013
86	Adflikton Investments LTD	Property Management	100.00%	Cyprus	2009-2013
87	Costpleo Investments LTD	Property Management	100.00%	Cyprus	2010-2013
88	Cutsofiar Enterprises LTD	Property Management	100.00%	Cyprus	2010-2013
89	Gravieron Company LTD	Property Management	100.00%	Cyprus	2008-2013
90	Kaihur Investments LTD	Property Management	100.00%	Cyprus	2007-2013
91	Pertanam Enterprises LTD	Property Management	100.00%	Cyprus	2007-2013
92	Rockory Enterprises LTD	Property Management	100.00%	Cyprus	2010-2013
93	Topuni Investments LTD	Property Management	100.00%	Cyprus	2007-2013
94	Albalate Company LTD	Property Management	100.00%	Cyprus	2011-2013
95	Akimoria Enterprises LTD	Property Management	100.00%	Cyprus	2011-2013
96	Alarconaco Enterprises LTD	Property Management	100.00%	Cyprus	2011-2013
97	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece	2010,2012-2013
98	Parking Kosmopolis S.A.	Parking Management	100.00%	Greece	2010,2012-2013
99	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011-2013
100	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2013
101	Zibeno I Energy S.A.	Energy generation through renewable energy resources	83.00%	Greece	2013
102	Asset Management Bulgaria EOOD	Travel - rental services and property management	100.00%	Bulgaria	2012-2013
103	Arigeo Energy Holdings Ltd	Holding Company in Renewable Energy	100.00%	Cyprus	2012-2013
104	Exus Software Ltd.	IT products Retailer	50.10%	United Kingdom	2012-2013
105	Proiect Season Residence SRL	Real Estate Development	100.00%	Romania	2012-2013
106	Piraeus Jeremie Technology Catalyst Management S.A.	Management of Venture Capital Fund	100.00%	Greece	2013
107	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	80.00%	Greece	2013
108	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
109	Geniki Financial & Consulting Services S.A.	Financial & Consulting Services	99.94%	Greece	2010-2013
110	Geniki Insurance Agency S.A.	Insurance Agency	99.94%	Greece	2010-2013
111	Geniki Information S.A.	Assessment and collection of commercial debts	99.94%	Greece	2010-2013
112	Solum Enterprise LLC	Property management	99.00%	Ukraine	2012-2013
113	General Business Management Investitii S.R.L.	Development of Building Projects	100.00%	Romania	2013
114	Centre of Sustainable Entrepreneurship Excelixi S.A. (former Atexcelixi S.A.)	Consulting Services - Hotel - Training & Seminars	100.00%	Greece	2010,2012-2013
115	Piraeus Bank (Cyprus) Nominees Limited	Defunct	100.00%	Cyprus	2012-2013
116	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010,2012-2013
117	Mille Fin S.A.	Vehicle Trading	100.00%	Greece	2010,2012-2013
118	Millennium A.E.D.A.K.	Mutual funds management	100.00%	Greece	2010,2012-2013
119	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom	-
120	Kion Mortgage Finance No.3 Plc	SPE for securitization of mortgage loans	-	United Kingdom	-
121	Kion CLO Finance No.1 Plc	SPE for securitization of mortgage loans	-	United Kingdom	-
122	Re Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus	2013
123	Sinitem Llc	Sale and Purchase of Real Estate	99.00%	Ukraine	2013
124	Beta Asset Management Eood	Rent and Management of Real Estate	99.98%	Bulgaria	2013

Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
125	Linklife Food & Entertainment Hall S.A.	Operation of Food and Entertainment Halls	100.00%	Greece	2013
126	R.E. Anodus SRL	Real Estate Development	99.09%	Romania	2013
127	Entropia Ktimatiki S.A.	Property Management	66.70%	Greece	2010-2013
128	Tellurion Ltd	Holding Company	100.00%	Cyprus	2013
129	Tellurion Two Ltd	Holding Company	99.09%	Cyprus	2013

Companies numbered 28, 51, 61, 63-67 and 119-121 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 37 and 38 although presenting less than 50% holding percentage, are included in the Group's subsidiaries' portfolio due to existence of control.

Also, as at 31/12/2013 the companies numbered 27, 39, 40, 48, 53 and 120-121 were under liquidation.

The subsidiaries that are excluded from the consolidation are as follows: a) “Asbestos Mines S.A.”, b) “Hellenic Industry of Aluminum”, c) “Oblivio Co. Ltd”, d) “ELSYP S.A.”, e) “Blue Wings Ltd”, f) “Piraeus Bank’s Congress Centre”, g) “Piraeus Bank Group Cultural Foundation”, h) “Procas Holding Ltd”, i) “Torborg Maritime Inc.”, j) “Isham Marine Corp.”, k) “Cybele Management Company”, l) “Alegre Shipping Ltd.”, m) “Maximus Chartering Co.” and n) “Lantana Navigation Corp.”. The companies numbered (a)-(d) are fully depreciated, under liquidation or dissolution status. The company numbered (h) has not started operating yet. The companies numbered (i)-(n) have been inactivated and they will be set under dissolution. The consolidation of the above non consolidated companies does not affect the financial position and result of the Group.

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	2010-2013
2.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2013
3.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2013
4.	Alexandria for Development & Investment	Investment company	21.63%	Egypt	2008-2013
5.	Nile Shoes Company	Footwear seller- manufacturer	38.67%	Egypt	2003-2013
6.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding Company	27.80%	Greece	2010,2012-2013
7.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	27.80%	Greece	2010,2012-2013
8.	Trieris Real Estate LTD	Property management	22.94%	British Virgin Islands	-
9.	European Reliance Gen. Insurance Co. S.A.	General and life insurance and reinsurance	30.23%	Greece	2010,2012-2013
10.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece	2010,2012-2013
11.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010,2012-2013
12.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece	2010,2012-2013
13.	Euroterra S.A.	Property management	39.22%	Greece	2010-2013
14.	Rebikat S.A.	Property management	40.00%	Greece	2010-2013
15.	Abies S.A.	Property management	40.00%	Greece	2010-2013
16.	ACT Services S.A.	Accounting and tax consulting	49.00%	Greece	2012-2013
17.	Exodus S.A.	Information technology & software	49.90%	Greece	2010,2012-2013
18.	Good Works Energy Photovoltaics S.A.	Construction & operation PV solar projects	33.15%	Greece	2006,2012-2013
19.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	50.01%	Greece	-
20.	AIK Banka	Banking activities	20.86%	Serbia	2006-2013
21.	Teiresias S.A.	Inter banking company. Development, operation and management of information systems	23.53%	Greece	2010,2012-2013
22.	PJ Tech Catalyst Fund	Close end Venture capital fund	30.00%	Greece	-
23.	Pyrrichos S.A.	Property management	50.76%	Greece	2010,2012-2013
24.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	23.42%	Greece	2007-2013
25.	Euroak S.A. Real Estate	Real Estate Investment	32.81%	Greece	2010-2013

The company numbered 19 is included in the associate companies’ portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investment committee of the fund, which takes the investment decisions. The company numbered 18 is under liquidation as at 31/12/2013. The company numbered 23 is included in the associate companies´ portfolio since the Group has significant influence and not control.

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

The associate company “Evrytania S.A. Agricultural Development Company” has been excluded from the consolidation since it is under idle status.

C) Subsidiaries from discontinued operations

Piraeus Bank Group subsidiary companies ATE Insurance S.A. and ATE Insurance Romania S.A., that are included in discontinued operations, are analyzed below.

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
1.	ATE Insurance S.A.	Insurance	100.00%	Greece	2008-2010 2012-2013
2.	ATE Insurance Romania S.A.	Insurance	99.47%	Romania	2007-2013

Amounts in thousand euros (Unless otherwise stated)

D) Movement on investment in associates

	31 December 2013	31 December 2012
Opening balance	301,696	214,641
Opening balance for Egypt companies (discontinued operations for the year 2011)	0	1,406
Opening balance from new companies	0	69,644
Additions	24,532	1,453
Disposals	1,116	(18)
Share of profit/ (loss) after tax	(28,770)	14,666
Transfers from available for sale portfolio (note 25)	56,472	821
Tranfers to subsidiary companies	(9,950)	0
Share in dividends paid	(2,720)	(2,271)
Impairment	(35,457)	(596)
Foreign exchange differences and other adjustments	(1,952)	1,949
Balance at the end of the year	**304,966**	**301,696**

Basic Financial data of Associates

Company	Country	31 December 2013 Participation %	Profit/ (Loss) before tax	Total revenues	Total assets	Total liabilities
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	(0)	34	186	3
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	(16)	1,319	1,112	1,063
PROJECT ON LINE S.A.	Greece	40.00%	31	760	122	651
ALEXANDRIA FOR DEVELOPMENT & INVESTMENT	Egypt	21.63%	(3,157)	316	7,855	7,474
NILE SHOES COMPANY	Egypt	38.67%	21	1,480	1,119	271
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	(3,136)	497	60,178	19
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	(6,290)	4	68,584	2,853
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.94%	269	1,726	46,141	15,120
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	*	*	*	*
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(15,000)	7	141,567	141,567
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	28.10%	(32,711)	(13,218)	196,240	114,570
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	*	*	*	*
EUROTERRA S.A.	Greece	39.22%	(3,900)	429	126,195	13,193
REBIKAT S.A.	Greece	40.00%	(9,382)	21	8,917	102
ABIES S.A.	Greece	40.00%	4,772	44	7,046	18
ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Greece	49.00%	195	2,387	1,135	666
EXODUS S.A.	Greece	49.90%	496	7,515	11,583	9,735
GOOD WORKS ENERGY PHOTOVOLTAICS S.A.	Greece	33.15%	(79)	2	119	2
PIRAEUS-TANEO CAPITAL FUND	Greece	50.01%	(753)	5	20,540	1,169
AIK BANKA	Serbia	20.86%	*	*	*	*
TEIRESIAS S.A.	Greece	23.53%	(1,759)	11,060	4,478	3,080
PIRAEUS JEREMIE TECH CATALYST FUND	Greece	30.00%	(94)	0	1,673	386
PYRRICHOS S.A.	Greece	50.76%	(245)	177	15,955	18,231
HELLENIC SEAWAYS A.N.E.	Greece	23.42%	(38,070)	94,688	288,235	201,948
EUROAK S.A. REAL ESTATE	Greece	32.81%	186	341	17,035	11,435

(*) At the date of approval of the Bank's consolidated financial statements, the listed associate companies 'European Reliance Gen. Insurance Co. S.A.', Trastor Real Estate Investment Company and AIKBANKA, haven't published their annual financial statements for the year 2013. Therefore, it was not necessary to report aggregates and balances for these companies. 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. According to stock market prices of 31/12/2013, the fair value of the Bank's shareholding to associate listed companies is as follows: European Reliance Gen. Insurance Co. S.A. € 10.4 million, Trastor Real Estate Investment Company € 18.10 million and AIK BANKA € 26.9 million.

Company	Country	31 December 2012 Participation %	Profit / (Loss) before tax	Total revenues	Total assets	Total liabilities
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	3	35	188	5
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	4	1,354	1,666	1,600
PROJECT ON LINE S.A.	Greece	40.00%	(39)	497	19	579
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	(2,099)	388	66,285	1,449
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	(181)	5	71,971	240
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.94%	(1,182)	1,994	47,296	17,135
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	12,182	162,208	278,877	228,655
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(14,722)	14	151,855	151,855

Amounts in thousand euros (Unless otherwise stated)

Company	Country	Participation %	Profit / (Loss) before tax	Total revenues	Total assets	Total liabilities
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	28.10%	2,727	12,543	236,295	115,908
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	(3,762)	(1,574)	94,476	8,655
EUROTERRA S.A.	Greece	39.22%	(433)	463	129,274	12,372
REBIKAT S.A.	Greece	40.00%	(26)	0	18,264	68
ABIES S.A.	Greece	40.00%	(39)	44	2,264	8
ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Greece	49.00%	97	2,751	927	552
EXODUS S.A.	Greece	50.10%	(1,877)	6,427	9,178	7,337
GOOD WORKS ENERGY PHOTOVOLTAICS S.A.	Greece	33.15%	(6)	0	214	19
ENTROPIA KTIMATIKI S.A.	Greece	33.30%	(71)	0	30,253	7,108
PIRAEUS-TANEO CAPITAL FUND	Greece	50.01%	(722)	40	15,861	837
ALEXANDRIA FOR DEVELOPMENT & INVESTMENT	Egypt	21.63%	162	288	8,718	3,475
NILE SHOES COMPANY	Egypt	38.67%	17	1,161	1,376	0
AIK BANKA	Serbia	20.86%	18,023	51,078	1,357,322	(915,335)
TEIRESIAS S.A.	Greece	22.28%	(183)	3,874	7,058	3,620
PIRAEUS JEREMIE TECH CATALYST FUND	Greece	30.00%	(450)	0	0	0
PYRRICHOS S.A.	Greece	50.62%	(13)	87	16,011	18,096

27 Balance sheet - Discontinued operations

The assets and liabilities as at 31/12/2013 and 31/12/2012 concern the companies ATE Insurance S.A and ATE Insurance Romania S.A.:

ASSETS	31 December 2013	31 December 2012
Cash and balances with Central Banks	817	1,305
Loans and advances to credit institutions	1,989	17
Trading securities	9,569	5,058
Available for sale securities	90,813	109,980
Held to maturity	19,976	29,376
Intangible assets	898	889
Property, plant and equipment	47,894	54,342
Investment property	2,246	2,246
Deferred tax assets	64,263	50,843
Other assets	119,192	123,094
Total Assets	**357,657**	**377,150**
LIABILITIES		
Retirement benefit obligations	7,376	4,090
Other provisions	505,976	560,386
Current income tax liabilities	-	50
Deferred tax liabilities	17	15
Other liabilities	43,205	41,114
Total Liabilities	**556,574**	**605,654**

28 Intangible assets

2012

Cost	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2012	149,448	257,116	117,663	524,226
Opening balance for Egypt companies (discontinued operations for the year 2011)	13,289	15,775	-	29,064
Opening balance from discontinued operations	(18,195)	(309)	(7,336)	(25,840)
Balance of ATEbank and its subsidiaries at acquitition date	-	5,757	-	5,757
Opening balance of new subsidiaries at acquitition date	-	42,224	11,178	53,402
Additions	97,272	31,608	2,000	130,880
Transfers in	-	22,458	1,305	23,763
Transfers out	-	(481)	(1,230)	(1,711)
Write -offs	-	(3,179)	(1,982)	(5,161)
Impairment	(26,382)	-	(18,155)	(44,537)
Foreign exchange differences	-	(2,118)	(218)	(2,336)
Cost as at 31 December 2012	**215,431**	**368,851**	**103,224**	**687,506**

Amounts in thousand euros (Unless otherwise stated)

Accumulated depreciation	**Goodwill**	**Software**	**Other intangible**	**Total**
Opening balance as at 1 January 2012	-	(131,692)	(67,082)	(198,773)
Opening balance for Egypt companies (discontinued operations for the year 2011)	-	(5,583)	-	(5,583)
Opening balance from discontinued operations	-	256	5,907	6,163
Balance of ATEbank and its subsidiaries at acquitition date	-	(1,838)	0	(1,838)
Opening balance of new subsidiaries at acquitition date	-	(38,823)	(8,937)	(47,760)
Charge for the year	-	(31,582)	(6,536)	(38,118)
Transfers in	-	-	(0)	-
Transfers out	-	467	1,230	1,697
Write -offs	-	3,113	1,982	5,096
Foreign exchange differences	-	1,279	87	1,365
Accumulated depreciation as at 31 December 2012	**0**	**(204,402)**	**(73,349)**	**(277,751)**
Net book value as at 31 December 2012	**215,431**	**164,449**	**29,875**	**409,755**

2013

Cost	**Goodwill**	**Software**	**Other intangible**	**Total**
Opening balance as at 1 January 2013	215,431	368,851	103,224	687,506
Opening balance of new subsidiaries at acquisition date	0	17,222	0	17,222
Completion of the purchase price allocation	(95,000)	0	0	(95,000)
Opening balance of liquidated subsidiaries	(51)	(14)	0	(65)
Additions	0	43,435	1,118	44,553
Transfers in category	0	37,946	1,545	39,491
Transfers out of category	0	(12)	0	(12)
Write -offs	0	(1,243)	(338)	(1,581)
Impairment	(67,574)	-	-	(67,574)
Sale of Subsidiary	-	(2,019)	-	(2,019)
Foreign exchange differences	17	(2,648)	(83)	(2,714)
Cost as at 31 December 2013	**52,824**	**461,518**	**105,467**	**619,809**

Accumulated depreciation	**Goodwill**	**Software**	**Other intangible**	**Total**
Opening balance as at 1 January 2013	0	(204,402)	(73,349)	(277,751)
Opening balance of new subsidiaries at acquitition date	-	(99)	0	(99)
Opening balance of liquidated subsidiaries	-	14	0	14
Charge for the year	-	(39,046)	(7,944)	(46,990)
Write -offs	-	1,241	338	1,579
Sale of Subsidiary	-	1,905	-	1,905
Foreign exchange differences	-	1,834	43	1,877
Accumulated depreciation as at 31 December 2013	**0**	**(238,553)**	**(80,912)**	**(319,465)**
Net book value as at 31 December 2013	**52,824**	**222,965**	**24,555**	**300,344**

The goodwill of amount € 52.8 million relates mainly to foreign subsidiaries, for which no trigger for impairment has occurred.

Goodwill is assessed for impairment on an annual basis or more frequently in case that there is an indication of impairment. During 2013, as a result of the impairment testing process, a loss of €67.6 million arose that related to the nearly full impairment of the goodwill for the following Group subsidiaries. Specifically: a) the goodwill that was recognised in total assets of Piraeus Bank Cyprus LTD, following the acquisition of the activities of the branch of ArabBank, was impaired by €14.7 million, b) the goodwill of the company Olympic Commercial & Tourist Enterprises S.A. was impaired by €38.5 million, and c) the goodwill of Piraeus Bank Egypt SAE was impaired by €13.2 million. This impairment loss is mainly due to the general economic climate and more specifically due to the reduced estimated cash flows of the aforementioned companies, resulting in recoverable amounts being lower than the respective carrying values.

29 Property, plant and equipment

2012	**Land and buildings**	**Furniture, electronic and other equipment**	**Assets under construction**	**Other tangible assets**	**Leasehold improvements**	**Total**
Cost						
Opening balance as at 1 January 2012	332,629	356,082	72,966	456,488	286,595	1,504,760
Opening balance for Egypt companies (discontinued operations for the year 2011)	36,990	16,714	2,118	1,300	13,901	71,022
Opening balance from discontinued operations	(900)	(5,572)	-	-	(8,315)	(14,788)
Balance of ATEbank and its subsidiaries at acquitition date	319,898	24,854	456	586	10,759	356,553
Opening balance of new subsidiaries at acquitition date	98,888	46,041	32	0	35,652	180,613
Impairment	(3,140)	(6)	0	(1,426)	0	(4,572)
Additions	5,246	9,371	74,816	68,323	3,198	160,954
Transfers in category	4,719	1,933	(186)	3,042	682	10,190
Transfers out of category	(2,204)	(683)	(26,924)	(18,918)	(288)	(49,016)
Disposals	(2,470)	(3,938)	(92)	(45,782)	(6,199)	(58,480)
Write - offs	(236)	(6,781)	(4,140)	(1,303)	(19,614)	(32,075)
Foreign exchange differences	(2,599)	(4,163)	(299)	(140)	(2,319)	(9,520)
Cost as at 31 December 2012	**786,819**	**433,851**	**118,748**	**462,171**	**314,052**	**2,115,641**

Amounts in thousand euros (Unless otherwise stated)

2012	**Land and buildings**	**Furniture, electronic and other equipment**	**Assets under construction**	**Other tangible assets**	**Leasehold improvements**	**Total**
Accumulated depreciation						
Opening balance as at 1 January 2012	(48,574)	(266,479)	-	(173,514)	(119,438)	(608,004)
Opening balance for Egypt companies (discontinued operations for the year 2011)	(8,951)	(13,419)	-	(777)	(10,427)	(33,574)
Opening balance from discontinued operations	150	4,654	-	0	4,895	9,699
Balance of ATEbank and its subsidiaries at acquitition date	(4,494)	(3,251)	-	(256)	(57)	(8,058)
Opening balance of new subsidiaries at acquitition date	(37,586)	(41,913)	-	0	(29,316)	(108,815)
Charge for the year	(11,084)	(27,266)	-	(53,645)	(25,579)	(117,575)
Transfers in category	(524)	(16)	-	0	(59)	(599)
Transfers out of category	179	506	-	12,132	286	13,103
Disposals	161	3,787	-	22,463	6,142	32,552
Write - offs/ impairment	0	6,510	-	689	19,493	26,693
Foreign exchange differences	754	1,069	-	155	1,448	3,427
Accumulated depreciation as at 31 December 2012	**(109,968)**	**(335,817)**	**0**	**(192,753)**	**(152,613)**	**(791,151)**
Net book value as at 31 December 2012	**676,851**	**98,034**	**118,748**	**269,418**	**161,439**	**1,324,490**

During 2012, impairment of fixed assets of € 23.2 million was realised.

The above total depreciation charge for the year 2012 (€ 117,575 thousand) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises S.A. of € 50,305 thousand which is included in "Other operating income" of the Consolidated Income Statement.

During 2012, the Group made a) transfers from “investment property” of € 3.9 million, due to commencement of owner-occupation, b) transfers to “intangible assets” of € 23.8 million due to commencement of operational use, c) transfers to 'Assets held for sale' of amount € 1.8 million, d) tranfers to 'Inventories Cars' of € 4.6 million.

2013	**Land and buildings**	**Furniture, electronic and other equipment**	**Assets under construction**	**Other tangible assets**	**Leasehold improvements**	**Total**
Cost						
Opening balance as at 1 January 2013	786,819	433,851	118,748	462,171	314,052	2,115,641
Opening balance of liquidated subsidiaries	0	(9)	(18,645)	0	(2)	(18,656)
Opening balance of new subsidiaries at acquisition date	80,915	29,967	0	4,250	40,370	155,503
Completion of the purchase price allocation	5,477	0	0	0	0	5,477
Impairment	(13,447)	(12)	-	(21)	(24)	(13,503)
Additions	39,453	35,638	26,057	91,507	12,135	204,790
Transfers in category	12,532	8,435	33	5,866	2,086	28,953
Transfers out of category	(12,424)	(106)	(71,984)	(58,287)	(470)	(143,271)
Disposals	(775)	(5,134)	(133)	(32,255)	(1,531)	(39,829)
Write - offs	(100)	(12,202)	(2,540)	(3,121)	(8,756)	(26,719)
Sale of subsidiary	(297)	(2,691)	0	(121)	0	(3,108)
Foreign exchange differences	(5,227)	(2,838)	1,156	(196)	(2,062)	(9,168)
Cost as at 31 December 2013	**892,926**	**484,900**	**52,693**	**469,793**	**355,797**	**2,256,110**

Accumulated depreciation	**Land and buildings**	**Furniture, electronic and other equipment**	**Assets under construction**	**Other tangible assets**	**Leasehold improvements**	**Total**
Opening balance as at 1 January 2013	(109,968)	(335,817)	0	(192,753)	(152,613)	(791,151)
Opening balance for Egypt companies (discontinued operations for the year 2011)	0	8	-	589	2	599
Opening balance of new subsidiaries at acquitition date	(30)	(6,348)	-	22	1,134	(5,222)
Charge for the year	(17,097)	(33,184)	-	(56,961)	(26,168)	(133,409)
Transfers in category	(6)	(22)	-	0	(230)	(258)
Transfers out of category	3,039	0	-	36,533	8	39,580
Disposals	91	4,975	-	16,481	1,520	23,067
Write - offs/ impairment	7	11,775	-	1,425	6,826	20,032
Sale of subsidiary	244	1,912	-	108	0	2,263
Foreign exchange differences	1,969	917	-	136	1,765	4,786
Accumulated depreciation as at 31 December 2013	**(121,750)**	**(355,784)**	**0**	**(194,420)**	**(167,757)**	**(839,712)**
Net book value as at 31 December 2013	**771,176**	**129,116**	**52,693**	**275,373**	**188,040**	**1,416,399**

During 2013, impairment of fixed assets of € 21.3 million was realised.

The above total depreciation charge for the year 2013 (€ 180,399 thousand) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises S.A. of € 53,573 thousand which is included in "Other operating income" of the Consolidated Income Statement.

Amounts in thousand euros (Unless otherwise stated)

During 2013, the Group made a) transfers from “investment property” of € 3.48 million, due to commencement of owner-occupation, b) transfers to “intangible assets” of € 39.5 million due to commencement of operational use, c) tranfers to “Inventories" of € 15.62 million and d) tranfers to ”Inventories property'” of € 6 million., d) transfers to 'Assets held for sale' of amount € 3.45 million, e) tranfers to 'Investment property' of € 12.99 million and tranfers to other assets of € 0.9 million.

30 Investment property

	2013	2012
Opening balance	1,078,513	877,512
Opening balance of acquired banking activities	26,441	238,597
Completion of the purchase price allocation	5,486	0
Revaluation of investment property	(84,289)	(70,836)
Additions	33,563	32,749
Transfers in	45,634	9,682
Transfers out	(192,406)	(7,697)
Disposals	(3,180)	(1,018)
Write offs	(265)	0
Fx differences and other adjustments	(6,635)	(477)
Balance at the end of the year	**902,861**	**1,078,513**

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 2.17. The total fair value of investment property under finance leases as at 31/12/2013 is € 306.1 million (2012: € 340.3 million).

Rental income from investment property amounts to € 17,181 thousand (2012: € 18,673 thousand). Operating expenses of investment property that is rented to third parties equal to € 1,424 thousand (2012: € 1,905 thousand).

During 2013, the Group made transfers a) of € 185.3 million to “Inventories property” due to non-fulfillment of the criteria for classification under IAS 40, b) of 3.5 million to owner occupied “Land and buildings", c) € 29 million from 'Inventories property' due to lease of the property and d) of € 13 million from assets under construction.

The fair value of Investment Property amounting to 902.9 mil € has been classified in Level 3

If the discount rate used for the estimation of the fair value, as of 31 December 2013, was increased by 100 bps, the fair value of the investment property would be reduced by approximately € 39 million. On the contrary, if the discount rate was reduced by 100 bps, the fair value of the investment property would be increased by approximately € 47 million.

31 Assets Held for sale

Opening balance as at 1/1/2012	**14,021**
Opening balance for Egypt companies (discontinued operations for the year 2011)	1,091
Additions	4,484
Transfers in	1,784
Transfers out	0
Disposals	(3,891)
Impairment	(1,441)
Currency translation differences	(510)
Balance as at 31/12/2012	**15,537**
Opening balance as at 1/1/2013	**15,537**
Additions	14,513
Transfers in	18,629
Transfers out	(2,397)
Disposals	(9,210)
Impairment	(1,911)
Currency translation differences	(418)
Balance as at 31/12/2013	**34,743**

During 2013, the loss from the sale of assets was € 586.8 thousand (2012: loss € 245.3 thousand) which was included in the profit and loss statement in line "Other operating income".

As at 31/12/2013, assets held for sale include mainly properties of subsidiaries in Bulgaria, Romania, Serbia, Egypt and Ukraine for which sale procedure is proceeding and it is expected to be finalised in 2014.

Amounts in thousand euros (Unless otherwise stated)

32 Other assets

	31 December 2013	31 December 2012
Inventories - property	669,125	443,906
Inventories - property (A)	**669,125**	**443,906**
Inventories - cars	17,303	22,476
Other inventories	20,856	20,480
Other inventories and Inventories - cars (B)	**38,160**	**42,957**
Prepaid expenses	185,676	223,631
Accrued income	20,359	16,343
Prepaid taxes and taxes withheld	111,378	81,704
Claims from tax authorities and the State	461,886	468,703
Credit cards	129,801	128,565
Receivables from third parties	111,885	132,479
Receivables from Hellenic Financial Stability Fund	-	794,825
Receivables from TEKE	345,429	238,289
Other items	613,344	357,464
Other receivables (C)	**1,979,757**	**2,442,005**
Other assets	**2,687,042**	**2,928,867**

	31 December 2013	31 December 2012
Current other assets (up to 1 year)	1,801,325	1,955,636
Non current other assets (more than 1 year)	178,432	486,369
Total	**1,979,757**	**2,442,005**

Inventories property as at 31/12/2013 include property of ETVA Industrial Parks S.A. of amount € 120 million (2012: € 114 million), and property acquired by the bank or by Group Subsidiaries through auctions of amount € 537 million (2012: € 324 million) as well as inventories property of real estate subsidiaries of total amount of € 13 million (2012: €6 million).

Line “Other items” primarily includes balances of various accounts that relate to daily activitιes of the Group and the movement in the balance is mainly due to the acquisition of relevant items from former ATEbank S.A., the banking operations of Cypriot banks (Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank) and Millennium Bank S.A..

33 Due to credit institutions

	31 December 2013	31 December 2012
Amounts due to central banks	17,876,932	31,640,708
Deposits from other banks	276,196	195,509
Repurchase agreement - credit institutions and guarantee deposits	7,738,010	618,475
Other obligations to banks	383,814	106,630
	26,274,952	**32,561,322**
Current due to banks (up to 1 year)	26,107,611	32,156,543
Non current due to banks (more than 1 year)	167,341	404,779
	26,274,952	**32,561,322**

Balances due to credit institutions bear floating rates.

“Due to credit institutions” includes refinancing operations through repo transactions within the eurosystem amounting to € 17.9 billion (31/12/2012: € 31.6 billion). It is noted that the Bank regained access to the funding through ECB in mid-January 2013. The decrease in the refinancing raised from the eurosystem during 2013, is mainly due to the improvement of the Group's liquidity through customer deposits as well as due to interbank repo transactions.

34 Liabilities at fair value through profit or loss

As at 31/12/2013, the open short positions for Greek Government bonds and treasury bills & other eligible bills, amounted to € 0.5 million (2012: € 21.95 million). These amounts are of a short term nature and result from the trading activity in the secondary market within the scope of managing the Group’s positions.

35 Due to customers

	31 December 2013	31 December 2012
Corporate		
Current and sight deposits	6,681,967	4,631,328
Term deposits	5,575,333	3,449,567
Other accounts, blocked deposits and guarantee deposits	249,080	111,567
Repurchase agreements	14,411	2,494
Total	**12,520,790**	**8,194,956**
Retail		
Current and sight deposits	2,281,624	1,430,281
Savings account	12,870,403	10,714,775
Term deposits	26,481,239	16,400,537
Other accounts, blocked deposits and guarantee deposits	23,783	28,068
Repurchase agreements	784	1,455
Total	**41,657,833**	**28,575,116**

	31 December 2013	31 December 2012
Cheques payable and remittances	**100,697**	**201,136**
Total Due to Customers	**54,279,320**	**36,971,208**
Current (up to 1 year)	53,771,192	36,270,878
Non current (more than 1 year)	508,129	700,331
	54,279,320	**36,971,208**

Other accounts include cheques payable and remittances of € 101 million (2012: € 201 million). Customer deposits (excluding cheques payable and repos) with floating rates are € 21,615 million (2012: € 16,542 million) and with fixed rate are € 32,549 million (2012: € 20,224 million).

The increase in "Due to customers" is mainly due to the acquisition of customer deposits of the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank and Millennium Bank, and also is due to the movement of the customers' deposits.

36 Debt securities in issue

		31 December 2013	31 December 2012
ETBA bonds (A)		**0**	**965**
Euro Medium Term Note (Medium/ long term securities)	**Interest rate (%)**		
€ 60 m. floating rate notes due 2015	3.80%	60,000	60,000
€ 25.5 m. fixed rate notes due 2013	Fixed 4.5%	0	14,555
Accrued interest and other expenses		1,197	613
Total (B)		**61,197**	**75,168**
Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 m. floating rate notes due 2040	3M Euribor + 0.21%	56,665	71,266
€ 1,250 m. floating rate notes due 2054	3M Euribor + 0.22%	116,098	215,915
€ 600 m. floating rate notes due 2051	3M Euribor + 0.20%	71,400	-
Total (C)		**244,163**	**287,181**
Bonds convertible to shares (D)		0	170,388
Total debt securities in issue (A)+(B)+ (C)+(D)		**305,360**	**533,702**
Current debt securities in issue (up to 1 year)		589	15,644
Non current debt securities in issue (more than 1 year)		304,772	518,058
Total debt securities in issue		**305,361**	**533,702**

It should be noted that, apart from the debt securities in the table above, as at 31/12/2013 liabilities arising from securitisations of loans are retained by Piraeus Bank. These issues are the first and third securitization 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.

Issuance under the Euro Medium Term Note program is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group bearing the guarantee of Piraeus Bank, or directly through Piraeus Bank.

In May 2013, in June 2013 and in December 2013 Piraeus Bank issued 3 one - year senior bonds, in the total amount of € 8,148.6 million. All bonds were issued with unconditional and irrevocable guarantee of the Hellenic Republic, under Art. 2 of Law 3723/2008, through Piraeus Bank's EMTN programme. The bonds pay a floating rate coupon of 3M Euribor plus 1,200 bps. All bonds have been retained by Piraeus Bank.

In the context of the participation of Societe Generale in the share capital increase of Piraeus Bank, the convertible bonds of € 170 million were converted into Piraeus Bank shares in the second quarter of 2013, according to their issue terms.

On 9 December 2013, the grandfathering of the Residential Mortgage Backed Securities Kion Mortgage Finance was completed,with the transfer of obligations and rights by Millenium Bank to Piraeus Bank. Tthe principal banlance after amortisation of the securitisation was € 95 million of which € 24 million were retained by Piraeus Bank.

Piraeus Bank, during 2013 proceeded to the buy back of bonds of securitised loans of total amount after amortisation € 86 million.

Amounts in thousand euros (Unless otherwise stated)

37 Hybrid capital and other borrowed funds

Hybrid capital (Tier I)	**Interest rate (%)**	**31 December 2013**	**31 December 2012**
€ 200 m. floating rate notes due 2034	3M Euribor + 1.25%	18,500	59,916
		18,500	**59,916**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	3M Euribor + 1.85%	236,490	263,136
Accrued interest and other expenses		1,014	1,089
		237,504	**264,225**
Total hybrid capital and other borrowed funds		**256,004**	**324,141**

The Bank is not in default of any payments of principal and interest of the subordinated debt. In the third quarter of 2012, it has been decided that the interest return on hybrid capital will not be paid, taking into account the special terms and conditions that rule out the related payments.

On 13 May 2013 Piraeus Bank announced a Tender Offer to purchase existing securities for cash. The Tender Offer referred to subordinated (€ 262 mio) and hybrid (€ 59 mio). On 28 May Piraeus Bank announced that it accepted offers of € 26.2 mio subordinated securities and € 39.5 mio of hybrid securities.

Total hybrid capital and other borrowed funds of amount € 256 million are classified in category non current (more than 1 year).

38 Other liabilities

	31 December 2013	**31 December 2012**
Prepaid income	31,041	37,823
Accrued expenses	73,643	49,581
Obligations under finance leases	311,702	292,961
Transactions with Interbank Systems (DIAS)	176,023	140,307
Withholding taxes and contributions	97,875	59,613
Creditors	165,665	143,454
Other liability accounts	299,919	270,238
Liability from collections on behalf of Public sector and third parties	29,479	41,723
	1,185,347	**1,035,700**
Current other liabilities (up to 1 year)	828,933	689,881
Non current other liabilities (more than 1 year)	356,414	345,819
	1,185,347	**1,035,700**

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 2013**	**31 December 2012**
Up to 1 year	14,978	9,010
From 1 to 5 years	97,783	86,497
More than 5 years	2,132,774	2,161,315
	2,245,536	**2,256,822**
Finance expense	(1,933,833)	(1,963,861)
Net liabilities from finance leases	**311,702**	**292,961**

Net liabilities from finance leases may be analyzed as follows:

	31 December 2013	**31 December 2012**
Up to 1 year	26,990	26,185
From 1 to 5 years	68,637	86,262
More than 5 years	216,076	180,514
	311,702	**292,961**

Obligations under finance leases mainly consist of the liability (€ 294 million) arising from the finance lease agreement for the Citylink building by the Group subsidiary Picar SA, of total duration fifty two years.

39 Other provisions

Provisions for outstanding litigations	**31 December 2013**	**31 December 2012**
Opening balance	10,189	1,889
Opening balance of Egypt companies (discontinued operations for the year 2011)	0	389
Balance of ATEbank and its subsidiaries at acquisition date	0	345
Opening balance of new companies	2,574	5,789
P&L charge for the period	3,859	2,854
Write offs	(1,253)	(228)
FX differences	(183)	(128)
Other movements	(734)	(720)
Balance at the end of the year	**14,452**	**10,189**

Amounts in thousand euros (Unless otherwise stated)

Provisions for outstanding litigations	**31 December 2013**	**31 December 2012**
Current (up to 1 year)	2,271	2,983
Non-current (more than 1 year)	12,180	7,206
	14,452	**10,189**

Other provisions	**31 December 2013**	**31 December 2012**
Opening balance	11,946	16,414
Opening balance of Egypt companies (discontinued operations for the year 2011)	0	1,097
Opening balance of new companies	10,738	0
P&L charge for the period	6,047	5,729
Write offs	(1,106)	(139)
FX differences	(652)	(535)
Sale of subsidiaries	(10)	0
Other movements	(1,534)	(10,620)
Balance at the end of the year	**25,430**	**11,946**

Other provisions	**31 December 2013**	**31 December 2012**
Current (up to 1 year)	4,897	6,209
Non-current (more than 1 year)	20,533	5,737
	25,430	**11,946**

40 Deferred tax

Deferred income taxes for the Group are calculated on all temporary differences under the liability method. The nominal tax rates of Group subsidiaries are different compared to the nominal tax rate of the Bank (note 16).

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

Deferred tax liabilities	**31 December 2013**	**31 December 2012**
Pensions and other post retirement benefits	(33)	(156)
Impairment of loans and receivables	(602)	(552)
Other provisions	(3,917)	(1,024)
Securities valuation	824	1,206
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	(2,311)	(1,684)
Investment property valuation	18,012	12,092
Depreciation of property, plant and equipment	26,494	21,390
Intangible assets	(27)	(72)
Adjustment of nominal tax rates	0	0
Recognition of tax losses	(93)	(775)
Impairment of securities	0	(42)
Deferred tax liability of purchase price allocation exercise	653	891
Other deferred tax items	3,300	5,941
	42,300	**37,215**
Deferred tax assets		
Pensions and other post retirement benefits	34,020	26,077
Impairment of loans and receivables	1,534,861	679,149
Other provisions	7,686	5,929
Securities valuation	(42,869)	32,528
Derivative financial instruments valuation	1,374	(829)
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	(179,984)	8,548
Investment property valuation	(17,812)	(9,184)
Depreciation of property, plant and equipment	(29,164)	(17,018)
Intangible assets	45,535	(18,790)
Adjustment of nominal tax rates	0	0
Recognition of tax losses	263,872	169,872
Impairment of Greek government bonds	1,316,821	1,018,960
Impairment of securities	101	(779)
Other deferred tax items	(72,725)	3,011
	2,861,716	**1,897,474**
Net deferred tax asset	**2,819,417**	**1,860,259**

Amounts in thousand euros (Unless otherwise stated)

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

	2013	2012
Net deferred tax asset as at 1 January	**1,860,260**	**1,131,352**
Impact from the retrospective application of IAS 19 amendment	-	2,659
Opening balance of deferred tax liability for Egypt companies (discontinued operations for the year 2011)	-	(3)
Opening balance of deferred tax asset for discontinued operations	-	(5,454)
Net deferred tax asset/ (liability) due to changes in the portfolio of subsidiaries	109,382	85,665
Effect of deferred tax on profit or loss	803,714	678,026
Available for sale portfolio securities	(22,336)	(32,140)
Deferred tax on expenses of share capital increase	68,825	-
Currency translation effect	(429)	156
Net deferred tax asset as at 31 December	**2,819,416**	**1,860,260**

The deferred tax charge in the Income Statement (note 16) is analysed as follows:

Deferred tax (Income Statement)	**1/1-31/12/2013**	**1/1-31/12/2012**
Pensions and other post retirement benefits	7,872	(4,958)
Impairment of loans and receivables	824,720	290,607
Other provisions	4,576	1,446
Securities valuation	(52,337)	(76,504)
Derivative financial instruments valuation	2,204	2,666
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	(187,904)	(1,468)
Investment property valuation	(11,905)	(677)
Depreciation of property, plant and equipment	(18,682)	109
Intangible assets	(4,551)	11,716
Adjustment of nominal tax rates	0	1
Recognition of tax losses	12,907	79,395
Impairment of Greek government bonds	266,452	364,893
Impairment of securities	584	(2)
Deferred tax of purchase price allocation exercise	238	238
Other deferred tax items	(40,459)	10,563
	803,714	**678,026**

Net deferred tax asset analysis:	**1/1-31/12/2013**	**1/1-31/12/2012**
Current	107,134	168,564
Non current	2,754,582	1,728,910

Net deferred tax liability analysis:	**1/1-31/12/2013**	**1/1-31/12/2012**
Current	9,552	13,521
Non current	32,747	23,694

Deferred tax additional information	**1/1-31/12/2013**	**1/1-31/12/2012**
Deductible temporary differences for which no deferred tax asset has been recognised in the balance sheet	821,002	1,021,597
Unused tax losses for which no deferred tax asset has been recognised in the balance sheet	752,601	345,189

During the year 2013, a) deferred tax of amount € -22,336 thousand relating to valuation of the available for sale securities did not affect the profit and loss for the year, but instead was recorded under the available for sale reserve according to the relevant IFRS regulations (note 42), b) deferred tax movement was also affected by the net deferred tax asset/ (liability) due to changes in the portfolio of subsidiaries and specifically due to the acquisition of Millennium Bank and of the Greek banking operations of Cypriot Banks amounting to € 109.382 thousand and c) deferred tax calculated on expenses of share capital increase amounting to € 68.825 thousand, as well as by the foreign exchange differences amounting to € -429 thousand.

Deferred 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.

41 Retirement benefit obligations

The total liability of Piraeus Bank Group relating to retirement benefit obligations and the relevant charge in profit and loss for the years 2013 and 2012 are presented below:

	2013	2012
Retirement benefit obligations as at 1 January	**183,238**	**172,855**
Impact from I.A.S. 19 amendment	-	13,293
Opening balance for Egypt companies (discontinued operations for the year 2011)	-	5,805
Balance of the subsidiaries of ATEbank at acquitition date	-	514
Opening balance of acquired banking operations	34,156	-
Opening balance of new subsidiaries and of subsidiaries sold, disposed or changed portfolio	-	12,852
Voluntary Redundancy Costs (Note 13)	126,418	-
Retirement benefit charges (Note 13)	10,268	18,249
Contributions paid	(184,370)	(39,252)
Reserve of defined benefit obligations	(7,184)	-
Currency translation differences and provision for outstanding annual leaves	(1,130)	(1,079)
Retirement benefit obligations as at 31 December	**161,397**	**183,238**

Amounts in thousand euros (Unless otherwise stated)

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.

The comparative figures are according to the revised IAS 19, which is effective since 1.1.2013.

The Bank applied a voluntary redundancy scheme during the second half of 2013. The benefits paid according to this scheme, are included in the disclosures for the non funded plans.

Amounts recognised in the balance sheet	**31 December 2013**	**31 December 2012**
Pension schemes-funded	74,703	63,679
Other post retirement benefits - not funded	71,141	67,584
	145,844	**131,263**

Income statement	**1/1-31/12/2013**	**1/1-31/12/2012**
Pension schemes-funded	5,299	12,298
Other post retirement benefits - not funded	95,416	6,015
	100,716	**18,314**

A) Pension schemes - funded

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

	31 December 2013	**31 December 2012**
Present value of funded obligations	99,050	103,806
Fair value of plan assets	(24,347)	(40,127)
Liability in the balance sheet	**74,703**	**63,679**

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 installments of € 7.1 million each. Out of these installments, the 9 installments were paid until 31/12/2013. The obligation, which is the present value of the residual installment, amounts to € 6.55 million as at 31/12/2013.

The movement of the defined benefit obligation is analysed as follows:

	2013	**2012**
Opening balance	103,806	103,976
Balance of acquired Banks/ Banking operations	15,073	0
Current service cost	5,078	3,688
Interest cost	3,567	5,185
Contributions by plan participants	1,237	1,257
Benefits paid from the fund	(19,380)	(19,898)
Benefits paid directly by the employer	(7,134)	(7,871)
Settlement/ Curtailment/ Termination loss/ (gain)	(4,340)	4,510
Past service cost	1,516	399
Actuarial (gains)/ losses	(372)	12,560
Closing balance	**99,050**	**103,806**

The movement of the fair value of plan assets is analysed as follows:

	2013	**2012**
Opening balance	40,127	35,846
Balance of acquired Banks/ Banking operations	82	0
Expected return on plan assets	770	1,483
Employer contributions	1,776	21,724
Employee contributions	1,237	1,257
Benefits paid from the fund	(19,380)	(19,898)
Expenses	(248)	0
Actuarial gains / (losses)	(17)	(285)
Closing balance	**24,347**	**40,127**
Return on plan assets	**753**	**1,198**

Amounts in thousand euros (Unless otherwise stated)

The plan assets are invested as follows:

	31 December 2013
Money market	88.21%
Greek government bonds	9.45%
Deposits	0.85%
GDP linked bonds	0.10%
Foreign floating rate bonds	0.15%
Greek government treasury bills	1.25%

Amounts recognised in the income statement:

Income statement	1/1 - 31/12/2013	1/1 - 31/12/2012
Current service cost	5,078	3,688
Net interest cost	2,797	3,701
Expenses	248	0
Past service cost recognised	1,516	399
Settlement/ Curtailment/ Termination loss/ (gain)	(4,340)	4,510
Total	**5,299**	**12,298**

Amounts recognised in equity:

Remeasurements	31/12/2013	31/12/2012
Liability gain /(loss) due to changes in assumptions	6,258	(13,431)
Liability experience gain/ (loss) arising during the year	(5,886)	871
Return on plan assets excluding amounts included in interest income	(17)	(285)
Total amount recognised in equity	**355**	**(12,845)**

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

	2013	2012
Opening balance	63,679	68,130
Balance of acquired Banks/ Banking operations	14,990	0
Total expense recognised in the income statement	5,299	12,298
Employer contributions	(1,776)	(21,724)
Benefits paid directly by the employer	(7,134)	(7,871)
Amount recognised in equity	(355)	12,845
Closing balance	**74,703**	**63,679**

B) Other post retirement benefits - not funded

The amounts recognised in the balance sheet are as follows:

	31 December 2013	31 December 2012
Present value of unfunded obligations	71,141	67,584
Liability in the balance sheet	**71,141**	**67,584**

The movement in the defined benefit obligation in analysed as follows:

	2013	2012
Opening balance	67,584	53,282
Balance of acquired Banks/ Banking operations	19,166	192
Current service cost	7,613	2,386
Interest cost	2,174	1,804
Benefits paid directly by the employer	(105,190)	(6,921)
Settlement/ Curtailment/ Termination loss/ (gain)	84,364	(188)
Past service cost	1,266	2,013
Actuarial (gains)/ losses	(5,835)	15,016
Closing balance	**71,141**	**67,584**

Amounts recognised in the income statement are as follows:

Income statement	1/1 - 31/12/2013	1/1 - 31/12/2012
Current service cost	7,613	2,386
Interest cost	2,174	1,804
Past servise cost recognised	1,266	2,013
Settlement/ Curtailment/ Termination loss/ (gain)	84,364	(188)
Total	**95,416**	**6,015**

Amounts in thousand euros (Unless otherwise stated)

Amounts recognised to equity are as follows:

Remeasurements	**31/12/2013**	**31/12/2012**
Liability gain /(loss) due to changes in assumptions	6,647	(12,144)
Liability experience gain/ (loss) arising during the year	(812)	(2,872)
Total amount recognised in equity	**5,835**	**(15,016)**

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

	2013	**2012**
Opening balance	67,584	53,282
Balance of acquired Banks/ Banking operations	19,166	192
Total expense recognised in the income statement	95,416	6,015
Benefits paid by the employer	(105,190)	(6,921)
Amount recognised in equity	(5,835)	15,016
Closing balance	**71,141**	**67,584**

The main actuarial assumptions used are as follows

	31/12/2013	**31/12/2012**
Discount rate	3.50%	3.20%
Expected return on plan assets	3.50%	3.20%
Future increase in salaries	1.75%	2.00%

According to the revised IAS 19, the rate used to calculate the expected return on plan assets is the discount rate that is used to discount the post-employment benefit obligation.

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 € 15,6 million (2012: € 52 million). The total charge in profit and loss for the year 2013 resulting from the defined benefit obligation plans of the Bank, is € 100.7 million (2012: € 18.3 million) and the continuing operations of the Group subsidiaries is € 36,0 million (2012: € -65 thousand).

The Group applied retrospectively the revised IAS 19, according to the transition guidance and the relevant regulations of IAS 8, from 1/1/2012. Due to the retrospective application of the standard, the "Retirement benefit obligations" increased by € 11.2 million as at 31/12/2012.

42 Contingent liabilites and commitments

A) Legal procedures

According to the opinion of the legal affairs division of the Bank and its subsidiaries, the legal proceedings outstanding against the Group as at 31/12/2013 are not expected to have any significant impact on the financial statements of the Group. It is noted that the Group's provision for outstanding litigations amounts to € 14.5 million from continuing operations and € 4 million from discontinued operations as at 31/12/2013.

B) Credit commitments

As at 31/12/2013 the Group had the following commitments:	**31 December 2013**	**31 December 2012**
Letters of guarantee	3,339,169	3,109,938
Letters of credit	64,442	44,229
Commitments to extent credit	1,881,437	1,229,350
	5,285,048	**4,383,517**

C) Assets pledged

	31 December 2013	**31 December 2012**
Cash and balances with central banks	874,155	770,285
Trading securities	126,983	100,352
Investment securities	416,638	962,680
Loans and advances to customers and debt securities receivables	10,518,907	16,421,644
	11,936,682	**18,254,962**

Apart from the above mentioned assets, the Group pledges debt securities own issue amounting to € 16,419 million as at 31/12/2013 (31/12/2012: € 11,579 million). The amount of € 16,419 million includes € 9,999 million which refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic, € 5,169 million that refers to securities issued under the securitization of mortgage, consumer and corporate loans of the Bank and an amount of € 1,251 million that refers to Bank's issuance of covered bonds. The aforementioned securrities are not included in Group's assets.

D) Operating lease commitments

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

Amounts in thousand euros (Unless otherwise stated)

	31 December 2013	31 December 2012
Up to 1 year	94,526	65,312
From 1 to 5 years	359,157	255,639
More than 5 years	594,168	447,632
	1,047,851	**768,584**

Operating lease commitments increase is mainly due to the acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank) and due to the acquisition of Millennium Bank.

43 Share capital

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2012	**1,092,998**	**2,953,355**	**(192)**	**4,046,161**
The effect from sales and purchases of treasury shares	-	-	156	156
Balance at 31st December 2012	**1,092,998**	**2,953,355**	**(36)**	**4,046,317**

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2013	**1,092,998**	**2,953,355**	**(36)**	**4,046,317**
Increase of share capital	1,487,471	6,746,680	0	8,234,151
Decrease of the nominal value of ordinary shares	(308,698)	308,698	0	0
The effect from sales and purchases of treasury shares	0	0	(77)	(77)
Balance at 31st December 2013	**2,271,771**	**10,008,733**	**(113)**	**12,280,392**

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 2012	**2,487,561,364**	**(408,788)**	**2,487,152,576**
Purchases of treasury shares	-	(3,635,454)	(3,635,454)
Sales of treasury shares	-	3,960,654	3,960,654
Balance at 31st December 2012	**2,487,561,364**	**(83,588)**	**2,487,477,776**
Opening balance at 1 January 2013	**2,487,561,364**	**(83,588)**	**2,487,477,776**
Adjustment (decrease) in the number of ordinary shares due to reverse split (10:1)	(1,028,993,907)	75,229	(1,028,918,678)
Adjusted opening balance at 1 January 2013	**1,458,567,457**	**(8,359)**	**1,458,559,098**
Increase of share capital	4,958,235,294	-	4,958,235,294
Purchases of treasury shares	-	(1,144,131)	(1,144,131)
Sales of treasury shares	-	1,190,295	1,190,295
Treasury shares due to participation in share capital increase	-	(53,520)	(53,520)
Balance at 31 December2013	**6,416,802,751**	**(15,715)**	**6,416,787,036**

On 1/1/2013 the Bank's share capital 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.

The Extraordinary General Meeting of Shareholders which was held on 31/1/2013 resolved the issue of contingent convertible securities up to the total amount of 2 billion euro through waiver of pre-emption rights of existing shareholders of ordinary registered shares, in accordance with the provisions of the Law 3864/2010, as amended, and the Ministers' Council Act No 38/9.11.2012 (Government Gazette A' 223/2012). These contingent convertible securities would be covered by the Hellenic Financial Stability Fund (HFSF) according to the above provisions. The participation of private sector investors in the aforementioned share capital increase exceeded the minimum amount required (by law 3864/2010) and, therefore, the Bank did not proceed to the issuing of a contingent convertible bond loan to the Hellenic Financial Stability Fund (HFSF).

Pursuant to the resolutions of the 2nd Iterative Extraordinary General Meeting of its common shareholders held on 23/4/2013, as approved by virtue of a decision of the Preference Shareholder's Extraordinary General Meeting dated 23/5/2013 and further specified by virtue of its Board resolution dated 29/5/2013, Piraeus Bank implemented the following:

a) Increase of each share's nominal value from € 0.30 to € 3.00 along with a reduction of the number of the Bank's common shares from 1,143,326,564 to 114,332,657 common shares (reverse split with 10 old shares for every new share) and share capital increase for the amount of €1.80 for the purpose of achieving integer number of shares, effected through capitalisation of reserves as specified in article 4 of par. 4a of Codified Law 2190/1920,

b) the formation of a special reserve as per par. 4a of article 4 of Codified Law 2190/1920 amounting to €308,698,173.90 whereby the share capital was equally reduced through reduction of the nominal value of each common share from €3.00 to €0.30. The aforementioned amount was included in Share premium reserve.

As a result, the share capital of the Bank amounted on 3/6/2013 to € 784,299,796.08 divided to 114,332,657 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.

Amounts in thousand euros (Unless otherwise stated)

c) Increase of the share capital of the Bank through the issuance of new ordinary shares in order to raise funds up to € 8,429 bn partly by cash payment and by contribution by the Hellenic Financial Stability Fund in kind (EFSF Bonds), valued at fair value (relevant is note 24). Specifically, funds of a total amount of € 8,428,999,999.80 have been raised, increasing the share capital by € 1,487,470,588.20 and 4,958,235,294 new ordinary registered shares, of € 0.30 nominal value each, have been issued in total. The Share premium reserve increased by € 6,746,680,370.97 after the reduction of the expenses related to the share capital increase and the respective deferred tax. It is noted that the expenses on share capital increase at 31/12/2013 amounted to € 263,309,514.37 before tax and € 194,849,040.63 after tax.

After the completion of the capital increase, and as at 31/12/2013, the share capital of the Bank amounts to € 2,271,770,384.28 divided to 5,072,567,951 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 L. 3864/2010 and the Ministerial Cabinet Act (MCA) 38/2012 combined with MCA 6/2013, the Hellenic Financial Stability Fund issued 849,195,130 warrants to the private sector investors.

The First Iterative Ordinary General Meeting of Shareholders, held on 15/7/2013, decided not to distribute dividend for the fiscal year 2012, according to the established provisions (article 1 of Law 3723/2008 as in force, combined with the article 4 of Law 4063/2012) for the credit institutions participating in the Economy reinforcement plan.

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). Furthermore, pursuant to par. 1 art. 16C of law 3864/2010 the acquisition of treasury shares by the Bank is not permitted for so long as the HFSF is a shareholder of the Bank. Treasury shares transactions are carried out by the Group subsidiary Piraeus Securities S.A. through its activities which are derived from its role as a market maker.

44 Other reserves and retained earnings

	31 December 2013	31 December 2012
Legal reserve	114,108	107,639
Extraodinary reserve	13,940	13,940
Available for sale reserve	94,491	42,196
Currency translation reserve	(165,664)	(182,335)
Other reserves	18,535	13,905
Reserve of defined benefit obligations	7,193	0
Amounts recognized directly in equity relating to non-current assets from discontinued operations	18,106	9,301
Total other reserves	**100,709**	**4,646**
Retained earnings	(3,957,192)	(6,503,766)
Total other reserves and retained earnings	**(3,856,483)**	**(6,499,120)**

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 2013	31 December 2012
Opening balance for the year	4,647	(145,587)
Movement of available for sale reserve	52,294	110,120
Formation of legal reserve	6,469	3,490
Formation of other reserves	4,630	15,937
Absorbed companies reserve	0	(467)
Foreign exchange differences and other adjustments	16,672	(2,676)
Reserve of defined benefit obligations	7,193	0
Amounts recognized directly in equity relating to non-current assets from discontinued operations	8,804	23,831
Closing balance for the year	**100,709**	**4,647**

Available for sale reserve movement	31 December 2013	31 December 2012
Opening balance for the year	42,196	(67,923)
Opening balance for Egypt companies	0	(4,999)
Opening balance for discontinued operations (Marathon Banking Corporation)	0	708
Gains/ (losses) from the valuation of bonds and Greek Government Treasury Bills	58,409	476,605
Gains/ (losses) from the valuation of shares and mutual funds	61,611	86,845
Recycling to income statement of shares and mutual funds impairment	2,100	8,939
Deferred income tax	(22,068)	(32,052)
Recycling of the accumulated fair value adjustment of disposed securities	(48,291)	(442,731)
Foreign exchange differences and other movements	534	16,804
Closing balance for the year	**94,490**	**42,196**

Amounts in thousand euros (Unless otherwise stated)

Retained earnings movement	**31 December 2013**	**31 December 2012**
Opening balance for the year	(6,503,766)	(5,975,641)
Impact from the retrospective application of I.A.S. 19 amendment	-	11,073
Restated opening balance	**(6,503,766)**	**(5,964,568)**
Impact from I.A.S. 19 amendment after income tax recorded directly to Equity	-	(21,569)
Profit/ (loss) after tax attributable to the owners of the parent entity	2,562,089	(498,640)
Profit/ (loss) from sales of treasury shares	113	215
Expenses on Increase of share capital of subsidiary companies	(1,625)	(23)
Transfer between other reserves and retained earnings	(11,099)	(19,427)
Acquisitions, disposals, absorption, liquidation and movement in participating interest	(2,903)	245
Closing balance for the year	**(3,957,191)**	**(6,503,766)**

45 Dividend per share

According to the article 1 of L. 3723/2008, banks, for the period they participate in the programmes for liquidity enhancement as described by the aforementioned Law, are not allowed to distribute dividends higher than the minimum amount set by the provisions of article 3, of Codified Law 148/1967. In addition, the distribution of dividends for the years 2008- 2012 was strictly limited, by the applicable legislation at the time, to the distribution of shares, which should not have resulted from any buy back procedure. There was no such legislation for the year 2013, to the publication of the Annual Financial Report.

Additionally, representatives of the Hellenic State who participate in the Banks' Board of Directors, have the right to veto on any decision related to the distribution of dividends.

There are no distributable profits or relevant amounts related to distributable reserves, according to the requirements of the Article of Association and the Law, article 44a of Law 2190/1920 applies and therefore payment of dividends by cash or shares for the year 2013 is not allowed. Therefore, the Bank's Management will propose in the Annual Ordinary General Meeting of Shareholders in 2014, the non-distribution of dividends for both ordinary and preference shares.

The accrued dividend of preference shares for the year 2013 amounts to € 75 million (€ 55.5 million after tax).

The First Iterative Ordinary General Meeting of Shareholders, held on 15/7/2013, resolved, applying the aforementioned legally binding provisions, not to distribute any dividends to both ordinary and preference shareholders for the year 2012.

46 Cash and cash equivalents

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

	31 December 2013	**31 December 2012**
Cash and balances with central banks (note 19)	1,593,396	2,089,870
Loans and advances to credit institutions (note 20)	285,186	370,499
Trading securities (note 22)	7,567	11,393
	1,886,148	**2,471,762**

Cash and cash equivalents of Discontinued operations as at 31/12/2013 amount to € 2,318 thousand (31/12/2012: € 1,322 thousand).

47 Related party 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 Group, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20% and d) HFSF. The transactions with related parties are analysed as follows:

	Board of Directors members and key management personnel	
	31 December 2013	**31 December 2012**
Loans	150,717	82,297
Deposits	28,515	14,999

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2013 are € 3.5 million (31/12/2012: € 1.3 million). The total income that relates to members of the Board of Directors and to key management personnel for the year 2013 is € 3.4 million (31/12/2012: € 2.5 million). The total expense that relates to the prementioned related parties for the year 2013 is € 0.7 million (31/12/2012: € 1 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	**1/1-31/12/2013**	**1/1-31/12/2012**
Wages, salaries, employer's share of social contributions and charges	7,882	4,644
Provisions for compensation and retirement programs	773	8,033

The increase in “Wages, salaries, employers' share of social contributions and charges” is mainly due to the addition of new members.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 26.6 million from € 21.0 million as at 31/12/2013. It is noted that the aforementioned provisions as at 31/12/2013 have been restated from € 19.7 million to € 21.0 million as a result of the retrospective implementation of IAS 19 (Amendment) "Employee Benefits". The full amount of the above provisions has been included in the retirement benefit obligations.

	Associates	
	31 December 2013	**31 December 2012**
Deposits and other liabilities	35,657	35,343
Loans and other receivables	243,991	193,637
	1/1-31/12/2013	**1/1-31/12/2012**
Total expense and capital expenditure	(21,606)	(20,606)
Total income	11,483	11,597

48 Acquisition of banking operations and completion of their purchase price allocation

a) Acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank)

On 26/3/2013, Piraeus Bank acquired the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank (CPB) and Hellenic Bank, for a total consideration of € 524 million, through a special process, under the aegis of European Union, which determined the perimeter of the transferred operation, the terms and the consideration. The Greek Banking operations include the staff, the branch network, the loans and the deposits of the aforementioned Cypriot banks, including the loans and the deposits of their subsidiaries in Greece (leasing, factoring and Investment Bank of Greece – IBG). It is noted that in the 2nd quarter of 2013, Piraeus Bank acquired additional operations (custody services, settlement services for the transactions of the Cypriot branch network in Greece, etc.), without affecting the acquired assets and liabilities of the aforementioned banks.

The Bank´s management, for the scope of the purchase price allocation, encountered the above acquisitions as a single transaction, due to their peculiarities and special characteristics.

For the allocation of the acquisition cost, the Bank applied the rules of IFRS 3 "Business Combinations", adjusting the assets, liabilities and contingent liabilities of the acquired Greek banking operations at their fair values. It is noted that the loans and advances to customers have been valued at their fair values according to IAS 39 by independent international audit firm.

The allocation of acquisition cost was completed in the 1st quarter of 2013 and therefore the total fair values of assets and liabilities acquired, are presented in the table below:

(amounts in thousand €)

Assets	**Total Fair Values**
Loans and advances to customers	18,517,475
Intangible assets	14,414
Property, plant and equipment	108,988
Other assets	289,965
Total Assets	**18,930,842**
Liabilities	
Due to customers	14,968,929
Retirement benefit obligation	23,310
Other liabilities	911
Total Liabilities	**14,993,150**
Shareholders' Equity	3,937,692
Total liabilities and shareholders equity	**18,930,842**
Cost of acquisition	524,000
Net assets acquired	100%
Negative goodwill	3,413,692

The amount of negative goodwill was recognized in the income statement for the year 2013. The amount of negative goodwill is related to the special circumstances prevailing as at the transaction date, in combination with the IFRS valuation techniques regarding the fair values of financial instruments, according to which market data must be highly used and entity related data should be avoided as much as possible.

The table below presents the total net income, the expenses and the profit before tax of the Greek operations of three Cypriot banks that resulted after the acquisition date, as well as the respective amounts which would have resulted for the Group if their acquisition had occurred on 1/1/2013. It is noted that, as the transfer of the loans and the deposits of the Greek banking operations of the three Cypriot banks was carried out at the closure of 15/3/2013, the results related to the above loans and deposits were accounted from 16/3/2013.

	Results 2013	**Post acquisition results**
Total net income	552,912	457,234
Total expenses and provisions	(742,820)	(424,050)
Profit before tax	**(189,908)**	**33,184**

b) Finalisation of the purchase price allocation exercise of Geniki Bank S.A.

During the first quarter of 2013, the purchase price allocation exercise of Geniki Bank S.A. was completed, according to the provisions of IFRS 3 "Business Combinations". The final fair values of the assets acquired and the liabilities assumed, as well as the resulting negative goodwill, are presented as follows:

(amounts in € '000)	**Geniki Bank Group**
Assets	
Loans and advances to credit institutions	410,287
Loans and advances to customers	1,928,894
Available for sale securities	109,407
Property, plant and equipment	71,766
Other assets	335,006
Total Assets	**2,855,359**
Liabilities	
Due to credit institutions	404,187
Due to customers	2,049,295
Other liabilities	42,704
Total Liabilities	**2,496,186**
Shareholders Equity	359,173
Total liabilities and shareholders equity	**2,855,359**
Cost of acquisition	1,000
Net assets acquired	99.08%
Negative goodwill	354,856

Consequently, the additional negative goodwill from the acquisition of Geniki Bank S.A., compared to the negative goodwill that was provisionally recognised in the annual consolidated financial statements as at 31/12/2012 amounts to approximately € 3.9 million. This difference was recognised in the results for the period 1/1 - 31/12/2013.

c) Completion of the purchase price allocation of former ATEbank S.A.

Piraeus Bank applied the rules of IFRS 3 "Business Combinations" and completed within 12 months from the acquisition date the allocation of the acquisition cost of former ATEbank S.A. to the assets and liabilities acquired. It is noted that loans and advances to customers have been valued by independent international audit firm and that properties have been valued by independent valuers.

(amounts in € '000)	**Former ATEbank S.A. fair values**
Assets	
Loans and advances to credit institutions	259,974
Loans and advances to customers and debt securities - receivables	11,202,819
Available for sale securities	1,133,380
Funding gap	7,479,715
Property, plant and equipment	554,657
Other assets	1,160,926
Total assets	**21,791,471**
Liabilities	
Due to credit institutions	6,497,762
Due to customers	14,870,979
Other liabilities	243,385
Total liabilities	**21,612,126**

Shareholders' equity	179,345
Total liabilities and shareholders' equity	**21,791,471**
Total consideration	95,000
Net assets acquired	100%
Negative goodwill	84,345

The negative goodwill of € 84.4 million has been recognized in "Negative goodwill due to acquisitions" in the income statement for the year 2013. The aforementioned negative goodwill is due to the significant benefits derived from the acquisition of selective assets and liabilities of former ATEbank S.A., which included a performing portfolio with high interest rate yields.

The table below presents the total fair values of the assets and liabilities of ATEbank´s subsidiaries that were acquired under the above mentioned acquisition:

(amounts in € '000)	
Assets	
Loans and advances to credit institutions	121,876
Loans and advances to customers and debt securities - receivables	165,314
Available for sale securities	111,512
Property, plant and equipment	84,914
Other assets	507,902
Total assets	**991,518**
Liabilities	
Due to credit institutions	221,668
Due to customers	102,878
Other liabilities	653,796
Total liabilities	**978,342**
Shareholders' equity	13,176
Total liabilities and shareholders' equity	**991,518**

The goodwill that resulted on the acquisition of former ATEbank´s subsidiaries, of total amount € 3.5 million, was fully impaired in the consolidated profit and loss of year 2012.

d) Acquisition of Millennium Bank S.A.

On 19/6/2013, Piraeus Bank Group completed the acquisition of the 100% of Millennium BCP's subsidiary in Greece Millennium Bank S.A., for a total consideration of € 1 million. In the context of this acquisition, the Group acquired the companies Mille Fin S.A. (percentage 100%), Millennium A.E.D.A.K. (percentage 100%) and the special purpose entities Kion Mortgage Finance Plc, Kion Mortgage Finance No.3 Plc and Kion CLO Finance No.1 Plc, which are here on subsidiaries of Piraeus Bank Group.

For the allocation of the acquisition cost, the Group applied the rules of IFRS 3 "Business Combinations", adjusting the assets, liabilities and contingent liabilities of the acquired Millennium Bank S.A. and its subsidiaries at their fair values. It is noted that the loans and advances to customers have been valued by independent international audit firm and the properties have been valued by independent valuer.

The allocation of acquisition cost was completed within 2013 and therefore the total fair values of assets and liabilities acquired, are presented in the table below:

(amounts in € '000)	**Millennium Bank Group**
Assets	
Cash and balances with Central Banks	152,487
Loans and advances to credit institutions	52,349
Loans and advances to customers	3,967,544
Property, plant and equipment	30,170
Deferred tax assets	142,325
Other assets	255,953
Total assets	**4,600,828**
Liabilities	
Due to credit institutions	1,180,637
Due to customers	2,890,478
Other liabilities	220,340
Total liabilities	**4,291,454**
Shareholders' equity	309,374
Total liabilities and shareholders' equity	**4,600,828**

Amounts in thousand euros (Unless otherwise stated)

Total consideration	1,000
Net assets acquired	100%
Negative goodwill	308,374

The negative goodwill of € 308.4 million has been recognized in "Negative goodwill due to acquisitions" in the consolidated income statement for the year 2013. The aforementioned negative goodwill is due to the significant benefits derived from the acquisition of Millennium Bank S.A. and the purchase consideration as compared to its net asset position, as a result of the new strategy adopted at an earlier period, during which Greek prospects were highly uncertain, by a number of foreign banks including Millennium BCP, for the mitigation of their exposure to investment risk related to banking operations in Greece.

The table below presents the post acquisition total net income, the post acquisition total expenses and provisions and the post acquisition profit before tax of Millennium Bank S.A. Group, as well as the respective amounts which would have resulted for Piraeus Bank Group had their acquisition occured on 1/1/2013.

	1/1 - 8/12/2013	**20/6 - 8/12/2013**
Total net income	52,910	34,076
Total expenses and provisions	(273,559)	(147,412)
Profit before tax	**(220,649)**	**(113,336)**

49 Changes in the portfolio of subsidiaries and associates

In the year from 1/1/2013 to 31/12/2013 the following changes took place in the Group's portfolio of direct and indirect subsidiaries and associates and held for sale companies:

a) Gain of control or significant influence:

Following the finalization of the acquired perimeter of the selected balance sheet items of under special liquidation Agricultural Bank of Greece S.A. dated 24/1/2013, 100% of ATEXCELIXI S.A. was acquired and as a result, it is included in the subsidiaries' portfolio of Piraeus Bank S.A.

On 4/4/2013, Piraeus Bank S.A. acquired 793,510 shares of the company Hellenic Seaways Maritime S.A. As a result, its shareholding percentage in the company amounts to 21.02% and the latter is included in the associates' portfolio.

On 1/10/2013, Piraeus Bank S.A. acquired 32.81% of the company Euroak S.A. Real Estate with the amount of € 9.47 million and as a result, it is included in the associates' portfolio of the Group.

On 5/11/2013, R.E. Anodus Ltd, 99.998% subsidiary of Piraeus Bank S.A., acquired an additional 33.40% of the Group's associate company Entropia Ktimatiki S.A., with the amount of € 4.90 million. As a result, the Group's shareholding percentage in the company was increased to 66.70% and it is included in the subsidiaries' portfolio of the Group.

b) Establishments:

On 8/2/2013, Piraeus Leasing Romania SRL and Piraeus Real Estate Consultants SRL, 100% Group's subsidiaries, established General Business Management Investitii SRL, 100% Group's subsidiary, fully covering its share capital with the amount of € 45.72. As a result, Piraeus Real Estate Consultants SRL and Piraeus Leasing Romania SRL own 90% and 10% of the company's share capital respectively.

Piraeus Bank Cyprus Ltd, 100% subsidiary of Piraeus Bank S.A., established the 100% subsidiary company, Piraeus Bank (Cyprus) Nominees Limited.

On 22/7/2013, Piraeus Bank Bulgaria A.D., subsidiary of Piraeus Bank S.A., paid the share capital, of € 2.56 thousand, of its 100% newly established subsidiary, Beta Asset Management EOOD. As a result, the Group's shareholding percentage in the company amounts to 99.98%.

On 16/8/2013, Solum Enterprise LLC, Group's subsidiary, established its 100% subsidiary company, Sinitem LLC, with the amount of € 9.38. As a result, the Group's shareholding percentage in the company amounts to 99.00%.

On 30/9/2013, Piraeus Bank S.A. established its 99.09% subsidiary company, R.E. Anodus Two Ltd, with the amount of € 10.10 thousand.

On 3/10/2013, R.E. Anodus Two Ltd, 99.09% subsidiary of Piraeus Bank S.A., established its 100% subsidiary company R.E. Anodus SRL, with the amount of € 45.07.

On 18/10/2013, Picar S.A., 100% subsidiary of Piraeus Bank S.A., established its 100% subsidiary company Linklife Food & Entertainment Hall S.A., with the amount of € 24 thousand.

On 23/10/2013, Piraeus Bank S.A., established its 100% subsidiary company Tellurion Ltd, with the amount of € 20.10 thousand.

On 13/12/2013, Tellurion LTD, 100% subsidiary of Piraeus Bank S.A., established its 99.09% subsidiary company Tellurion Two LTD, with the amount of € 10 thousand.

c) Participation in the share capital increases / decreases - Changes of participation:
On 14/1/2013, Piraeus Bank S.A. fully covered the share capital increase of its 100% subsidiary Piraeus Equity Partners Ltd, with the amount of € 2.00 million, without altering its shareholding percentage.

On 24/1/2013, PJ Tech Catalyst Fund, 30% Group's associate company, increased its assets with the amount of € 330.00 thousand. As a result, Piraeus Equity Partners Ltd, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio with the amount of € 99.00 thousand, without altering its shareholding percentage.

On 7/3/2013, Geniki Bank S.A., 99.08% subsidiary of Piraeus Bank S.A., decreased its share capital by the amount of € 83.03 million by decreasing the nominal value from € 5.80 per share to € 1.00 per share.

On 8/3/2013, ATE Insurance S.A., 100% direct subsidiary of Piraeus Bank S.A., concluded its share capital increase with the amount of € 172.06 million Piraeus Bank S.A. fully covered the aforementioned increase without altering its shareholding percentage in the company, which is included in the Held for Sale portfolio.

On 28/3/2013, Piraeus Bank Beograd A.D., 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 9.94 million through the conversion of subordinated debt. Piraeus Bank S.A. fully covered the increase, without altering its shareholding percentage.

On 29/3/2013, Piraeus-TANEO Capital Fund, 50.01% associate of Piraeus Bank S.A, increased its assets with the amount of € 187.5 thousand. Piraeus Bank S.A. covered its shareholding ratio with the amount of € 93.77 thousand, without altering its shareholding percentage.

From 1/4/2013 to 30/6/2013, Piraeus Bank S.A. paid the amount of € 795.21 thousand for the acquisition of additional 0.20% of Geniki Bank S.A., increasing its shareholding percentage in the company to 99.94%.

On 4/4/2013, Piraeus Bank S.A. disposed 0.20% of its associated company, Exodus S.A., for the amount of € 4.14 thousand. As a result, the shareholding percentage of Piraeus Bank S.A. in the company decreased to 49.90%.

On 8/4/2013, Geniki Bank S.A., completed its share capital increase through the conversion of Bond Loan of € 350.03 million and the issue of 51,024,781 new shares which were acquired by Piraeus Bank S.A. As a result, the shareholding percentage of Piraeus Bank S.A. in the company increased by 0.66%, amounting to 99.74%.

On 11/4/2013, Piraeus Equity Partners Ltd, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Piraeus FI Holding Ltd, with the amount of € 181.25 thousand, without altering its shareholding percentage in the company.

On 22/4/2013, Piraeus Bank S.A. paid the amount of € 130 thousand for the acquisition of additional 0.29% of Achaia Clauss Estate S.A. As a result, the shareholding percentage of Piraeus Bank S.A. in the company amounts to 74.76%.

On 24/5/2013, PJ Tech Catalyst Fund, 30% Group's associate company, increased its assets by the amount of € 300.00 thousand. As a result, Piraeus Equity Partners Ltd, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio with the amount of € 90.00 thousand, without altering its shareholding percentage.

On 31/5/2013, Geniki Bank S.A., 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Geniki Leasing S.A., with the amount of € 43.51 million, without altering its shareholding percentage in the company.

In May 2013, Piraeus FI Holding LTD, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the amount of € 181.25 thousand, without altering its shareholding percentage in the company.

On 7/6/2013, Piraeus-TANEO Capital Fund, 50.01% associate of Piraeus Bank S.A., increased its assets by the amount of € 2.50 million. As a result, Piraeus Bank S.A. covered its shareholding ratio with the amount of € 1.25 million, without altering its shareholding percentage.

On 13/6/2013, APE Fixed Assets Real Estate Tourist and Development S.A., 27.8% associate of Piraeus Bank S.A., increased its share capital with the amount of € 350 thousand. Piraeus Bank S.A. covered its shareholding ratio with the amount of € 97.31 thousand, without altering its shareholding percentage in the company.

APE Investment Property S.A., 27.20% associate of Piraeus Bank S.A., increased its share capital with the amount of € 15.00 million. As a result, on 2/7/2013, Piraeus Bank S.A. covered its shareholding ratio with the amount of € 4.08 million, without altering its shareholding percentage.

On 4/7/2013, Piraeus Bank S.A. acquired in total additional 1,862,692 shares of the associate company Hellenic Seaways Maritime S.A., with the amount of € 3.00 million, increasing its shareholding percentage to 23.42% from 21.02%.

In July 2013, Piraeus Bank S.A. paid the total amount of € 0.37 thousand for the acquisition of additional 54 shares of its subsidiary, Geniki Bank S.A.

On 11/7/2013 and 26/7/2013, Piraeus – TANEO Capital Fund, 50.01% associate of Piraeus Bank S.A., increased its assets by the amount of € 1.84 million. Piraeus Bank S.A. covered its shareholding ratio with the amount of € 0.92 million, without altering its shareholding percentage.

On 31/7/2013, AIK Banka, associate of Piraeus Bank S.A., increased its share capital, common and preferred, with the capitalization of previous years' retained earnings of amount of Din 350.08 million and Din 51.21 million respectively. As a result, the company issued 184,255 new common shares and 26,954 new preference shares. The shareholding percentage of Piraeus Bank S.A. in the company's common share capital (20.35%) and preferred share capital (25.00%) did not alter.

On 14/8/2013, Piraeus Egypt Leasing Co., Group's subsidiary, acquired 1% of the company Integrated Services Systems Co., with the amount of € 1.08 thousand. As a result, the Group's shareholding percentage in the company, increased to 98.29% from 97.31%.

On 19/8/2013, Piraeus Bank S.A., paid the amount of € 4.8 thousand for the acquisition of additional 1,601 shares of the associate company Teiresias S.A. As a result, the Group's shareholding percentage in the company, increased to 23.53% from 23.00%.

On 23/8/2013, General Construction and Development Co S.A., 66.67% subsidiary of Piraeus Bank S.A., decreased its share capital by the amount of € 27.98 million by decreasing the nominal value of share, for the netting of losses. Furthermore, the company increased its share capital with the amount of € 0.55 million. On 23/8/2013, Piraeus Bank S.A. covered its shareholding ratio in the increase of share capital with the amount of € 0.37 million, without altering its shareholding percentage in the company.

Tirana Bank I.B.C., subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 25 million. On 27/8/2013, Piraeus Bank S.A. fully covered the share capital increase, increasing its shareholding percentage in the company to 98.83% from 98.48%.

During the 3rd quarter of 2013, Piraeus Equity Partners Ltd, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increases of its 100% subsidiary, Piraeus FI Holding Ltd, with the total amount of € 377.50 thousand, without altering its shareholding percentage in the company.

During the 3rd quarter of 2013, PJ Tech Catalyst Fund, 30% Group's associate company, increased its assets by the amount of € 436.88 thousand. As a result, Piraeus Equity Partners Ltd, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio with the total amount of € 131.06 thousand, without altering its shareholding percentage.

During the 3rd quarter of 2013, Piraeus FI Holding Ltd, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the total amount of € 362.50 thousand, without altering its shareholding percentage in the company.

On 4/10/2013 and 17/12/2013, Piraeus - TANEO Capital Fund, 50.01% associate company of Piraeus Bank S.A., increased its assets by the amount of € 375.0 thousand. Piraeus Bank S.A. covered its shareholding ratio with the amount of € 187.54 thousand, without altering its shareholding percentage.

On 24/10/2013, Entropia Ktimatiki S.A., 33.30% associate company of Piraeus Bank S.A., increased its share capital with the amount of € 339.00 thousand. As a result, R.E. Anodus Ltd, 99.997% subsidiary of Piraeus Bank S.A., covered its shareholding ratio with the amount of € 112.89 thousand, without altering its shareholding percentage.

R.E. Anodus Ltd, 99.997% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 5.30 million. On 31/10/2013, Piraeus Bank S.A. fully covered the aforementioned increase, increasing its shareholding percentage in the company to 99.998%.

On 15/11/2013, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary company Piraeus FI Holding LTD, with the amount of € 181.25 thousand, without altering its shareholding percentage in the company.

After the 1186/9.12.2013 decision of Romanian regulatory authorities, ATE Insurance Romania S.A., 99.47% subsidiary of the Group, decreased its share capital by the amount of LEI 10.09 million, by decreasing the nominal value from LEI 328.88 per share to LEI 216.00 per share, without altering the shareholding percentage of the Group in the company.

ND Development S.A., 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 105.0 thousand. On 19/12/2013, Piraeus Bank S.A. fully covered the aforementioned increase, without altering its shareholding percentage.

Property Horizon S.A., 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 125.0 thousand. On 19/12/2013, Piraeus Bank S.A. fully covered the aforementioned increase, without altering its shareholding percentage.

Piraeus Development S.A., 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 170.0 thousand. On 19/12/2013, Piraeus Bank S.A. fully covered the aforementioned increase, without altering its shareholding percentage.

Pleiades Estate S.A., 100% subsidiary of the Group, increased its share capital with the amount of € 100.0 thousand. On 19/12/2013, Piraeus Bank S.A. fully covered the aforementioned increase, increasing its shareholding percentage in the company to 14.76% from 13.51%, whereas the Group's shareholding percentage in the company did not alter.

On 30/12/2013, Piraeus Bank S.A. paid the amount of € 1.0 million for the acquisition of additional 14,385 shares of its 65% subsidiary company Piraeus Wealth Management A.E.P.E.Y. As a result, the shareholding percentage of Piraeus Bank S.A. in the company increased to 100%.

During the 4th quarter of 2013, PJ Tech Catalyst Fund, 30.00% Group's associate company, increased its assets by the amount of € 313.75 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio with the total amount of € 94.12 thousand, without altering its shareholding percentage.

During the 4th quarter of 2013, Piraeus FI Holding Ltd, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the total amount of € 181.25 thousand, without altering its shareholding percentage in the company.

Amounts in thousand euros (Unless otherwise stated)

Net inflow from shareholding percentage increase in subsidiaries and from acquisition of subsidiaries amounts to € 171 million and is presented below:

Acquisition of subsidiaries excluding cash and cash equivalents acquired	**31/12/2013**	**31/12/2012**
Shareholding percentage increase in subsidiaries of the Group	1,927	453
Acquisition of subsidiaries	1,000	1,075
Less: Cash and cash equivalents acquired	(174,067)	(517,165)
	(171,140)	**(515,637)**

d) Liquidation and disposal:

In March 2013, Imperial Stockbrokers LTD, Imperial Eurobrokers LTD, Euroinvestment Mutual Funds LTD and Bull Fund LTD, 100% subsidiaries of Group, were dissolved.

On 8/3/2013, ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., set its 51% participation Good Works Energy Photovoltaics S.A. under liquidation. Good Works Energy Photovoltaics S.A. is included in the portfolio of Group's associates.

On 17/9/2013, Piraeus Bank Egypt S.A.E., Integrated Services Systems Co. and Piraeus Egypt Leasing Co., subsidiary companies of Group, transferred 100% of the company, Piraeus – Egypt Asset Management Co., with the amount of € 435.08 thousand.

On 27/11/2013, ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., transferred 100% of the company Astraios Energy Photovoltaics S.A., with the amount of € 7.29 million.

On 27/11/2013, ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., transferred 100% of the company Orion Energy Photovoltaics S.A., with the amount of € 6.01 million.

On 20/12/2013, Piraeus Bank S.A. transferred 0.98% of its subsidiary company Olympic Commercial & Tourist Enterprises S.A., with the amount of € 1.10 million. As a result, the shareholding percentage in the company decreased to 94.00%.

On 30/12/2013, Piraeus Bank S.A. transferred its 93.27% subsidiary company, ATE Bank Romania S.A., with the amount of € 10.09 million.

Disposals of subsidiaries excluding cash and cash equivalents acquired	**31/12/2013**	**31/12/2012**
Acquisition of subsidiaries	9,171	68,131
Gains / (losses) from disposals	15,427	34,138
Less: Cash and cash equivalents acquired	(3,738)	(186,696)
	20,859	**(84,427)**

e) Further changes – Transfers:

On 20/5/2013, ATExcelixi S.A., 100% subsidiary of Piraeus Bank S.A., was renamed to Centre of Sustainable Entrepreneurship Excelixi S.A.

On 21/6/2013, Piraeus Asset Management S.A. and ABG Mutual Funds Management Company S.A., 100% subsidiaries of Piraeus Bank S.A., were merged through the absorption of the latter from the first, without altering the Group's shareholding percentage (100%).

On 1/8/2013, Geniki Bank S.A., subsidiary of Piraeus Bank S.A., transferred 100% of the company Geniki Leasing S.A. to Piraeus Leases S.A., 100% subsidiary of Piraeus Bank S.A., with the amount of € 904.27 thousand.

On 9/12/2013 Piraeus Bank S.A. absorbed its 100% subsidiary company, Millennium Bank S.A. As a result, Mille Fin S.A. and Millennium A.E.D.A.K., 100% subsidiaries of Millennium Bank S.A., are direct subsidiaries of Piraeus Bank S.A. Moreover, through the aforementioned absorption, an additional 0.71% of the associated company Teiresias S.A. was acquired by Piraeus Bank S.A., increasing its direct shareholding percentage to 22.30%, from 21.59%, whereas the Group's shareholding percentage in the company did not alter.

On 31/12/2013, Piraeus Leases S.A., 100% subsidiary of Piraeus Bank S.A., absorbed its 100% subsidiary company Geniki Leasing S.A., without altering the shareholding percentage of the Group.

50 Restatement of comparatives

The Balance sheet accounts and the Income Statement accounts as at 31/12/2012 have been restated as a result of the retrospective implementation of IAS 19 (Amendment) "Employee Benefits" as well as the reclassification in line "Inventories Property" of properties previously included in line "Other assets".

The restatements and the restated amounts of Piraeus Bank Group in the interim income statement, the statement of total comprehensive income and the statement of financial position are presented below.

Amounts in thousand euros (Unless otherwise stated)

	1/1-31/12/2012		
	Published amounts	**Restatements due to amendment of I.A.S. 19**	**Restated Amounts**
Consolidated income statement			
Total net income	**2,217,339**	**0**	**2,217,339**
Staff costs	(423,966)	2,121	(421,845)
Administrative expenses	(379,273)	0	(379,273)
Depreciation and amortization	(105,388)	0	(105,388)
Gains/ (losses) from sale of assets	(850)	0	(850)
Total operating expenses before provisions	**(909,477)**	**2,121**	**(907,357)**

	1/1-31/12/2012		
	Published amounts	**Restatements due to amendment of I.A.S. 19**	**Restated Amounts**
Impairment losses on loans, debt securities and other receivables	(2,057,154)	0	(2,057,154)
Impairment on investment securities	(391,113)	0	(391,113)
Other provisions and impairment	(59,628)	0	(59,628)
Share of profit of associates	14,666	0	14,666
Profit/ (loss) before income tax	**(1,185,367)**	**2,121**	**(1,183,247)**
Income tax	663,104	(424)	662,680
Profit/ (loss) after income tax	**(522,264)**	**1,697**	**(520,567)**
Profit/ (loss) after income tax from discontinued operations	13,022	(2)	13,020
PROFIT/ (LOSS) AFTER TAX FOR THE YEAR	**(509,242)**	**1,695**	**(507,547)**
From continuing operations			
Profit/ (loss) for the period attributable to equity holders			
of the parent entity	(513,279)	1,664	(511,614)
Non controlling interest	(8,985)	32	(8,953)
From discontinued operations			
Profit/ (loss) for the period attributable to equity holders			
of the parent entity	12,976	(2)	12,974
Non controlling interest	46	0	46
From continuing operations			
Earnings/ (losses) per share attributable to equity holders of the parent entity:			
- Basic and Diluted	(4.4654)	0.0145	(4.4510)
From discontinued operations			
Earnings/ (losses) per share attributable to equity holders of the parent entity:			
- Basic and Diluted	0.1129	(0.0000)	0.1129

DISCONTINUED OPERATIONS	1/1-31/12/2012		
	Published amounts	**Restatements due to amendment of I.A.S. 19**	**Restated Amounts**
Total net income	**45,456**	**0**	**45,456**
Staff costs	(13,058)	(2)	(13,060)
Administrative expenses	(9,220)	-	(9,220)
Depreciation and amortization	(1,792)	-	(1,792)
Total operating expenses before provisions	**(24,071)**	**(2)**	**(24,072)**
Other provisions and impairment	(11,075)	0	(11,075)
Profit/ (loss) before income tax	**10,310**	**(2)**	**10,308**
Income tax	(6,686)	-	(6,685)
Profit/ (loss) after income tax	**3,625**	**(1)**	**3,623**
Profit after income tax from discontinued operations	9,397	-	9,397
PROFIT/ (LOSS) AFTER TAX FOR THE PERIOD	**13,021**	**(1)**	**13,020**
CONTINUING OPERATIONS			
Profit/ (loss) after tax for the period (A)	**(522,264)**	**1,697**	**(520,567)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	114,444	-	114,444
Change in currency translation reserve	3,640	-	3,640
Amounts that can not be reclassified in the Income Statement			
Change in actuarial gains/ (losses) of defined benefit obligations	-	-	-
Other comprehensive income for the period, net of tax (B)	**118,084**	**0**	**118,084**
Total comprehensive income for the period, net of tax (A+B)	**(404,180)**	**1,697**	**(402,483)**
- Attributable to equity holders of the parent entity	(395,068)	1,664	(393,404)
- Non controlling interest	(9,110)	32	(9,078)

Amounts in thousand euros (Unless otherwise stated)

DISCONTINUED OPERATIONS

	1/1-31/12/2012		
	Published amounts	**due to amendment of I.A.S. 19**	**Restated Amounts**
Profit after tax for the period (C)	**13,022**	**(2)**	**13,020**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	9,775	-	9,775
Change in currency translation reserve	3,287	-	3,287
Amounts that can not be reclassified in the Income Statement			
Change in actuarial gains/ (losses) of defined benefit obligations	-	-	-
Other comprehensive income for the period, net of tax (D)	**13,062**	**0**	**13,062**
Total comprehensive income for the period, net of tax (C+D)	**26,084**	**(2)**	**26,082**
- Attributable to equity holders of the parent entity	26,040	(2)	26,038
- Non controlling interest	44	-	44

RESTATEMENTS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2012		
	Published amounts	**Restatements due to amendment of I.A.S. 19**	**Restated Amounts**
ASSETS			
Deferred tax assets	1,895,124	2,350	1,897,474
Inventories property	332,057	111,848	443,906
Other assets	2,596,810	(111,848)	2,484,961
Assets from discontinued operations	377,184	(34)	377,150
Other	65,204,985	0	65,204,985
TOTAL ASSETS	**70,406,161**	**2,316**	**70,408,477**
LIABILITIES			
Retirement benefit obligations	172,065	11,173	183,238
Deferred tax liabilities	37,100	115	37,215
Liabilities from discontinued operations	605,824	(170)	605,654
Other liabilities	71,906,677	-	71,906,677
TOTAL LIABILITIES	**72,721,666**	**11,118**	**72,732,784**
EQUITY			
Share capital	1,092,998	-	1,092,998
Share premium	2,953,356	-	2,953,356
Less: Treasury shares	(36)	-	(36)
Other reserves	(4,655)	-	(4,655)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	9,301	-	9,301
Retained earnings	(6,494,933)	(8,833)	(6,503,766)
Capital and reserves attributable to equity holders of the parent entity	**(2,443,969)**	**(8,833)**	**(2,452,802)**
Non controlling interest	128,464	31	128,495
TOTAL EQUITY	**(2,315,505)**	**(8,802)**	**(2,324,307)**
TOTAL LIABILITIES AND EQUITY	**70,406,161**	**2,316**	**70,408,477**

Amounts in thousand euros (Unless otherwise stated)

51 Events subsequent to the end of the year

• On January 08, 2014 Piraeus Bank announced, that following the settlement of participation orders, 603,280 warrants in total on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) were exercised on January 02, 2014,which correspond to 2,700,125 common shares, i.e. to 0.053% of the outstanding number of common shares and the total amount paid by the warrant holders to the HFSF amounted to €4,682,016.74.

• On March 06, 2014 Bank of Greece published the capital needs for each of the Greek banks. As concerns Piraeus Bank, the capital requirement has been assessed at €425 mn in the baseline scenario (binding) and €757 mn in the adverse.

• On March 06, 2014 Piraeus Bank's Board of Directors has met and resolved to convene an Extraordinary General Meeting to approve a capital increase in cash via a non pre-emptive share issue of new ordinary shares and to delegate to the Board of Directors the authority to set the subscription price of the capital increase. The Board of Directors intends to use this authority to raise equity in the amount of up to €1.75 bn with the aim to:

a. meet the capital needs as determined by the Bank of Greece following the recent stress test results which were announced on March 06, 2014;
b. repay in full the outstanding Government preference shares (€750mn) subject to regulatory approvals;
c. strengthen the capital position of the Bank compared to other European banks on a Basel III fully loaded basis.

• On March 06, 2014 Piraeus Bank announced its intention to proceed to a public EUR senior unsecured transaction subject to market conditions and plans to arrange a series of Fixed Income investor meetings (roadshow) in selected European cities. Following the meetings, the Bank will determine the transaction, which aims to re-access international markets and further diversify Bank's liquidity sources.

Athens, March 16th, 2014

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O.	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
MICHALIS G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

PIRAEUS BANK S.A.

Financial Statements

31 December 2013

In accordance with the International Financial Reporting Standards

The attached financial statements have been approved by Piraeus Bank S.A. Board of Directors on March 16th, 2014 and they are available in the web site of Piraeus Bank at www.piraeusbankgroup.com

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

Index to the Financial Statements

Amounts in thousand euros (Unless otherwise stated))

INCOME STATEMENT

	Note	Year ended '31 December 2013	Year ended '31 December 2012
Interest and similar income	6	2,966,649	2,363,263
Interest expense and similar charges	6	(1,671,502)	(1,692,384)
NET INTEREST INCOME		**1,295,146**	**670,880**
Fee and commission income	7	209,596	157,349
Fee and commission expense	7	(20,805)	(20,835)
NET FEE AND COMMISSION INCOME		**188,791**	**136,513**
Dividend income	8	19,996	10,322
Net trading income	9	99,443	194,065
Net income from financial instruments designated at fair value through profit or loss	10	9,351	3,303
Results from investment securities	11	59,145	459,860
Other operating income	12	68,072	7,442
Negative goodwill due to acquisitions	47	3,498,037	-
TOTAL NET INCOME		**5,237,980**	**1,482,385**
Staff costs	13	(629,271)	(277,034)
Administrative expenses	14	(473,571)	(271,694)
Depreciation and amortisation	26, 27	(73,326)	(53,535)
Gains/ (Losses) from sale of assets		(93)	(467)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS AND IMPAIRMENT		**(1,176,261)**	**(602,730)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**4,061,720**	**879,655**
Impairment losses on loans, debt securities and other receivables	23	(1,959,719)	(1,713,978)
Impairment on participation and investment securities	24, 25	(319,998)	(623,669)
Other provisions and impairment		(19,076)	(895)
PROFIT/ (LOSS) BEFORE INCOME TAX		**1,762,927**	**(1,458,887)**
Income tax expense	15	743,401	652,160
PROFIT/ (LOSS) AFTER TAX		**2,506,328**	**(806,727)**
Earnings/ (Losses) per share (in euros):			
- Basic and Diluted	16	0.9093	(7.0160)

STATEMENT OF TOTAL COMPREHENSIVE INCOME

		Year ended '31 December 2013	Year ended '31 December 2012
Profit/ (Loss) after tax (A)		**2,506,328**	**(806,727)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	17, 42	47,209	128,222
Amounts that can not be reclassified in the Income Statement			
Change in actuarial gains/ (losses) of defined benefit obligations	17, 42	6,252	-
Other comprehensive income, net of tax (B)		**53,461**	**128,222**
Total comprehensive income, net of tax (A+B)		**2,559,788**	**(678,505)**

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Note	'31 December 2013	'31 December 2012
ASSETS			
Cash and balances with Central Bank	18	1,912,478	2,091,406
Loans and advances to credit institutions	19	1,163,172	2,620,677
Derivative financial instruments - assets	20	321,307	423,395
Trading securities	21	27,692	81,209
Financial instruments at fair value through profit or loss	21	17,183	7,833
Reverse repos with customers	22	6,353	35,388
Loans and advances to customers (net of provisions)	23	57,399,117	37,618,002
Debt securities - receivables	23	15,569,474	7,933,625
Available for sale securities	24	888,538	4,340,092
Investments in subsidiaries	25	1,707,317	1,921,587
Investments in associated undertakings	25	291,901	240,239
Intangible assets	26	222,427	256,483
Property, plant and equipment	27	785,813	631,788
Investment property	28	291,057	435,871
Assets held for sale	29	10,307	-
Deferred tax assets	38	2,706,304	1,757,304
Inventories property	30	351,498	150,799
Other assets	30	2,105,932	2,476,681
TOTAL ASSETS		**85,777,870**	**63,022,379**
LIABILITIES			
Due to credit institutions	31	27,251,988	32,515,139
Liabilities at fair value through profit or loss	32	549	21,953
Derivative financial instruments - liabilities	20	325,996	419,846
Due to customers	33	48,498,391	31,107,800
Debt securities in issue	34	305,263	533,703
Hybrid capital and other borrowed funds	35	256,004	324,141
Retirement benefit obligations	39	145,844	131,264
Other provisions	37	20,879	232
Current income tax liabilities		17,583	6,730
Other liabilities	36	686,283	705,927
TOTAL LIABILITIES		**77,508,781**	**65,766,735**
EQUITY			
Share capital	41	2,271,770	1,092,998
Share premium	41	10,008,734	2,953,356
Other reserves	42	183,732	130,271
Retained earnings	42	(4,195,148)	(6,920,981)
TOTAL EQUITY		**8,269,089**	**(2,744,356)**
TOTAL LIABILITIES AND EQUITY		**85,777,870**	**63,022,379**

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Other reserves	Retained earnings	TOTAL
Opening balance as at 1st January 2012		**1,092,998**	**2,953,356**	**1,603**	**(6,106,639)**	**(2,058,682)**
Impact from the retrospective application of I.A.S. 19 amendment					13,991	13,991
Restated opening balance as at 1 January 2012		**1,092,998**	**2,953,356**	**1,603**	**(6,092,647)**	**(2,044,691)**
Other comprehensive income for the year, net of tax	17, 42			128,222		128,222
Results after tax for the year 2012	42				(806,727)	(806,727)
Total recognised income for the year 2012		**0**	**0**	**128,222**	**(806,727)**	**(678,505)**
Expenses on issue of preference shares	42				(23)	(23)
Absorption of company	42			446	579	1,025
Impact from I.A.S. 19 amendment after income tax recorded directly to Equity					(22,162)	(22,162)
Balance as at 31st December 2012		**1,092,998**	**2,953,356**	**130,271**	**(6,920,981)**	**(2,744,356)**
Opening balance as at 1st January 2013		**1,092,998**	**2,953,356**	**130,271**	**(6,920,981)**	**(2,744,356)**
Other comprehensive income for the yaer, net of tax	17, 42			47,209		47,209
Reserve of actuarial gains/ (losses) of defined benefit obligations				6,252		6,252
Results after tax for the year 2013	42				2,506,328	2,506,328
Total recognised income for the year 2013		**0**	**0**	**53,461**	**2,506,328**	**2,559,788**
Increase of share capital	41	1,487,471	6,746,680			8,234,151
Decrease of the nominal value of ordinary shares	41	(308,698)	308,698			0
Absorbtion of Millennium Bank	42				219,506	219,506
Balance as at 31st December 2013		**2,271,770**	**10,008,734**	**183,732**	**(4,195,148)**	**8,269,089**

Amounts in thousand euros (unless otherwise stated)

CASH FLOW STATEMENT

	Note	Year ended 31 December 2013	31 December 2012
Cash flows from operating activities			
Profit/ (loss) before tax		1,762,927	(1,458,887)
Adjustments to profit/ (loss) before tax:			
Add: provisions and impairment	23, 24, 25, 27, 37	2,298,793	2,352,773
Add: depreciation and amortisation charge	26, 27	73,326	53,535
Add: retirement benefits	39	11,600	18,314
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		(27,435)	(128,946)
(Gains)/ losses from investing activities		(65,352)	(463,607)
Negative goodwill due to acquisitions		(3,498,036)	-
Cash flows from operating profits before changes in operating assets and liabilities		**555,822**	**373,182**
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		(104,919)	(759,684)
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		59,390	(97,192)
Net (increase)/ decrease in loans and advances to credit Institutions		1,393,732	320,271
Net (increase)/ decrease in loans and advances to customers		953,446	(513,985)
Net (increase)/ decrease in debt securities - receivables		(650,481)	(3,747)
Net (increase)/ decrease in reverse repos with customers		29,035	21,740
Net (increase)/ decrease in other assets		340,583	(293,819)
Net increase/ (decrease) in amounts due to credit institutions		(7,036,458)	993,764
Net increase/ (decrease) in liabilities at fair value through profit or loss		(21,404)	3,478
Net increase/ (decrease) in amounts due to customers		22,107	(2,097,608)
Net increase/ (decrease) in other liabilities		(59,679)	187,388
Net cash flow from operating activities before income tax payment		(4,518,826)	(1,866,211)
Income tax paid		(5,127)	(1,641)
Net cash inflow/ (outflow) from operating activities		**(4,523,953)**	**(1,867,852)**
Cash flows from investing activities			
Purchases of property, plant and equipment	27, 28	(90,559)	(40,011)
Sales of property, plant and equipment		2,501	4,587
Purchases of intangible assets	26	(38,891)	(123,030)
Purchases of assets held for sale	29	-	(26,645)
Sales of assets held for sale	29	-	102,229
Increase of share capital of company held for sale		(172,057)	-
Purchases of investment securities		(7,847,900)	(9,478,956)
Disposals/ maturity of investment securities		11,336,356	10,858,337
Acquisition of subsidiaries and participation in share capital increases	25	(46,058)	(53,905)
Disposals of subsidiaries		10,878	-
Acquisition of associates and participation in share capital increases	25	(19,105)	(1,118)
Sales of associates	25	4	-
Dividends receipts from subsidiaries		2,970	1,874
Dividends receipts from associates	8	2,718	2,271
Dividends receipts from available for sale securities	8	13,258	4,848
Net cash inflow/ (outflow) from investing activities		**3,154,116**	**1,250,481**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(269,529)	(655,023)
Increase of share capital		1,180,322	-
Net cash inflow/ (outflow) from financing activities		**910,793**	**(655,023)**
Effect of exchange rate changes on cash and cash equivalents		(20,836)	373
Net increase/ (decrease) in cash and cash equivalents of the year (A)		**(479,880)**	**(1,272,021)**
Cash and cash equivalents at the beginning of the year (B)		**1,389,560**	**1,841,271**
Cash and cash equivalents at the acquisition date of former ATEbank (C)		-	820,310
Cash and cash equivalents from absorption of Cypriot banks' network in Greece (D)		11,696	-
Cash and cash equivalents from absorption of Millennium Bank (E)		119,613	-
Cash and cash equivalents at the end of the year (A)+(B)+(C)+(D)+(E)	44	**1,040,989**	**1,389,560**

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 14,253 people.

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Large Cap, Banks), FTSE (Greece Small Cap, RAFI, Med 100), MSCI (Emerging Markets, EM EMEA, Greece), Euro Stoxx (TMI, TMI Banks, Greece TM) and S&P (Global BMI, Developed BMI)".

2. General accounting policies of the Bank

The 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 annual periods presented.

2.1 Basis of preparation 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 Piraeus Bank are prepared in euro. The amounts of the attached financial statements are expressed in thousand euros (unless otherwise stated) and roundings are performed in the nearest thousand. It shall be noted that, the figures of the statement of financial position as at 31/12/2013 are not comparable with the corresponding figures as at 31/12/2012, as Piraeus Bank acquired the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/03/2013. Furthermore, the figures of the income statement for the year 2013 are not comparable with the figures for the year 2012 as Piraeus Bank acquired a) selected assets and liabilities of former ATEbank S.A. on 27/07/2012 and b) the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/03/2013. Namely to the profit or loss for the year 2013, the aforementioned acquisitions mainly affected net interest income, net fee and commission income, staff costs, administrative cost, as well as provisions and taxes.

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.

Piraeus Bank is affected by the ongoing economic variability and the increased volatility of the global financial markets and is exposed to risks that could potentially arise in other financial institutions, mainly due to the debt crisis in peripheral Eurozone countries.

The economic situation in Greece, though improving fiscally, still remains the main risk factor for the Greek banking sector. In case of negative developments in this area, the Bank's liquidity, the quality of its loan portfolio, its profitability, and ultimately, its capital adequacy may significantly be affected.

Greece's public debt sustainability consists an additional risk factor for the Greek banking system. At the same time, both the risks of a deceleration in the global economic growth and of the debt crisis in other peripheral European economies are also added to the external factors of uncertainty.

The completion of the share capital increase of Piraeus Bank in June 2013 resulted in the enhancement of its capital base and the restoration of the EBA Core Tier I at a level much higher than the minimum required (9%). From the total amount raised for the share capital increase, approximately €1.4 billion was covered by private investors and € 7 billion approximately by the HFSF.

Despite the uncertainties and the risks existing in the Greek banking system, the following factors provide support to the economy and the Greek banking sector and shall therefore be taken into consideration:

- The completion of the recapitalisation programme of systemic banks.

- The availability of additional capital, in case this is required for the further recapitalisation of the Greek banks and for the reorganization of the banking sector (the total amount of capital has been already provided to the HFSF for the support of the Greek banking system is € 50 billion, while €39 billion have already been provided).
- The financial support mechanism from the International Monetary Fund as well as from the European Union, in the context of the second economic adjustment programme for Greece.
- The capability to raise liquidity through the Eurosystem.
- The application of the economic adjustment programme and the observed recovery of the greek economy (i.e. primary fiscal surplus for 2013 compared to a deficit in 2012, and current account surplus for 2013 after many decades of deficits).

Taking into consideration the above, Piraeus Bank's Management estimates that the Bank will continue in operational existence for the foreseeable future. Accordingly, the annual stand alone financial statements have been prepared on a going concern basis.

(A) The following new IFRSs, interpretations and amendments that have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and they are effective from 1.1.2013:

- **IAS 12 (Amendment), "Income Taxes" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IAS 12 were issued to provide guidance namely to the measurement 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 measured using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale.

- **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 shall be recognized in other comprehensive income as they occur. Namely to the plan assets, the calculation of the return is based on corporate bond yields irrespective of the actual composition and return of assets held. The application of the revised IAS 19 is retrospective and the impact from its adoption is presented in note 46.

- **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. The adoption of the aforementioned amendment led to changes only in the presentation of the Statement of Total Comprehensive Income.

- **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. The required disclosures due to the adoption of IFRS 13 are presented in note 3 of the standalone financial statements.

- **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.

It shall be noted that IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine" and IFRS 1 (Amendments), "Government Loans" are not applicable to the Bank.

<u>**Improvements to IFRSs (May 2012)**</u>

- **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies the accounting for re-application of IFRS for entities that have stopped applying IFRS in the past and choose or are required to apply IFRS again.

- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** The amendment requires notes to the financial statements when additional comparative periods are voluntarily presented.

- **IAS 16 (Amendment), "Property, Plant and Equipment" (effective for annual periods beginning on or after 1 January 2013).** The amendment provides guidance for the classification of major spare parts and servicing equipment as property, plant and equipment.

- **IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies that taxes arising from distributions to holders of equity instruments are accounted for in accordance with IAS 12 "Income Taxes".

- **IAS 34 (Amendment), "Interim Financial Reporting" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities to enhance consistency with IFRS 8 “Operating Segments” and to ensure that interim disclosures are aligned with annual disclosures.

(B) The following new IFRSs and amendments have been issued by the International Accounting Standards Board and have been endorsed by the E.U. up to 2013. They are not effective in 2013 and they have not been early adopted by the Bank:

- **IAS 27 (Amendment), "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).** 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 2014).** 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 2014).** 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 2014).** 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 2014).** 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.

- **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 10, IFRS 11 and IFRS 12 (Amendment), "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" (effective for annual periods beginning on or after 1 January 2014).** The amendment in IFRS 10, 11 and 12 clarifies the transition guidance in IFRS 10 and provides relief from the presentation or adjustment of comparative periods prior to the immediately preceding period.

- **IFRS 10, IFRS 12 and IAS 27 (Amendments), "Investment Entities" (effective for annual periods beginning on or after 1 January 2014).** The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities, as well as new disclosure requirements for investment entities in IFRS 12 and IAS 27.

- **IAS 36 (Amendment), "Impairment of Assets" (effective for annual periods beginning on or after 1 January 2014).** The amendment requires the disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognised or reversed.

- **IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 January 2014).** The amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations.

(C) The following new IFRSs, amendments and interpretations have been issued by the International Accounting Standards Board but they have not been endorsed by the E.U. up to 2013 and they have not been adopted by the Bank:

- **IFRS 9, "Financial Instruments" (the effective date has not been determined by the International Accounting Standards Board).** IFRS 9 was published in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets.

- **IFRS 9 (Amendment), "Financial Instruments" (the effective date has not been determined by the International Accounting Standards Board).** Amendments to IFRS 9 were issued to address financial liabilities.

- **IFRS 7 (Amendments), " Financial Instruments: Disclosures" (the effective date has not been determined by the International Accounting Standards Board).** The amendment to IFRS 7 requires additional disclosures on the transition from IAS 39 to IFRS 9.

- **IFRS 9 (Amendment), "Financial Instruments - Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39" (the effective date has not been determined by the International Accounting Standards Board).** The amendment includes the addition of hedge accounting as well as the removal of the mandatory effective date of the standard.

- **IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).** The interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax.

- **IAS 19 (Amendment), "Employee Relations" (effective for annual periods beginning on or after 1 January 2014).** The amendment allows an entity to recognise contributions as a reduction in the service cost in the period in which the related service is rendered, if the amount of such contributions is independent of the number of years of service.

<u>**Annual Improvements to IFRSs 2010 - 2012 Cycle (December 2013)**</u>

- **IFRS 2 (Amendment), “Share-based Payment” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies the definition of vesting conditions.

- **IFRS 3 (Amendment), “Business Combinations” (effective for annual periods beginning on or after 1 July 2014**). The objective of this amendment is to clarify certain aspects of accounting for contingent consideration in a business combination.

- **IFRS 8 (Amendment), “Operating Segments” (effective for annual periods beginning on or after 1 July 2014).** The amendment requires entities to disclose the factors used to identify the entity’s reportable segments when operating segments have been aggregated.

- **IFRS 13 (Amendment), “Fair Value Measurement” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

- **IAS 16 (Amendment), “Property, Plant and Equipment” and IAS 38 (Amendment), “Intangible assets” (effective for annual periods beginning on or after 1 July 2014**). The objective of these amendments is to clarify the requirements for the revaluation method.

- **IAS 24 (Amendment), “Related Party Disclosures” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies that an entity providing Key Management Personnel services to the reporting entity is a related party of the reporting entity.

<u>**Annual Improvements to IFRSs 2011 - 2013 Cycle (December 2013)**</u>

- **IFRS 3 (Amendment), “Business Combinations” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies that joint arrangements are outside the scope of IFRS 3, not just joint ventures.

- **IFRS 13 (Amendment), “Fair Value Measurement” (effective for annual periods beginning on or after 1 July 2014).** The amendment clarifies that the portfolio exception (scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis) in IFRS 13 applies to all contracts within the scope of IAS 39, regardless of whether they meet the definitions of financial assets or financial liabilities.

- **IAS 40 (Amendment), “Investment Property” (effective for annual periods beginning on or after 1 July 2014).** The objective of this amendment is to clarify that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3.

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 mainly include Swaps, Forwards, Futures and Options.

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, usually related to credit instruments (i.e. bonds or loans) that are the underlying instruments of the agreements in this category.

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).

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.

In particular, the fair value of the derivative financial instruments that are traded over the counter (OTC) is determined using valuation models. These valuation models take into account the credit risk of the counterparty (Credit Valuation Adjustment “CVA”), against which the Bank has an open position, as well as own credit risk (Debt Valuation Adjustment “DVA”). The assessment of CVA/ DVA mainly depends on the existence of collateral between counterparties (CSA agreement). It is noted that in cases where there is no such collateral, factors such as the amount of the exposure, the average duration of the derivative financial instrument, the counterparty’s cost of risk as well as the risk free rate shall be assessed. In addition, namely to the exposures to the State, derivative financial instruments are segregated according to the jurisdictions that govern the relevant derivative contracts, in coordination with the existence or non existence of ISDA agreement.

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 aligned with 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 and is calculated in all cases; 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 as determined in accordance with IFRS 13), 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 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.

2.6 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 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 Bank is committed to the purchase or sale of those assets. 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, 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".

2.9 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 credit institutions" or "Due to customers", as appropriate.

Securities purchased under agreements to resell (reverse repos) are recorded as "Reverse repos with customers". "Reverse repos with customers" are carried at amortised cost using the effective interest rate method.

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

Securities transferred to counterparties by the Bank are presented in the Bank's financial statements as assets, in the case that the Bank retains substantially all the risks and rewards of ownership of these securities.

Securities transferred to the Bank by counterparties are not recognized in the Bank's financial statements, unless these securities can be sold by the Bank 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 has the positive intent and ability to hold until maturity. Held to maturity investments are initially recognized at fair value (plus any transaction costs) and subsequently are carried at amortised cost using the effective interest rate method, less any provision for impairment. Moreover, held to maturity investments are reviewed for impairment, that is whether their carrying amount is greater than their estimated recoverable amount.

The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's initial effective interest rate. Impairment losses are recognised in the Income Statement. The objective evidence that a held to maturity investment has been impaired or it is non collectable is stated in section 2.12.

If part of the held to maturity portfolio is sold or reclassified before maturity date, then the entire held to maturity portfolio must be 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 such case, the Bank will not be able to classify any financial assets in the held to maturity portfolio 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 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 initial 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 at the transaction date, meaning the date on which 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 the aforementioned securities 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, the models used 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 shares with similar characteristics. Significant or prolonged decline of the fair value is defined as:

1. the decline in fair value below the cost of the investment for more than 40%
   or
2. the twelve month period decline in fair value for more than 25% of acquisition cost.

If these conditions are objective evidence, in order for the Group to assess the need for impairment, further considered:

- the operational and financing cash flow of the company,
- the general market conditions,
- the historical volatility of share price,
- the financial health and the short-term perspective of the company,
- the sector performance in which the company operates and changes in technology.

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. On the contrary, impairment losses for a debt instrument that is classified as available for sale, can be reversed in profit or loss only when the increase in fair value of this debt instrument can be objectively related to an event that occurred after the initial recognition of the impairment loss in profit or loss.

2.11 Reclassification of financial assets

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

Reclassification of financial assets out of the “Held for trading” category or “Available-for-sale” category to “Loans and receivables” category is permitted, provided that the financial assets meet the definition of this category at the date of reclassification and the 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” 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 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” 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.

2.12 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. Probability 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 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 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.

Forborne loans are loans to which a renegotiation of the original contractual terms has taken place due to financial difficulties or a change in the cash inflows of the borrower. The Bank decides to modify the terms of the contract to allow the borrower to service the debt or refinance the contract, either totally or partially.

Namely to the classification of loans as simple rescheduled or restructured, Piraeus Bank follows the guidelines of Bank of Greece, widening their scope by adding other criteria, in order to converge with the definitions of European Securities and Markets Authority.

Loans are classified as "forborne" from the date when the contractual terms are modified, provided that the modified terms of the contract are met.

If the terms of the renegotiation are not met or if there is a delay in the repayment for more than 3 months, the loans are exiting the restructured loans category and they are included in the relevant, by case, adverse category.

Interest on restructured – rescheduled loans is included in “Interest and similar income” of the income statement.

Forborne loans are tested for impairment in accordance with the impairment and provisioning policy as described in this note.

Note 3.1.5 is relevant to the policy of forborne loans.

2.13 Debt securities receivables

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

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 Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognized at cost net of any impairment losses. The Bank assesses at each reporting date, whether trigger for impairment exists for an investment in subsidiary or associate. If any such trigger exists, then an impairment test is performed by comparing the investment’s recoverable amount with its carrying amount. Where the carrying amount of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

The impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the investment´s recoverable amount since the last impairment loss was recognized. If this is the case the carrying amount of the investment is increased to its higher recoverable amount and that increase is a reversal of an impairment loss.

2.15 Intangible assets

2.15.1 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.

2.15.2 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.

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

The aforementioned 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 Bank holds property, plant and equipment for use in the supply of services 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 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 until 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/and for capital appreciation 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. Additionally, according to IFRS 13, fair value measurement shall take into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. 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. 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 Bank 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.

The fair value of investment property that is not valuated by independent valuers, is determined by similar valuation methods conducted by experts of the Group entities.

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.

2.18 Assets held for sale

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 are valued at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated. Gains/ losses from sale of these assets are recognized in the income statement.

2.19 Inventories property

Inventories property includes land and buildings acquired by the Bank through auctions for the full or partial recovery of its receivables (if the requirements of IAS 40 are not fulfilled). 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 Bank is the Lessee

<u>Operating leases</u>
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 Bank 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 are separated and reduce the balance of the lease receivable, while and the respective interest income is recognised in the income statement 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 three 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 Bank; therefore they are not included in balances with less than three months maturity.

2.22 Provisions

Provisions 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.

In particular, namely to the outstanding litigations against the Bank, arising in the ordinary course of business, the Bank assesses the need for raising provisions at each reporting date. In the context of this assessment, the Bank takes into account the probability of a negative outcome for these litigations as well as the ability to estimate reliably the cash outflows required to settle the liability. The aforementioned assessment as well as the quantification of the loss requires estimates from the Bank's management and the Legal Division. These estimates are reviewed at regular intervals.

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 expense in the income statement.

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 of: a) 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 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.

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

Actuarial gains and losses

Actuarial gains and losses are recognised directly to equity of the Bank, as they occur. These gains and losses are not recycled to profit or loss.

Past service costs

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. This cost is recognised directly to profit or loss, when the plan amendment or curtailment occurs.

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 accounted for 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.

2.25 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. Deferred tax on carried forward tax losses is 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. 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 income will be available in the future against which the temporary difference can be utilised.

Deferred tax related to the fair value measurement of: a) the available-for-sale investments and b) the cash flow hedges that were recognized directly to equity, is credited or charged directly to equity. Upon the sale of the security or the partial recognition of the derivative's valuation to profit or loss, the part of the relevant deferred tax is recognized to the profit or loss.

Additionally, deferred tax related to the actuarial gains/ losses of the defined benefit obligations as well as to the subsequent change of these actuarial gains/ losses, is recognized directly to equity, at the time which they take place.

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.

2.26 Fair value measurement of assets and liabilities

Fair value is the price that would be received to sell an asset (financial or non financial) or paid to transfer a liability (financial or non financial) in an orderly transaction between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Valuation techniques used to measure fair value shall maximise the use of observable data input and minimise the use of unobservable input. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect the Bank's market assumptions.

Inputs to valuation techniques used to measure fair value are categorised into three levels (fair value hierarchy) as follows:

• 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 or indirectly. 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). Level 3 includes participations of the Bank categorized in the available for sale portfolio, which are not traded in an active market or for which there are not available prices from external traders in order to determine their fair value. For the determination of the fair value of the aforementioned participations, the Bank uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The Bank, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions. The estimated fair value of the corporate participations of the Bank within level 3 is only taken into account for impairment test purposes, else these participations are recorded at cost.

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

2.27 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.

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

a) Initial recognition and measurement

The liabilities from the issuance of the debt securities, hybrid capital and other borrowed funds are recognised initially at fair value, net of incurred issuance costs.

b) Measurement after initial recognition

After initial recognition, the aforementioned debt securities and hybrid capital 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), 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, which is calculated using the effective interest method, as long as no legal restrictions or prohibitions for their payment exist.

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.

2.29 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.

2.30 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, 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% and d) the Financial Stability Fund. 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 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.

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.

2.32 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 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.

2.33 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 46).
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 Division, the Group Market Risk & Operational Risk Management Division, the Group Capital Management Division, the Group Corporate Credit Control and the Group Risk Coordination. Its activities are subject to the independent supervision of the 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 framework

3.1.1 Credit risk management strategies and procedures

Banking activity and the Bank's profits are closely related to credit risk undertaking. Credit risk is the risk of financial loss for the Bank that results when the debtors are in no position to 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, Credit Risk Management Division operates with its mission the continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises, individuals, banks and central governments.

3.1.2 Credit risk measurement and reporting systems

Reliable credit risk measurement is of top priority within the Bank's risk management framework. The continuous development of infrastructure, systems, and methodologies aimed at quantifying and evaluating credit risk is an essential 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. Piraeus Bank applies the Moody's Risk Analyst (MRA) borrower credit rating system for the assessment of credit risk that arises from loans to medium and large-sized enterprises, whereas for small-sized enterprises, internally developed (in-house) rating systems, as well as scoring systems, are applied. In accordance with the regulatory framework for credit institutions (Basel II), the Bank has developed and applies a distinct credit rating model for specialized lending that concerns sea-going shipping (object finance). Within 2013 the model was optimized and aligned with the special lending criteria of Basel's IRB methodology.

In the context of the continuous optimization of the credit rating models, the Bank has optimized the existing MRA credit rating model applicable to the corporate portfolio that concerns borrowers keeping class C accounting books with a turnover in excess of € 2.5 million and has also applied a new model for the corporate portfolio that concerns borrowers keeping class C accounting books with a turnover of up to € 2.5 million or without turnover. The Bank has advanced to the automation of the validation tests for the above models for more adequate and direct monitoring of their predictive ability.

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.

The process of applicant evaluation incorporates the usage of a "Score" that is the result of the combination of the Application Score, the Behavioural Score and the Score of the White Tiressias information. This way the approval process becomes more efficient and the information that is evaluated via Score is maximized.

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.

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 mutual fund shares, stocks, or bonds or bills
- Mortgages on real estate property
- Ship mortgages
- Receivables

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

b) Derivatives

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

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

c) Netting arrangements

In cases where there is the 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.

3.1.5 Forbearence measures and forbearance policy

As a result of the recessionary economic environment, in order for Piraeus Bank to manage risks more effectively, especially in the downward phase of the economic cycle, proceeded to the extension of loan forbearance measures.

Specifically forborne loans are characterized all loans to which a renegotiation of the original terms of the loan contract has been done due to financial difficulties of the borrower. Based on these difficulties, the Bank decides to modify the terms and conditions of the contract to allow the borrower sufficient ability to service the debt or refinance the contract, either totally or partially.

The Bank monitors the forborne loans by customer category, by portfolio and by managerial division. For every forborne loan the date of designation to forbearance is retained and the implementation date of the new program as well. From the moment of the implementation of the new program the forborne loans may exit the forborne status provided that the new contractual obligations have been fully met.

In the respective manuals of Piraeus Bank's Credit Policy regarding Corporate and Retail Credit, there are specific chapters, which describe in detail the procedures for the approval and management of forborne loans, as well as the relevant approval bodied/approval units and management units.

Forborne loans are examined for impairment in accordance with the impairment and provisioning policy as described above.

Amounts in thousand euros (Unless otherwise stated)

3.2. Credit Risk Management

Loans and advances to credit institutions , reverse repos with customers as well as debt securities-receivables are summarized below:

	31 December 2013			31 December 2012		
	Loans and advances to credit institutions	Reverse repos with customers	Debt securities-receivables	Loans and advances to credit institutions	Reverse repos with customers	Debt securities-receivables
A) Loans and advances neither past due or impaired	1,163,172	6,353	15,564,939	2,620,677	35,388	7,928,884
B) Loans and advances past due but not impaired	-	-	4,535	-	-	4,740
C) Loans and advances impaired	-	-	23,846	-	-	23,846
Total	**1,163,172**	**6,353**	**15,593,320**	**2,620,677**	**35,388**	**7,957,470**

Loans and advances to credit institutions

Grades	**31 December 2013**	**31 December 2012**
Investment grade	840	3,247
Standard monitoring	6,690	6,517
Special monitoring	1,155,642	2,610,913
Total	**1,163,172**	**2,620,677**

Reverse repos with customers

Grades	**31 December 2013**	**31 December 2012**
Standard monitoring	6,353	35,388
Total	**6,353**	**35,388**

	31 December 2013	**31 December 2012**
Debt securities-receivables	15,593,320	7,957,470
Less: Allowance for impairment of debt securities-receivables	(23,846)	(23,846)
Net	**15,569,474**	**7,933,625**

In regards to Debt securities – receivables, the Bank has raised a provision for titles of equal value both as at 31/12/2013 and as at 31/12/2012.

Loans and advances to customers are summarized below:

	31 December 2013					
	Loans and advances to customers before provisions and adjustments	Individual allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Adjustments of opening balances at acquisition date	Positive adjustment for loans opening balances at acquisition date	**Net Loans and advances to customers after provisions and adjustments**
A) Loans and advances neither past due or impaired	29,871,243	-	(158,517)	(63,945)	626,118	30,274,899
B) Loans and advances past due but not impaired	18,148,041	-	(320,927)	(365,720)	-	17,461,394
C) Loans and advances impaired	19,919,957	(3,301,290)	(737,478)	(6,218,364)	-	9,662,824
Total	**67,939,241**	**(3,301,290)**	**(1,216,922)**	**(6,648,029)**	**626,118**	**57,399,117**

	31 December 2012				
	Loans and advances to customers before provisions and adjustments	Individual allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Adjustments of opening balances at acquisition date	**Net Loans and advances to customers after provisions and adjustments**
A) Loans and advances neither past due or impaired	23,440,133	-	(16,249)	(56,184)	23,367,700
B) Loans and advances past due but not impaired	10,025,406	-	(295,814)	(116,808)	9,612,785
C) Loans and advances impaired	7,670,592	(1,995,228)	(564,135)	(473,711)	4,637,517
Total	**41,136,132**	**(1,995,228)**	**(876,198)**	**(646,704)**	**37,618,002**

Related to the debt securities - receivables rating is note 3.5.

"Adjustment for opening balances at acquisition date" relates mainly to allowance for impairment for loans of former ATEbank and the Greek banking operations of Cypriot Banks (Bank of Cyprus, Popular Bank of Greece, Hellenic Bank) as at their acquisition date from Piraeus Bank. The aforementioned allowance for impairment has been included in the adjustment of loans and advances to customers to fair value according to the provisions of IFRS 3. It is noted that in note 23 "Loans and advances to customers and debt securities – receivables", the adjustment has decreased the balance of loans and advances to customers before provisions and it is not included in the allowance for impairment on loans and advances to customers.

Amounts in thousand euros (Unless otherwise stated)

However for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, the aforementioned adjustment as well as the positive adjustment of loan balances, do not affect the balances of loans and advances before provisions, as the Bank monitors the aforementioned adjustments as part of the provisions or the loans respectively.

The analysis of the adjustment that has taken place as at the acquisition date per loan category follows:

Loans and advances to customers	31 December 2013	31 December 2012
Loans to individuals	**(1,312,377)**	**(61,830)**
Mortgages	(207,917)	(21,013)
Consumer/ personal loans	(919,529)	(20,347)
Credit cards	(184,931)	(20,470)
Corporate loans/ public sector	**(5,335,652)**	**(584,873)**
Total adjustment	**(6,648,029)**	**(646,704)**

The information included in the following tables, that is related to credit risk, is provided taking into consideration the adjustments that arose from the purchase price allocation procedure.

Amounts in thousand euros (Unless otherwise stated)

3.2.1. Loans and Advances to Customers by Asset Quality (Impaired or non – Impairment Allowance - Value of collateral)

31/12/2013	Non impaired L&As		Impaired L&As		Total Gross amount	Impairment Allowance		Total Net amount	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed		
Retail Lending	**11,881,508**	**6,706,780**	**75,319**	**3,940,660**	**22,604,266**	**(34,682)**	**(2,421,924)**	**20,147,660**	**15,728,655**
Mortgage	9,465,075	5,691,004	75,319	1,284,434	16,515,831	(28,636)	(456,361)	16,030,833	14,475,642
Consumer	1,753,669	903,835	-	2,113,532	4,771,036	(6,046)	(1,537,543)	3,227,447	1,253,012
Credit card	655,936	106,224	-	536,013	1,298,173	-	(426,725)	871,449	-
Other	6,828	5,717	-	6,681	19,226	-	(1,294)	17,931	-
Corporate Lending	**16,545,704**	**11,381,872**	**15,895,196**	**0**	**43,822,773**	**(8,316,639)**	**(391,042)**	**35,115,092**	**16,040,004**
Large	8,319,750	5,172,951	7,244,691	-	20,737,393	(3,916,939)	(92,905)	16,727,549	5,985,138
SMEs	8,225,954	6,208,921	8,650,505	-	23,085,380	(4,399,700)	(298,137)	18,387,543	10,054,866
Public Sector (Greece)	**2,070,149**	**59,389**	**8,782**	**0**	**2,138,320**	**(742)**	**(1,212)**	**2,136,365**	**1,949,019**
Total	**30,497,361**	**18,148,041**	**15,979,297**	**3,940,660**	**68,565,359**	**(8,352,063)**	**(2,814,178)**	**57,399,117**	**33,717,678**

31/12/2012	Non impaired L&As		Impaired L&As		Total Gross amount	Impairment Allowance		Total Net amount	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed		
Retail Lending	**9,133,274**	**3,713,643**	**43,668**	**1,534,352**	**14,424,936**	**(24,673)**	**(780,800)**	**13,619,462**	**10,836,139**
Mortgage	7,334,288	3,066,910	43,668	632,807	11,077,673	(22,922)	(142,847)	10,911,905	10,260,054
Consumer	1,294,987	508,594	-	628,856	2,432,437	(1,752)	(449,229)	1,981,456	576,086
Credit card	498,759	127,101	-	265,979	891,839	-	(188,724)	703,114	-
Other	5,240	11,038	-	6,709	22,987	-	-	22,987	-
Corporate Lending	**12,007,244**	**6,282,999**	**5,877,487**	**0**	**24,167,729**	**(2,313,635)**	**(267,883)**	**21,586,211**	**10,158,322**
Large	5,483,225	1,820,099	1,971,666	-	9,274,989	(801,471)	(11,699)	8,461,818	2,458,943
SMEs	6,524,019	4,462,900	3,905,821	-	14,892,741	(1,512,164)	(256,184)	13,124,393	7,699,379
Public Sector (Greece)	**2,299,616**	**28,764**	**215,085**	**0**	**2,543,466**	**(130,631)**	**(507)**	**2,412,328**	**2,182,078**
Total	**23,440,133**	**10,025,406**	**6,136,240**	**1,534,352**	**41,136,131**	**(2,468,939)**	**(1,049,191)**	**37,618,001**	**23,176,539**

Retail loans past due more than 180 days with insufficient collaterals are considered impaired.

“Value of collateral” reflects their realizable value that is determined after the application of specific haircut rates, according to the Bank credit risk management policy. For mortgage loans of the Bank in specific, the “value of collateral” mainly regards the fair value of the properties, for which the Bank possesses first class prenotation or mortgage. When the value of the collateralized property exceeds the loan balance, the “value of collateral” is cupped to the loan balance.

Amounts in thousand euros (Unless otherwise stated)

3.2.2. An analysis of Neither past due nor Impaired Loans and Advances to Customers:

31/12/2013	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired	Value of Collateral
Retail lending	**11,881,508**	**0**	**11,881,508**	**8,854,566**
Mortgage	9,465,075	-	9,465,075	8,306,957
Consumer	1,753,669	-	1,753,669	547,610
Credit card	655,936	-	655,936	-
Other	6,828	-	6,828	-
Corporate Lending	**9,872,457**	**6,673,248**	**16,545,704**	**6,211,862**
Large	4,887,451	3,432,299	8,319,750	2,391,464
SMEs	4,985,006	3,240,948	8,225,954	3,820,398
Public Sector (Greece)	**118,603**	**1,951,546**	**2,070,149**	**1,946,452**
Total	**21,872,568**	**8,624,793**	**30,497,361**	**17,012,881**

31/12/2012	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired	Value of Collateral
Retail lending	**9,133,274**	**0**	**9,133,274**	**7,172,825**
Mortgage	7,334,288	-	7,334,288	6,822,150
Consumer	1,294,987	-	1,294,987	350,675
Credit card	498,759	-	498,759	-
Other	5,240	-	5,240	-
Corporate Lending	**7,253,222**	**4,754,021**	**12,007,244**	**4,723,876**
Large	4,202,934	1,280,290	5,483,225	1,065,585
SMEs	3,050,288	3,473,731	6,524,019	3,658,291
Public Sector (Greece)	**2,281,727**	**17,889**	**2,299,616**	**2,166,895**
Total	**18,668,223**	**4,771,910**	**23,440,133**	**14,063,595**

Amounts in thousand euros (Unless otherwise stated)

3.2.3. Ageing analysis of Past due but not Impaired Loans and Advances to Customers by product line:

	Retail lending				Corporate Lending		Public Sector	Total Past due but not impaired Loans and Advances to Customers
31/12/2013	**Mortgage**	**Consumer**	**Credit cards**	**Other**	**Large**	**SMEs**	**Greece**	
1-29 days	2,114,604	393,243	45,405	5,715	2,745,638	1,730,933	21,634	7,057,171
30-59 days	779,233	187,011	21,741	1	666,480	562,623	21,874	2,238,963
60-89 days	486,160	140,194	15,170	-	425,094	540,543	10,049	1,617,210
90-179 days	571,423	183,388	23,908	-	268,426	735,118	362	1,782,625
180-360 days	389,181	-	-	-	553,091	794,802	612	1,737,686
>360 days	440,633	-	-	-	405,979	1,607,345	1,156	2,455,113
Denounced	909,771	-	-	-	108,242	237,556	3,704	1,259,272
Total	**5,691,004**	**903,835**	**106,224**	**5,717**	**5,172,951**	**6,208,921**	**59,389**	**18,148,041**
Value of collateral	5,091,977	337,689	-	-	1,891,094	3,240,675	2,358	10,563,793

	Retail lending				Corporate Lending		Public Sector	Total Past due but not impaired Loans and Advances to Customers
31/12/2012	**Mortgage**	**Consumer**	**Credit card**	**Other**	**Large**	**SMEs**	**Greece**	
1-29 days	1,096,267	235,023	52,095	11,006	391,351	1,260,339	15,954	3,062,033
30-59 days	523,968	103,717	26,431	15	275,107	448,013	3,781	1,381,032
60-89 days	387,163	67,496	18,234	10	955,174	919,961	1,732	2,349,772
90-179 days	404,008	102,358	30,341	7	18,931	466,333	2,050	1,024,028
180-360 days	191,793	-	-	-	80,269	561,753	462	834,278
>360 days	48,810	-	-	-	71,871	646,335	1,106	768,122
Denounced	414,901	-	-	-	27,395	160,166	3,679	606,141
Total	**3,066,910**	**508,594**	**127,101**	**11,038**	**1,820,099**	**4,462,900**	**28,764**	**10,025,406**
Value of collateral	2,886,625	142,517	-	-	796,205	2,467,074	3,117	6,295,539

Loans past due but not impaired that are fully covered by collaterals are considered non-impaired.

Amounts in thousand euros (Unless otherwise stated)

3.2.4 Impaired Loans and Advances to Customers:

3.2.4.1. Movement in Impaired L&As by product line

	Retail lending				Corporate lending		Public sector	Total
	Mortgage	Consumer	Credit card	Other	Large	SMEs	Greece	
Gross balance as at 1.1.2013	676,476	628,856	265,979	6,709	1,971,666	3,905,821	215,085	7,670,592
Opening balance of acquired banking activities	471,119	970,612	132,718	-	2,095,540	2,277,735	-	5,947,723
New impaired L&As	293,074	616,478	178,788	1,487	3,721,553	2,909,916	2,199	7,723,494
Repayment	(80,720)	(53,537)	(3,789)	(1,516)	(492,786)	(377,361)	(208,502)	(1,218,211)
Impaired L&As written-off	(197)	(48,877)	(37,682)	-	(51,281)	(65,605)	-	(203,642)
Gross balance as at 31.12.2013	**1,359,752**	**2,113,532**	**536,013**	**6,680**	**7,244,691**	**8,650,505**	**8,782**	**19,919,955**
Impairment allowance	(219,545)	(1,324,017)	(394,896)	(1,294)	(3,916,939)	(4,399,700)	(742)	(10,257,132)
Net balance as at 31.12.2013	1,140,207	789,516	141,117	5,386	3,327,752	4,250,805	8,040	9,662,823

	Retail lending				Corporate lending		Public sector	Total
	Mortgage	Consumer	Credit card	Other	Large	SMEs	Greece	
Gross balance as at 1.1.2012	359,461	423,133	194,257	2,766	981,410	2,944,509	128,883	5,034,419
Opening balance of acquired banking activities	-	-	-	-	664,223	394,094	208,529	1,266,845
New impaired L&As	358,301	257,762	88,338	4,256	929,437	2,119,699	34	3,757,826
Repayment	(33,096)	(35,994)	(4,826)	(311)	(599,124)	(469,638)	(30,887)	(1,173,877)
Impaired L&As written-off	(8,190)	(16,046)	(11,790)	-	(4,280)	(1,082,842)	(91,473)	(1,214,620)
Gross balance as at 31.12.2012	**676,476**	**628,856**	**265,979**	**6,710**	**1,971,665**	**3,905,821**	**215,085**	**7,670,593**
Impairment allowance	(86,137)	(364,086)	(138,586)	-	(801,471)	(1,512,164)	(130,631)	(3,033,075)
Net balance as at 31.12.2012	590,339	264,770	127,393	6,710	1,170,194	2,393,658	84,455	4,637,519

Amounts in thousand euros (Unless otherwise stated)

3.2.4.2. Ageing analysis of Impaired Loans and Advances to Customers by product line

	Retail lending				Corporate lending		Public sector	Total
31/12/2013	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
Not past due	4,472	-	-	-	983,667	728,468	85	1,716,692
1-29 days	275	-	-	-	349,162	79,317	1,643	430,397
30-59 days	-	-	-	-	29,705	72,540	-	102,245
60-89 days	-	-	-	-	125,188	104,560	-	229,747
90-179 days	8,730	-	-	-	125,678	314,973	-	449,381
180-360 days	12,153	96,811	35,619	-	221,848	221,192	-	587,624
>360 days	16,551	141,953	-	4,451	1,100,639	887,958	-	2,151,551
Denounced	1,098,027	550,752	105,498	936	391,866	1,841,798	6,312	3,995,188
Total net amount	**1,140,208**	**789,515**	**141,117**	**5,387**	**3,327,752**	**4,250,805**	**8,040**	**9,662,824**
Value of collateral	1,076,709	367,713	-	-	1,702,580	2,993,793	209	6,141,005

	Retail lending				Corporate lending		Public sector	Total
31/12/2012	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
Not past due	-	-	-	-	562,365	719,010	138	1,281,513
1-29 days	-	-	-	-	48,036	134,182	-	182,218
30-59 days	-	-	-	-	44,007	51,486	-	95,493
60-89 days	411	-	-	-	275,498	282,428	-	558,336
90-179 days	16,048	-	-	-	9,641	(5,906)	78,119	97,902
180-360 days	111,205	36,885	8,825	3,846	70,598	139,756	-	371,115
>360 days	5,733	23,779	202	1,435	87,194	331,163	-	449,506
Denounced	456,942	204,106	118,367	1,428	72,856	741,538	6,197	1,601,434
Total net amount	**590,339**	**264,770**	**127,393**	**6,709**	**1,170,194**	**2,393,657**	**84,455**	**4,637,517**
Value of collateral	551,279	82,893	-	-	597,153	1,574,015	12,066	2,817,406

The difference between net and collateral value, is related to recoverability, which is estimated for the collectively assessed loans, on the basis of historical data of collectibility, and for the individually assessed loans, on the basis of expected cash flows.

Amounts in thousand euros (Unless otherwise stated)

3.2.5. Loan-to-value Ratio (LTV) of Mortgage Lending

Loan to value is the relationship between the loan and the appraised value of the mortgaged property held as collateral.

31/12/2013	Mortgages (Gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	4,829,836	588,775
50%-70%	3,671,394	406,343
71%-80%	2,003,692	130,659
81%-90%	1,749,702	214,270
91%-100%	1,372,939	174,984
101%-120%	1,656,282	212,911
121%-150%	863,828	165,585
Greater than 150%	368,158	448,584
Total exposure	**16,515,831**	**2,342,110**
Average LTV	72%	122%

31/12/2012	Mortgages (Gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	2,593,733	370,896
50%-70%	3,076,135	226,582
71%-80%	1,620,639	122,403
81%-90%	1,300,789	51,128
91%-100%	774,720	60,491
101%-120%	939,622	37,129
121%-150%	515,911	74,438
Greater than 150%	256,124	205,667
Total exposure	**11,077,673**	**1,148,734**
Average LTV	74%	103%

Amounts in thousand euros (Unless otherwise stated)

3.2.6. Repossessed collaterals

The whole amount of repossessed collaterals concern property. The property below is presented in the Statement of Financial Position in line "Other assets".

31/12/2013	Gross amount	Of which: added this year	Accumulated impairment	Of which: on newly added	Net amount	Net Sale Price	Net gain/ losses on sale
Real estate	**339,429**	**35,503**	**(6,980)**	**(6,980)**	**332,449**	**407**	**(158)**
- Residential	253,514	34,658	(2,227)	(2,227)	251,287	6	-
- Commercial	85,915	845	(4,753)	(4,753)	81,162	401	(158)

Apart from the property above, within 2013 the Bank acquired under the same scope property of total amount € 2.8 million (2012: € 9.4 million), but due to their different characteristics classified, according to the IFRS, as "Investment Property".

31/12/2012	Gross amount	Of which: added this year	Accumulated impairment	Of which: on newly added	Net amount	Net Sale Price	Net gain/ losses on sale
Real estate	**141,432**	**29,566**	**(1,999)**	**(1,999)**	**139,434**	**1,165**	**312**
- Residential	104,378	28,393	(1,999)	(1,999)	102,379	1,165	312
- Commercial	37,055	1,173	-	-	37,055	-	-

Amounts in thousand euros (Unless otherwise stated)

3.2.7. Breakdown of collateral and guarantees

31/12/2013	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	15,434,170	294,485	-	15,728,655	-
Corporate Lending	13,215,222	949,067	1,875,716	16,040,004	14,174,553
Public Sector	10,073	2,814	1,936,132	1,949,019	958
Total	**28,659,465**	**1,246,365**	**3,811,848**	**33,717,678**	**14,175,511**

31/12/2012	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	10,654,929	181,210	-	10,836,139	-
Corporate Lending	8,381,371	572,271	1,204,680	10,158,322	6,725,526
Public Sector	10,673	1,353	2,170,053	2,182,078	820
Total	**19,046,972**	**754,834**	**3,374,733**	**23,176,539**	**6,726,346**

The value of guarantees includes mainly personal or corporate guarantees

Amounts in thousand euros (Unless otherwise stated)

3.3. Impairment Provisioning

3.3.1. Reconciliation of Impairment Allowance by Product Line

31/12/2013	Mortgages	Consumer/ personal and other retail loans	Credit Cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2013	144,756	430,636	168,254	**743,645**	2,127,780	-	2,871,426
Impairment loss for the period	133,492	250,318	112,674	496,484	1,429,105	1,955	1,927,544
Reversal of impairment allowances no longer required	-	-	-	-	(41,297)	-	(41,297)
Total impairment loss on L&As	**133,492**	**250,318**	**112,674**	**496,484**	**1,387,808**	**1,955**	**1,886,247**
Amounts written off	(197)	(48,878)	(37,682)	(86,757)	(116,886)	-	(203,642)
Foreign exchange differences and other movements	(330)	(7,238)	(1,026)	(8,593)	(27,278)	-	(35,872)
Closing balance as at 31.12.2013	**277,721**	**624,839**	**242,219**	**1,144,779**	**3,371,425**	**1,955**	**4,518,158**

31/12/2012	Mortgages	Consumer/ personal and other retail loans	Credit Cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2012	90,732	306,788	140,531	**538,051**	1,729,801	131,138	2,398,990
Impairment loss for the period	62,213	139,893	39,513	241,620	1,464,747	-	1,706,367
Reversal of impairment allowances no longer required	-	-	-	-	(22,659)	-	(22,659)
Total impairment loss on L&As	**62,213**	**139,893**	**39,513**	**241,620**	**1,442,089**	**0**	**1,683,709**
Amounts written off	(8,190)	(16,046)	(11,790)	(36,025)	(1,161,811)	-	(1,197,836)
Foreign exchange differences and other movements	-	-	-	-	(13,437)	-	(13,437)
Closing balance as at 31.12.2012	**144,756**	**430,636**	**168,254**	**743,645**	**1,996,642**	**131,138**	**2,871,426**

Amounts in thousand euros (Unless otherwise stated)

3.3.2. Loans and Advances to Customers, Impaired Loans and Impairment Allowance by Product Line and Industry

31.12.2013	Greece			Rest of Europe		
	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance
Retail Lending	**22,505,583**	**4,001,616**	**2,448,101**	**98,683**	**14,362**	**8,505**
Mortgage	16,453,733	1,357,661	482,476	62,098	2,091	2,522
Consumer	4,734,451	2,101,261	1,537,606	36,585	12,271	5,983
Credit card	1,298,173	536,013	426,725	-	-	-
Other	19,226	6,681	1,294	-	-	-
Corporate Lending	**41,066,864**	**14,372,463**	**8,318,738**	**2,755,908**	**1,522,734**	**388,943**
Commerce and services	5,605,670	2,154,422	1,490,670	267,256	167,114	36,986
Manufacturing	6,379,363	2,228,016	1,227,363	144,088	78,249	20,387
Shipping	2,970,832	786,751	272,775	-	-	-
Construction	4,560,352	1,930,674	1,081,056	533,199	407,375	84,148
Tourism	2,998,704	521,532	257,540	57,374	29,540	9,513
Energy	1,245,066	8,582	6,093	7,447	471	164
Agriculture	1,405,016	243,647	127,736	31,390	6,869	2,239
Coastline/ Ferries Companies	351,951	195,924	115,164	-	-	-
Transport & Logistics	934,096	399,866	270,843	144,332	30,719	5,352
Financial Sector	4,177,257	2,032,609	1,234,827	344,694	65,120	21,456
Real Estate Companies	2,696,289	938,449	445,602	654,836	405,269	100,462
Project Finance	1,195,125	256,549	165,406	173,889	31,186	7,640
Other	6,547,144	2,675,442	1,623,665	397,404	300,821	100,597
Public Sector	**2,138,320**	**8,782**	**1,955**	**-**	**-**	**-**
Total	**65,710,767**	**18,382,861**	**10,768,793**	**2,854,592**	**1,537,096**	**397,448**

Amounts in thousand euros (Unless otherwise stated)

31.12.2012	**Greece**			**Rest of Europe**		
	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance
Retail Lending	**14,313,940**	**1,570,128**	**803,562**	**110,996**	**7,892**	**1,912**
Mortgage	11,006,421	674,983	165,213	71,252	1,492	555
Consumer	2,392,693	622,457	449,624	39,744	6,399	1,357
Credit card	891,839	265,979	188,724	-	-	-
Other	22,987	6,709	-	-	-	-
Corporate Lending	**21,044,368**	**4,579,986**	**2,351,422**	**3,123,362**	**1,297,501**	**230,096**
Commerce and services	3,028,199	701,816	428,196	344,002	148,673	19,499
Manufacturing	4,002,047	1,288,761	593,257	150,285	82,094	10,893
Shipping	1,386,149	136,454	20,517	-	-	-
Construction	2,049,252	540,379	218,760	173,986	38,818	11,978
Tourism	1,619,476	165,470	58,501	64,198	41,926	5,506
Energy	988,130	12,563	10,215	13,178	333	57
Agriculture	1,624,199	185,840	137,341	32,569	32,119	1,999
Coastline/ Ferries Companies	210,088	15,522	5,068	-	-	-
Transport & Logistics	272,367	110,611	67,948	150,227	23,074	3,063
Financial Sector	727,552	444,824	162,410	455,822	82,546	15,057
Real Estate Companies	958,597	28,116	36,309	1,057,616	577,713	95,980
Project Finance	1,032,844	126,941	27,008	179,185	24	24
Other	3,145,469	822,689	585,893	502,292	270,182	66,042
Public Sector	**2,543,466**	**215,085**	**131,138**	**-**	**-**	**-**
Total	**37,901,774**	**6,365,199**	**3,286,122**	**3,234,357**	**1,305,393**	**232,008**

Amounts in thousand euros (Unless otherwise stated)

3.3.3. Interest Income Recognized by Quality of Loans and Advances to Customers and Product Line

2013	Interest income on non-impaired Loans & Advances	Interest income on impaired Loans & Advances	**Total interest income**
Retail lending	716,290	31,653	747,942
Corporate lending	1,483,726	321,043	1,804,769
Public sector	17,374	2,878	20,253
Total interest income	**2,217,390**	**355,574**	**2,572,964**

2012	Interest income on non-impaired Loans & Advances	Interest income on impaired Loans & Advances	**Total interest income**
Retail lending	464,016	9,051	473,067
Corporate lending	1,085,561	179,602	1,265,163
Public sector	28,706	-	28,706
Total interest income	**1,578,283**	**188,653**	**1,766,936**

Amounts in thousand euros (Unless otherwise stated)

3.4. Forbearance

3.4.1. Forborne Loans and Advances to Customers by Type of Forbearance Measure

	Forborne Loans & Advances (net amounts):	
Forbearance measures:	**31/12/2013**	**31/12/2012**
Interest only schedule	80,009	-
Reduced payment schedule	2,632,810	1,690,874
Payment moratorium/Holidays	845,928	90,062
Term extension	988,607	154,238
Arrears capitalization	318,117	-
Hybrid (i.e. term extension and interest only)	4,032,323	2,961,153
Other	499,002	156,710
Total net amount	**9,396,796**	**5,053,036**

Amounts in thousand euros (Unless otherwise stated)

3.4.2. Credit Quality of Forborne Loans and Advances to Customers

31/12/2013	Total amount of Loans & Advances	Total amount of forborne Loans & Advances	% of Forborne Loans & Advances
Neither past due nor impaired	30,497,361	5,061,272	16.60%
Past due but not impaired	18,148,041	2,993,676	16.50%
Impaired	19,919,957	2,072,840	10.41%
Total Gross Amount	**68,565,359**	**10,127,788**	**14.77%**
Individual Impairment Allowance	(8,352,063)	(642,743)	7.70%
Collective Impairment Allowance	(2,814,178)	(88,249)	3.14%
Total Net Amount	**57,399,117**	**9,396,796**	**16.37%**
Collateral received	33,717,678	4,927,720	14.61%
Total Net Amount less collateral value	**23,681,439**	**4,469,076**	**18.87%**

31/12/2012	Total amount of Loans & Advances	Total amount of forborne Loans & Advances	% of Forborne Loans & Advances
Neither past due nor impaired	23,440,133	2,196,669	9.37%
Past due but not impaired	10,025,406	1,992,858	19.88%
Impaired	7,670,592	1,230,574	16.04%
Total Gross Amount	**41,136,131**	**5,420,101**	**13.18%**
Individual Impairment Allowance	(2,468,939)	(305,100)	12.36%
Collective Impairment Allowance	(1,049,191)	(61,965)	5.91%
Total Net Amount	**37,618,001**	**5,053,036**	**13.43%**
Collateral received	23,176,539	3,449,315	14.88%
Total Net Amount less collateral value	**14,441,462**	**1,603,721**	**11.10%**

Amounts in thousand euros (Unless otherwise stated)

3.4.3 .Reconciliation of Forborne Loans and Advances to Customers

	31/12/2013	31/12/2012
Opening balance	5,053,036	3,573,234
Opening balance of acquired banking activities	588,716	211,943
Forbearance measures in the period	7,857,294	3,509,849
Repayment of loans (partial or total)	(564,624)	(241,294)
L&As that exited forbearance status	(3,183,122)	(1,866,315)
Impairment loss	(354,505)	(134,380)
Closing balance	**9,396,796**	**5,053,036**

Amounts in thousand euros (Unless otherwise stated)

3.4.4. Forborne Loans and Advances to Customers by Product Line

	31/12/2013	31/12/2012
Retail Lending	**3,297,071**	**2,307,004**
Mortgage	2,672,306	1,986,235
Consumer	624,765	320,769
Corporate Lending	**6,098,826**	**2,745,437**
Large	3,360,090	883,960
SMEs	2,738,736	1,861,477
Public Sector (Greece)	**899**	**595**
Total net amount	**9,396,796**	**5,053,036**

3.4.5. Forborne Loans and Advances to Customers by Geographical Region

	31/12/2013	31/12/2012
Greece	8,634,839	4,642,978
Rest of Europe	761,957	410,058
Total net amount	**9,396,796**	**5,053,036**

Amounts in thousand euros (Unless otherwise stated)

3.5. 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 2013, based on Standard & Poor's ratings or their equivalent:

31 December 2013	Trading securities	Investment securities	Debt securities - receivables	Total
AAA	-	-	-	-
AA- to AA+	1,444	-	14,292,736	14,294,180
A- to A+	-	-	-	-
BBB- to BBB+	-	-	-	-
BB- to BB+	-	-	-	-
Lower than BB-	26,248	446,009	1,276,738	1,748,995
Unrated	-	457	-	457
Total	**27,692**	**446,466**	**15,569,474**	**16,043,632**

3.6. 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 2013.

	Greece	Rest of Europe	Total
Loans and advances to credit institutions	1,161,518	1,653	1,163,172
Derivative financial instruments - assets	321,307	-	321,307
Bonds & Treasury Bills of Trading Portfolio	27,692	-	27,692
Reverse repos with customers	6,353	-	6,353
Loans and advances to customers (net of provisions)	54,816,420	2,582,697	57,399,117
Loans to individuals	20,057,512	90,148	20,147,660
- Mortgages	15,971,225	59,608	16,030,833
- Consumer - personal loans	3,214,839	30,540	3,245,379
- Credit cards	871,449	-	871,449
Loans to corporate entities/ public sector	34,758,908	2,492,549	37,251,457
Debt securities - receivables	15,564,939	4,535	15,569,474
Bonds & Treasury Bills of Available for Sale Portfolio	446,466	-	446,466
Other assets	2,078,021	27,911	2,105,932
As at 31 December 2013	**74,422,716**	**2,616,797**	**77,039,513**
As at 31 December 2012	**52,302,745**	**2,770,658**	**55,073,402**

Amounts in thousand euros (Unless otherwise stated)

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 2013. The Bank has allocated exposure to sectors based on the industry sector of counterparties.

	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Energy, Transports & Logistics	Hotels	Agriculture	Other industries	Individuals	Total
Loans and advances to credit institutions	1,163,172	-	-	-	-	-	-	-	-	-	-	-	-	**1,163,172**
Derivative financial instruments - assets	18,137	1,363	-	2,181	28,141	199	240,084	11,397	10,329	-	-	9,476	-	**321,307**
Bonds of Trading portfolio	-	-	-	-	-	-	27,692	-	-	-	-	-	-	**27,692**
Loans and advances to customers (net of provisions)	3,265,667	5,275,700	3,928,347	2,805,060	1,195,969	4,345,269	2,136,365	2,698,057	2,285,278	2,789,025	1,306,431	5,220,287	20,147,660	**57,399,117**
Loans to individuals (retail customers)													20,147,660	**20,147,660**
- Mortgages													16,030,833	**16,030,833**
- Consumer - personal loans													3,245,379	**3,245,379**
- Credit cards													871,449	**871,449**
Loans to corporate entities/ Public sector	3,265,667	5,275,700	3,928,347	2,805,060	1,195,969	4,345,269	2,136,365	2,698,057	2,285,278	2,789,025	1,306,431	5,220,287	-	**37,251,457**
Debt securities-receivables	-	4,535	-	-	-	-	15,564,939	-	-	-	-	-	-	**15,569,474**
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	-	6,353	**6,353**
Bonds of Investment portfolio	26,067	-	-	-	-	-	420,399	-	-	-	-	-	-	**446,466**
Other assets	383,999	3,270	-	7,699	6	-	916,082	8,261	464	-	-	585,839	200,312	**2,105,932**
Balance at 31st December 2013	**4,857,042**	**5,284,869**	**3,928,347**	**2,814,940**	**1,224,116**	**4,345,468**	**19,305,561**	**2,717,716**	**2,296,071**	**2,789,025**	**1,306,431**	**5,815,601**	**20,354,325**	**77,039,513**
Balance at 31st December 2012	**4,345,724**	**3,559,667**	**1,993,726**	**1,898,018**	**1,319,200**	**2,933,641**	**7,832,475**	**1,379,372**	**1,548,223**	**1,619,668**	**1,517,428**	**11,314,602**	**13,811,659**	**55,073,402**

Off Balance Sheet Items - Industry sectors	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Energy, Transports & Logistics	Hotels	Agriculture	Other industries	Individuals	Total
Letters of Guarantee	521,572	468,863	1,137,475	122,001	101,167	183,382	10,951	-	145,466	81,732	11,410	324,045	-	3,108,064
Letters of Credit	25	28,063	-	-	-	9,646	-	-	-	-	163	8,751	-	46,647
Commitments to Extend Credit	4,972	7,896	9,892	1,993	12,344	29,285	-	26,689	10,216	4,944	2,745	16,671	1,152,104	1,279,749
Balance at 31st December 2013	**526,568**	**504,821**	**1,147,367**	**123,995**	**113,511**	**222,313**	**10,951**	**26,689**	**155,682**	**86,676**	**14,317**	**349,467**	**1,152,104**	**4,434,461**
Letters of Guarantee	898,822	239,894	877,917	121,845	259,403	116,172	2,569	-	137,723	38,079	4,903	254,675	-	2,952,001
Letters of Credit	7	28,975	-	-	-	3,615	-	-	-	57	178	2,519	-	35,351
Commitments to Extend Credit	1,531	2,508	1,435	55	16,946	2,311	-	55,014	15,988	4,643	1,157	860	626,580	729,028
Balance at 31st December 2012	**900,360**	**271,377**	**879,352**	**121,899**	**276,349**	**122,098**	**2,569**	**55,014**	**153,710**	**42,779**	**6,238**	**258,054**	**626,580**	**3,716,380**

3.7. 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 Risk Committee 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 31/12/2013, was € 1.26 million. This estimate consists of € 0.42 million for interest rate risk, € 0.01 million for equity risk, € 1.13 million for foreign exchange risk and € 0.05 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € -0.34 million due to the diversification effect in the portfolio.

The Value-at-Risk estimate for the Bank's Trading Book at 31/12/2012, was € 1.3 million. This estimate consists of € 0.46 million for interest rate risk, € 0.01 million for equity risk, € 1.1 million for foreign exchange risk and € 0.1 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € -0.37 million due to the diversification effect in the portfolio.

During 2013 he Bank's Trading Book VaR remained at last year's level.

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

million €	Piraeus Bank Trading Book - Total VaR	VaR Interest Rate Risk	VaR Equity Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
2013	1.26	0.42	0.01	1.13	0.05	-0.34
2012	1.30	0.46	0.01	1.10	0.10	-0.37

The Value at Risk estimate at 31/12/2013 for the Available for Sale portfolio was € 8.87 million against a figure of € 7.92 million at 31/12/2012. The increase is attributable to an increase in equity risk due to an increase in the value of stocks.

Amounts in thousand euros (Unless otherwise stated)

3.8. 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 31/12/2013. The table includes the Bank's assets and liabilities at carrying amounts categorised by currency, and the positions in derivatives which reduce significantly the undertaken risk:

At 31 December 2013	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with Central Bank	1,736,405	108,418	24,408	4,625	11,067	27,555	1,912,478
Loans and advances to credit institutions	816,764	86,048	2,831	311	10,798	246,419	1,163,172
Derivative financial instruments - assets	321,263	45	-	-	-	-	321,307
Trading securities	27,692	-	-	-	-	-	27,692
Financial instruments at fair value through Profit or Loss	17,183	-	-	-	-	-	17,183
Reverse repos with customers	6,353	-	-	-	-	-	6,353
Loans and advances to customers (net of provisions)	50,656,616	3,826,569	107,970	171,699	2,616,546	19,717	57,399,117
Debt securities - receivables	15,564,939	4,535	-	-	-	-	15,569,474
Investment securities	873,404	14,599	-	-	-	535	888,538
Other assets	2,037,220	27,538	782	695	35,709	3,987	2,105,932
Total financial assets	**72,057,837**	**4,067,753**	**135,991**	**177,330**	**2,674,120**	**298,214**	**79,411,245**
Foreign exchange risk of liabilities							
Due to credit institutions	26,986,710	132,112	12,810	1,250	362	118,744	27,251,988
Liabilities at fair value through profit or loss	549	-	-	-	-	-	549
Derivative financial instruments - liabilities	256,655	60,198	-	205	8,938	-	325,996
Due to customers	46,093,057	1,926,769	135,942	1,529	19,885	321,209	48,498,391
Debt securities in issue	305,263	-	-	-	-	-	305,263
Hybrid capital and other borrowed funds	256,004	-	-	-	-	-	256,004
Other liabilities	670,156	9,132	1,477	575	375	4,568	686,283
Total financial liabilities	**74,568,395**	**2,128,211**	**150,229**	**3,559**	**29,560**	**444,521**	**77,324,475**
Net on-balance sheet financial position	**(2,510,558)**	**1,939,541**	**(14,238)**	**173,771**	**2,644,561**	**(146,307)**	**2,086,771**
Net position of non financial assets - liabilities	**(2,792,241)**	**189,974**	**1,016**	**205**	**8,938**	**509,984**	**(2,082,124)**
Net position of off balance sheet items	**5,416,782**	**(2,376,389)**	**14,175**	**(173,495)**	**(2,635,039)**	**(243,158)**	**2,876**
Currency position	**113,984**	**(246,874)**	**954**	**481**	**18,460**	**120,519**	**7,523**

At 31 December 2012	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	52,850,311	2,153,894	123,308	158,737	2,044,743	297,314	57,628,307
Total financial liabiities	63,856,276	1,234,380	94,678	205,481	33,285	177,715	65,601,816
Net on-balance sheet financial position	**(11,005,964)**	**919,514**	**28,630**	**(46,744)**	**2,011,457**	**119,598**	**(7,973,509)**
Net position of non financial assets - liabilities	**7,166,546**	**187,221**	**52**	**-**	**11,167**	**597,589**	**7,962,576**
Net position of off balance sheet items	**3,863,369**	**(1,387,432)**	**(27,162)**	**47,081**	**(2,036,292)**	**(507,998)**	**(48,435)**
Currency position	**23,951**	**(280,697)**	**1,520**	**336**	**(13,667)**	**209,189**	**(59,368)**

Amounts in thousand euros (Unless otherwise stated)

3.9. 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 31/12/2013.

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
At 31 December 2013							
Assets							
Cash and balances with central Bank	1,912,478	-	-	-	-	-	1,912,478
Loans and advances to credit institutions	681,068	436,104	46,000	-	-	-	1,163,172
Trading securities	1,548	14,877	1,147	-	10,121	-	27,692
Financial instruments at fair value through Profit or Loss	-	-	-	-	-	17,183	17,183
Loans and advances to customers (net of provisions)	46,287,475	6,422,819	3,618,151	709,697	360,975	-	57,399,117
Debt securities - receivables	-	39	15,564,899	4,535	-	-	15,569,474
Reverse repos with customers	1,304	781	4,268	-	-	-	6,353
Investment securities	1,771	36,514	381,647	457	26,078	442,072	888,538
Other assets	-	-	-	-	-	2,105,932	2,105,932
Total financial assets	**48,885,644**	**6,911,134**	**19,616,111**	**714,689**	**397,174**	**2,565,188**	**79,089,939**
Liabilities							
Due to credit institutions	27,222,427	24,789	4,772	-	-	-	27,251,988
Liabilities at fair value through profit or loss	-	499	49	-	-	-	549
Due to customers	30,451,542	8,511,448	9,264,419	177,897	-	93,084	48,498,391
Debt securities in issue	188,587	116,057	121	498	-	-	305,263
Hybrid capital and other borrowed funds	256,004	-	-	-	-	-	256,004
Other liabilities	-	-	-	-	-	686,283	686,283
Total financial liabilities	**58,118,561**	**8,652,794**	**9,269,361**	**178,395**	**0**	**779,368**	**76,998,479**
Net notional amounts of derivative financial instruments	(78,111)	157,196	10,102	(388)	-	-	**88,799**
Total interest rate gap	**(9,311,029)**	**(1,584,464)**	**10,356,852**	**535,905**	**397,174**	**1,785,820**	**2,180,258**

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:

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2012	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	33,276,983	16,258,020	2,890,443	1,421,694	550,050	2,807,722	57,204,912
Total financial liabiities	54,269,190	4,778,135	4,798,880	461,271	885	900,302	65,208,663
Net notional amounts of derivative financial instruments	(179,184)	237,524	(40,958)	9,539	(60,201)	-	(33,281)
Total interest rate gap	**(21,171,392)**	**11,717,409**	**(1,949,395)**	**969,961**	**488,964**	**1,907,420**	**(8,037,032)**

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 € 102.11 million (2012: € 130 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.

3.10. 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 communicated daily 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, to the Prudential Regulatory Authority (PRA) of Great Britain, on a quarterly basis.

In addition, Piraeus Bank applies liquidity crisis scenarios (Stress Testing) and estimates their impact on the Liquidity Ratios.
Measures such as the maintenance of a liquid securities portfolios, the expansion of diversified core deposits (i.e saving accounts) and competitively priced term deposits, were taken in order to mitigate liquidity risk.

The Bank managed to improve the composition of its funding sources, mainly through the acquisition of the branches of the ex Cypriot Banks (Cyprus, Popular and Hellenic) and that of Millennium Bank. During the year the Bank reduced its use of the ELA by approximately 30,000 million and the overall use of Eurosystem funding by € 13,600 million, partly because of its return to the interbank repo market, with an outstanding balance of repos at the year end of € 7,000 million. In addition, the bank completed a successful share capital increase in June 2013, which provided additional funding in the tune of € 1,500 million.

The Bank continued to make use of the provisions of law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis", through issued preferred stocks (Pillar I),received Guarantees (Pillar II) and Special Bonds (Pillar III) from the Greek State amounting to € 12,200 million.

Due to the acquisition of Banks during 2013, the Bank received through the recapitalization process, an additional amount of EFSF Bonds with a face value of €1,900 million, while it returned to HFSF EFSF bonds of a face value of € 500 million due to the excess of private capital raised above the required minimum.

Amounts in thousand euros (Unless otherwise stated)

In general, liquidity management aims at 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.

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 2013	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	27,226,815	24,821	1,483	2,021	1,571	27,256,710
Liabilities at fair value through profit or loss	-	499	49	-	-	549
Due to customers	30,632,563	8,617,281	9,438,246	194,244	639	48,882,973
Debt securities in issue	7,301	1,143	174,141	133,079	-	315,664
Other borrowed funds	5,428	-	4,315	248,119	-	257,862
Hybrid capital	807	-	248	1,958	32,093	35,107
Other liabilities	-	-	-	-	687,599	687,599
Total liabilities (contractual maturity dates)	**57,872,914**	**8,643,744**	**9,618,482**	**579,421**	**721,902**	**77,436,464**
Total assets (expected maturity dates)	**25,900,718**	**2,155,986**	**8,075,093**	**22,966,025**	**35,185,840**	**94,283,661**

At 31 December 2012	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	32,388,356	11,602	4,834	106,695	20,607	32,532,094
Liabilities at fair value through profit or loss	9,239	173	11,929	-	1,772	23,113
Due to customers	21,540,995	4,498,497	4,895,530	481,718	1,285	31,418,025
Debt securities in issue	726	15,932	3,350	521,213	-	541,220
Other borrowed funds	400	-	4,751	281,396	-	286,547
Hybrid capital	222	-	794	5,002	100,280	106,298
Other liabilities	-	-	-	-	705,927	705,927
Total liabilities (contractual maturity dates)	**53,939,939**	**4,526,204**	**4,921,188**	**1,396,023**	**829,871**	**65,613,226**
Total assets (expected maturity dates)	**16,918,193**	**4,353,481**	**6,431,394**	**14,720,314**	**21,413,301**	**63,836,683**

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 2013	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	865	1,149	(659)	7,907	11,719	20,981
Total	**865**	**1,149**	**(659)**	**7,907**	**11,719**	**20,981**

At 31 December 2012	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	1,412	2,332	(4,427)	3,940	13,138	16,395
Derivatives held for fair value hedging						
-Interest rate derivatives	-	23	(178)	-	-	(155)
Total	**1,412**	**2,354**	**(4,604)**	**3,940**	**13,138**	**16,240**

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 2013	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	(2,986,910)	(1,254,324)	(114,835)	(2,770,173)	(285,145)	**(7,411,388)**
Inflow	2,981,308	1,259,479	121,793	2,839,529	289,155	**7,491,262**

At 31 December 2012	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	(2,687,159)	(1,420,456)	(103,895)	(1,454,668)	(373,011)	**(6,039,190)**
Inflow	2,682,754	1,414,610	99,691	1,423,075	371,385	**5,991,514**

On 31 December 2013, Piraeus Bank's total raised liquidity against acceptable collateral from the Eurosystem - European Central Bank (ECB) and the Bank of Greece (BoG) amounted to € 17.8 billion (2012: € 31.4 billion). It is noted that the Bank regained access to the funding through ECB in mid-January 2013. The decrease in the financing raised from the eurosystem during 2013, mainly reflects the improvement of the Bank's liquidity through customer deposits, the deleverage of assets as well as the interbank repo transactions.

biii) Off Balance Sheet Items

At 31 December 2013	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	273,252	132,547	517,263	297,205	1,887,798	**3,108,064**
Letters of Credit	37,712	5,048	3,887	-	-	**46,647**
Commitments to Extend Credit	465,594	6,946	582,924	44,243	180,042	**1,279,749**

At 31 December 2012	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	585,358	232,939	341,154	130,639	1,661,912	**2,952,001**
Letters of Credit	10,822	9,930	14,599	-	-	**35,351**
Commitments to Extend Credit	83,872	1,312	595,374	20,699	27,771	**729,028**

3.11. Fair values of assets and liabilities

A) Assets and liabilities not held at fair value

The following table summarizes the fair values and the carrying amounts of those assets and liabilities not carried at fair value on the Bank's balance sheet.

	Carrying value		Fair value	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Assets				
Loans and advances to credit Institutions	1,163,172	2,620,677	1,163,172	2,620,677
Loans and advances to customers (net of provisions)	57,399,117	37,618,002	57,368,509	37,618,002
-Loans to individuals	20,147,660	13,619,462	19,645,554	13,619,462
-Loans to corporate entities	35,115,092	21,586,212	35,521,154	21,586,212
-Loans to public sector	2,136,365	2,412,328	2,201,801	2,412,328
Debt securities - receivables	15,569,474	7,933,625	15,801,787	7,582,271
Reverse repos with customers	6,353	35,388	6,353	35,388

	Carrying value		Fair value	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Liabilities				
Due to credit institutions	27,251,988	32,515,139	27,251,988	32,515,139
Due to customers	48,498,391	31,107,800	48,498,391	31,107,800
Debt securities in issue	305,263	533,703	175,728	389,229
Hybrid capital and other borrowed funds	256,004	324,141	137,559	154,826

Amounts in thousand euros (Unless otherwise stated)

The fair value for the year 2013 of loans and advances to credit institutions, reverse repos with customers, 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 are very short term in duration and priced at current market rates. These rates are often reprised and due to their short duration they are discounted with the risk free rate.

The fair value of loans and advances to customers has been calculated using a discounted cash flow model, taking into account yield curves and any adjustments for credit risk.

Fair value for held to maturity investments securities and debt securities – receivables is estimated using quoted market prices. Where this information is not available, fair value has been estimated using the prices of 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.

It is also noted that significant portion of loans and advances to customers as well as due to customers relates to the acquired operations in 2013 which were purchased at their fair value as determined by the purchase price allocation (PPA) exercise.

Classification of assets and liabilities measured at amortized cost, according to the fair value hierarchy levels of IFRS 13, is presented in the table below:

Analysis of Fair Value in Levels	**Level 1**	**Level 2**	**Level 3**	**Sum**
Financial Assets				
Loans and advances to customers (net of provisions)				
-Loans to individuals	-	-	19,645,554	19,645,554
-Loans to corporate entities	-	-	35,521,154	35,521,154
-Loans to public sector	-	-	2,201,801	2,201,801
Reverse repos with customers	-	-	6,353	6,353
Debt securities-receivables	-	15,801,787	-	15,801,787
Financial Liabilities				
Debt Securities in Issue	-	175,728	-	175,728
Other borrowed funds and hybrid capital	-	137,559	-	137,559

B) 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). Level 3 includes:

a) participations of the Bank categorized in the available for sale portfolio, which are not traded in an active market or for which there are not available prices from external traders in order to determine their fair value. For the determination of the fair value of the aforementioned participations, the Bank uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The Bank, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions. The estimated fair value of the corporate participations of the Bank within level 3 is only taken into account for impairment test purposes, else these participations are recorded at cost
and
b) investment property of the Bank for which no market prices are available in an active market so as to determine their fair value. For the determination of the fair value of the above mentioned investment property, generally accepted valuation models are used by independent valuers.

This fair value 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 as mentioned above, reconciliation of level 3 items for the year 2013 and sensitivity analysis:

Amounts in thousand euros (Unless otherwise stated)

Assets & Liabilities measured at FV	**Level 1**	**Level 2**	**Level 3**	**Sum**
Assets				
Derivative financial instruments - assets	-	321,307	-	**321,307**
Trading portfolio				
-Trading Bonds & Other fixed income securities	22,332	-	-	**22,332**
-Trading Treasury bills & Other eligible bills	5,360	-	-	**5,360**
Financial Assets at FV through PL				
-Shares & other variable income securities	17,183	-	-	**17,183**
Available for Sale Securities				
-Bonds & Other Fixed Income Securities	64,184	457	-	**64,641**
-Available for sale Treasury bills	381,825	-	-	**381,825**
-Shares & Other variable income securities	268,451	-	173,621	**442,072**
Liabilities				
Derivative financial instruments - liabilities	-	325,996	-	**325,996**
Liabilities at fair value through profit or loss	549	-	-	**549**

Reconciliation of Level 3 items	**Shares & Other variable Income securities**
Opening Balance	263,955
Profit/ (loss) for the period	(5,211)
Purchases and share capital increases	14,824
Impairment	(27,702)
Disposals	(14,860)
Transfers out of Level 3	(56,452)
Foreign exchange differences	(931)
Total	**173,621**

During the financial year 2013, the amount of € 0.4 million was transferred from level 2 to level 1.

It is noted that no transfers from level 1 to 2 occurred during the year 2013.

The estimation of the change in the fair value of the Bank´s participations in Level 3, has been approached by various methods, such as:

- the net asset value (NAV),
- the discounted future dividends taking into account estimates of the issuer and the relevant cost of capital,
- the closing prices of similar listed shares or the indices of similar listed companies,
- the adjusted equity position taking into account the value of the assets (i.e. tangible assets) and the relevant qualifications from the certified auditors´ report.

Also, factors that may adjust these values such as the industry and the business environment in which companies operate, current developments and prospects, have been taken into account, while the Bank based on prior experience, adjusts further where necessary, these values so as to assess the possible changes. The following table presents the sensitivity analysis of level 3 available for sale securities:

Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:	**Favourable changes**	**Unfavourable changes**
Profit or Loss Statement		
Available for Sale Securities	-	(18,640)
Equity Statement		
Available for Sale Securities	16,170	-

Amounts in thousand euros (Unless otherwise stated)

3.12. 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. As the Bank does not guarantee these investments, is not exposed to any credit risk relating to such assets.

3.13. Capital adequacy

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

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

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

Capital Adequacy Ratio is specified as the regulatory capital to the total risk weighted assets and off balance sheet items. The existing 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 the regulatory framework.
- Preserve the Group's ability to continue unhindered its operations, thus to continue providing returns and benefits to its shareholders.
- To retain a sound and stable capital base in order to support the 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 2013**	**31 December 2012**
Ordinary Shares	1,521,770	342,998
Share premium	10,008,734	2,953,356
FSF Capital advance	-	6,844,711
One off contribution Law 4093/12	-	(98,445)
Preference Shares	750,000	750,000
Available for sale reserve	108,039	60,830
Legal reserve and other reserves	75,693	69,442
Retained earnings	(4,195,148)	(6,910,748)
Less: intangible assets	(222,425)	(256,483)
Total regulatory adjustments on Tier I capital	(48,175)	(70,234)
Total Core Tier I & Tier I capital	**7,998,488**	**3,685,426**
Tier II Capital		
Subordinated debt	149,127	258,085
Total regulatory adjustments on Tier II capital	(48,175)	(9,404)
Total Tier II Capital	**100,952**	**248,681**
Regulatory capital	**8,099,440**	**3,934,107**
Total risk weighted assets (on and off- balance sheet items)	**52,503,489**	**35,757,932**
Core Tier I & Tier I ratio	**15.2%**	**10.3%**
Capital Adequacy ratio	**15.4%**	**11.0%**

According to Executive Committee's Act 13/28.03.2013, credit institutions in Greece have to comply with two additional minimum capital ratios (of 9% and 6%), calculated over their Core Tier 1 regulatory capital.

On the 23rd December 2013, amendment 36/23.12.2013 was issued, allowing credit institutions to recognize the full amount of differed tax assets as eligible Core Tier 1 capital.

As of 31st December 2013 Piraeus Bank reported relevant Core Tier 1 capital ratio of 15.2%, fully comply with the strengthen regulatory demands.

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.

In addition, it is noted that Piraeus Bank participates as one of the 128 banks throughout Europe in the process of risk assessment, asset quality review and stress testing, that the ECB is conducting in cooperation with the participating European and national regulatory authorities in the context of establishing a Single Supervisory Mechanism (SSM).

The evaluation, which began in November 2013, will be completed in 12 months and in cooperation with the national competent authorities of the Member States participating in the SSM and along with the assistance of independent third parties at all levels of the ECB and national authorities.

In early February 2014 the collection of the first set of data was completed, while in mid-February 2014 the process for selecting portfolios, which will be subject to review, was concluded. The stress tests will incorporate the results of the asset quality review. As announced by the European Banking Authority, the capital thresholds for the baseline scenario and the adverse scenario are defined to be 8.0% and 5.5% of the Common Equity Tier 1 respectively.

In early March 2014, ECB published the manual that contains the methodology for performing the asset quality review. Phase 2 is pursuant to the completion of the selection of portfolios (Phase 1) and will last up until August 2014. The asset quality review will be completed in October 2014, when the results will be released along with the results of the stress test conducted in cooperation with the European Banking Authority.

Banks which are deemed viable to the extent that it they do not meet the aforementioned thresholds will be required to take corrective actions in order to strengthen their ratios, within a specific timeframe. The corrective actions and implementation time plan are an integral part of the evaluation process. Specifically for the capital increases an obligation is set for the private sector to participate in the coverage of the relevant capital needs, while under certain conditions the utilization of support measures provided by European and national legislation is permitted, in the degree that the system's stability is served.

The methodology adopted by Bank of Greece for its own assessment during its stress test exercise, the results of which were disclosed on March 6, 2014, was aligned to the greatest extent possible, with the methodology of the European Regulators for the new Bank's assessment as it is described by the documents that had been released in February 2014.

Due to the fact that the methodology of the new evaluation could potentially differ from the one used by the Bank of Greece, while at the same time it will be based on data of subsequent instance, it is possible that the evaluation's results could vary from the capital needs of Piraeus Bank as recently announced by the Bank of Greece, which are mentioned in note 49 “Events subsequent to the end of the year”.

Piraeus Bank Management believes that the Group's solid capital base (EBA Core Tier I at 13.9% in end-December 2013), in conjunction with the announced on 06 March 2014 share capital increase by an amount up to €1.75 billion, safeguards the Bank's position in view of the scenario testing to be conducted by the ECB in 2014.

4. Critical accounting estimates and judgements in the application of the accounting policies

a. Impairment of Greek Government Bonds (GGBs) for the year 2012

The discussions and negotiations for the specification of the agreed measures on 21 July 2011 and on 26 October 2011 namely to the revised private sector involvement programme (PSI), were completed on 21 February 2012. The finalisation of the revised private sector involvement programme (PSI) was taken into account in the annual financial statements as at 31.12.2011, and so the profit or loss was charged with the additional loss that resulted, compared to the initial loss that was recognized in the interim condensed financial information for June and for September 2011.

As the Bank considered that the exchange of bonds and loans constitutes discontinuation of the existing relationship between the Bank and the debtor, the Bank proceeded in the first quarter of 2012 to the full derecognition of the old securities and loans and the recognition of the new securities received from the exchange at a value initially derived by a valuation model (mark to model), in accordance with the special rules set out in the International Financial Reporting Standards (IAS 39), whereas any differences arising from the initial classification of the new securities affected the profit or loss for the first quarter of 2012.

From the new securities received under the private sector involvement programme (PSI), the Greek Government bonds were classified in the held to maturity portfolio and the EFSF bonds were classified in the available for sale portfolio.

Within the second quarter of 2012, the Bank redetermined the fair value of the new securities received from the exchange, based on their market value (mark to market) at the dates these securities were exchanged, that is 12/3/2012, 11/4/2012 and 25/4/2012. Due to the redetermination of the fair value, an additional loss was accounted for in the first quarter of 2012 and therefore the before and after tax consolidated profit or loss for the first quarter was charged with an amount of €307 million and €246 million respectively.
The Bank, in the context of the private sector involvement programme (PSI), charged the before tax results for the years 2012 and 2011 with a total amount of approximately € 6.2 billion.

Piraeus Bank, following the December 7th 2012 decision of the Board of Directors of the Bank, participated in the buy back program of the Greek Government bonds, in order to reduce Greek Government's debt, with the total (100%) of the eligible bonds that the Bank owned, in response to the relevant invitation of the Hellenic Ministry of Finance dated 3/12/2012. In this context, bonds of nominal value €4.3 billion approximately and of a carrying value at the exchange date of €1.7 billion approximately, were exchanged with EFSF bonds, with a benefit in the after tax results and equity of €0.3 billion approximately.

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

For the preparation of financial statements, the Bank proceeds to certain accounting estimates and judgements that affect the reported amounts of certain 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 judgements, in applying the Bank's accounting policies, are as follows:

b.1. Impairment losses on loans and other receivables

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 and associate companies

a. 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 economical performance and changes in technology.

b. Associate companies

The Bank tests for impairment the investments in associate companies, comparing the recoverable amount of the investment (the higher of the value in use and the fair value less cost to sell) with its carrying amount.

In these cases, a similar methodology is used with that described above, for the shares of the available for sale portfolio, while taking into account the present value of the estimated future cash flows expected to be generated by the associate company. The amount of the permanent impairment of the investment, which may arise from the assessment, is recorded to the income statement.

b.4 Investment property

Investment property is measured at fair value, which is determined in cooperation with independent valuers.

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.

For investment property of a value that is not considered as individually significant, the fair value may be determined by internal independent valuers, by applying the aforementioned valuation methods or by extrapolating the results of the independent valuations, to groups of investment property, with similar characteristics.

b.5. Income taxes

The Bank recognizes deferred tax on temporary tax differences in accordance with the regulations of tax law which distinguishes revenues on those subject to tax and non-taxable, assessing future benefits as well as tax liabilities.

For the calculation and evaluation of the deferred tax asset recoverability, management considers the best estimates for the evolution of the Bank´s tax results in the foreseeable future.

The Management's estimates, according to the enacted business plan, for the future tax results of the Bank are based on the assumptions related to the Greek economy prospect, as well as on other actions or amendments already implemented, improving the evolution of the future profitability.

Moreover, the Bank examines the nature of temporary differences and tax losses, the ability for their recovery in accordance with the tax regulations related to their offsetting with profits generated in future periods (e.g. five years), or other specific tax regulations. For example, an extended period has been set by the Greek tax legislation allowing the recoverability of deferred tax related to the amortized loss from the participation of the Greek entities in Private Sector Involvement (PSI).

b.6. Goodwill/ negative goodwill

The acquisition method is used by the Bank to account for the acquisition of subsidiaries. The Bank, for the estimation of the fair values of identifiable assets and liabilities and contingent liabilities of the newly acquired subsidiaries, uses the method of purchase price allocation (PPA), according to the requirements of IFRS 3 "Business Combination". For this purpose, the Bank uses estimates to determine the fair value of the acquired net assets.

In case of goodwill, the Bank proceeds to impairment test annually and whenever there is an indication of impairment, by comparing the carrying amount of the cash generating unit, including goodwill, with the respective recoverable amount. In the context of this procedure, the Bank's estimates for the determination of the recoverable amount include key assumptions of the management for the period of the estimated cash flows, the cash flows, the growth rate and the discount rate. These estimates are disclosed in the financial statements, in case that the amount of goodwill allocated to each cash generating unit is significant compared to the total goodwill, according to IAS 36.

Note 47 is relevant to the recognition of negative goodwill on the acquisition of a) the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank as well as b) the selected assets and liabilities of former ATEbank S.A. for the year 2013.

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. Significant elements are the evolution of figures and results per segment.

An analysis of income and other financial figures per business segment of the Bank is presented below:

1/1-31/12/2013	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	754,386	546,878	(0)	117,520	(123,637)	1,295,146
Net fee and commission income	139,517	33,895	837	(1,307)	15,850	188,791
Net income	889,142	581,713	825	193,685	3,572,615	5,237,980
Segment results	(1,609,066)	38,033	(1,549)	153,476	3,182,033	1,762,927
Results before tax						**1,762,927**
Income tax						743,401
Results after tax						**2,506,328**
Other segment items						
Capital expenditure	63,533	378	112	981	64,446	129,450
Depreciation and amortization	20,664	464	-	894	51,304	73,326
Impairment losses on loans and advances and other receivables	1,488,598	471,122	-	-	-	1,959,719
Impairment on participation and investment securities	-	-	-	-	319,998	319,998
Other provisions	-	-	-	-	19,076	19,076
At 31 December 2013						
Segment assets	41,160,630	17,496,443	11,767	19,766,258	7,342,772	**85,777,870**
Segment liabilities	44,036,391	1,758,769	880,495	28,574,053	2,259,073	**77,508,781**

1/1-31/12/2012	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	626,555	247,511	1	35,858	(239,045)	670,880
Net fee and commission income	99,460	23,177	1,673	(2,051)	14,255	136,513
Net income	731,405	272,158	1,673	309,059	168,090	1,482,385
Segment results	(1,277,711)	(73,501)	(1,238)	(62,684)	(43,753)	(1,458,888)
Results before tax						**(1,458,888)**
Income tax						652,160
Results after tax						**(806,727)**
Other segment items						
Capital expenditure	13,066	172	-	2,076	147,728	163,041
Depreciation and amortization	15,540	788	1	531	36,676	53,535
Impairment losses on loans and advances	1,408,184	291,945	-	-	-	1,700,128
Impairmanet of bonds, Greek public sector loans and other receivables	-	-	-	320,695	-	320,695
Impairment on participation and investment securities	-	-	-	-	316,824	316,824
At 31 December 2012						
Segment assets	30,787,366	8,288,248	12,084	16,820,258	7,114,423	**63,022,379**
Segment liabilities	28,491,951	1,844,778	321,677	33,660,243	1,448,085	**65,766,735**

Amounts in thousand euros (Unless otherwise stated)

In the tables above, interest income is analyzed into business segments net of interest expense, as the Bank's management relies primarily on net interest revenue to assess the performance of the segment.

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

Negative goodwill due to the acquisition of the Greek banking operations of the three Cypriot banks (note 47) and of the selected assets and liabilities of former ATEbank (note 47), is included in lines "Net Income" and "Segment Results" of other business segments. Regarding results before tax of other business segments, there is no sector that contributes more than 10%.

b) By Geographical segment

The Bank operates in 4 main business segments and in 3 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 & Treasury. The main business segment of operation in Germany is Retail Banking.

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 2013	Non Current Assets	Net Revenues
Greece	1,298,413	5,154,461
United Kingdom	697	83,265
Germany	187	255
Total	**1,299,297**	**5,237,980**

As at 31 December 2012	Non Current Assets	Net Revenues
Greece	1,323,075	1,387,377
United Kingdom	790	94,724
Germany	278	284
Total	**1,324,143**	**1,482,385**

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

6 Net Interest income

Interest income	**1/1-31/12/2013**	**1/1-31/12/2012**
Interest on fixed income securities	294,577	516,678
Interest on loans and advances to customers and reverse repos	2,573,110	1,767,008
Interest on loans and advances to credit institutions	89,799	76,743
Other interest income	9,163	2,835
Total interest income	**2,966,649**	**2,363,263**
Interest expense		
Interest on customer deposits and repos	(1,124,337)	(646,791)
Interest on debt securities in issue and on other borrowed funds	(24,443)	(40,091)
Interest on due to credit institutions	(397,937)	(909,715)
Contribution of Law 128	(123,977)	(88,677)
Other interest expense	(808)	(7,109)
Total interest expense	**(1,671,502)**	**(1,692,384)**
Net Interest Income	**1,295,146**	**670,880**

7 Net fees and commission income

Fees and commission income	**1/1-31/12/2013**	**1/1-31/12/2012**
Commercial banking	195,691	147,818
Investment banking	5,353	4,719
Asset management	8,551	4,812
Total fees and commission income	**209,596**	**157,349**
Fees and commission expense		
Commercial banking	(18,888)	(18,961)
Investment banking	(177)	(270)
Asset management	(1,741)	(1,604)
Total fees and commission expense	**(20,805)**	**(20,835)**
Net fees and commission income	**188,791**	**136,513**

8 Dividend income

	1/1-31/12/2013	**1/1-31/12/2012**
Dividend from subsidiaries	4,019	3,198
Dividend from associates	2,718	2,271
Dividend from AFS securities	13,258	4,853
	19,996	**10,322**

Amounts in thousand euros (Unless otherwise stated)

9 Net trading income

	1/1-31/12/2013	1/1-31/12/2012
Gains less losses on FX	4,652	19,851
Gains less losses on shares and mutual funds	-	(5)
Gains less losses on derivatives	5,372	(7,160)
Gains less losses on bonds	89,419	181,379
	99,443	**194,065**

During 2013 "Gains less losses on bonds" includes a gain of approximately € 66 million from repurchase of Hybrid Capital (Tier 1), Subordinated Debt (Lower Tier 2) and securitized loans.

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

	1/1-31/12/2013	1/1-31/12/2012
Gains less losses on shares	9,351	1,954
Gains less losses on bonds	-	1,349
	9,351	**3,303**

11 Results from investment securities

	1/1-31/12/2013	1/1-31/12/2012
Gains less losses on AFS - shares and mutual funds (note 42)	8,259	32,917
Gains less losses on AFS - bonds (note 42)	40,893	392,845
Gains less losses from sales of subsidiaries and associates	9,992	34,098
	59,145	**459,860**

Line "Gains less losses from sales of subsidiaries and associates" for 2013 includes the profit from the disposal of ATE Bank Romania during the fourth quarter of 2013.

12 Other operating income

	1/1-31/12/2013	1/1-31/12/2012
Rental income	5,077	3,758
Gains less losses from valuation of investment property	(13,878)	(6,112)
Other operating income from banking activities	10,428	4,365
Other operating income	66,445	5,431
	68,072	**7,442**

Line "Other operating income" contains the amount of € 50 million approximately, from derecognition of liabilities due to amendment in the legal framework.

13 Staff costs

	1/1-31/12/2013	1/1-31/12/2012
Wages & salaries	(402,361)	(195,999)
Social insurance contributions	(108,738)	(52,362)
Other staff costs	(17,456)	(10,359)
Voluntary Redundancy Costs	(89,115)	-
Retirement benefit charges	(11,600)	(18,314)
	(629,271)	**(277,034)**

The number of staff employed by Piraeus Bank as at 31 December 2013 was 14,253 compared to 9,661 at the end of 2012.

On December 31, 2013 the Bank employed 14,253 people. It should be noted that in the second half of 2013, a voluntary exit scheme was concluded, through which 1,606 employees from the Bank opted for the early retirement. The above mentioned voluntary exit scheme contributed to the Bank's total operating expenses of the year 2013, for the amount of € 89.1 million.

14 Administrative expenses

	1/1-31/12/2013	1/1-31/12/2012
Rental expense	(69,625)	(45,421)
Taxes & duties	(74,171)	(41,691)
Promotion and advertising expenses	(31,720)	(18,711)
Servicing - promotion of banking products	(40,022)	(27,270)
Fees and third parties expenses	(89,071)	(54,182)
Security & maintenance of fixed assets	(28,498)	(15,861)
Telecommunication & electricity expenses	(28,276)	(14,583)
Contribution expense in State Controlled Deposit Guarantee Scheme	(49,814)	(13,369)
Other administrative expenses	(62,375)	(40,607)
	(473,571)	**(271,694)**

In November 2011 the "Restructuring Scheme" legally separated from the already existing two arms (the Deposit Guarantee Scheme and the Investment Guarantee Scheme) was established at the Hellenic Deposit & Investment Guarantee Fund (HDIGF) in accordance with the provisions of Law 4021/2011. Participation of all credit institutions in the Restructuring Scheme is obligatory. The participation requirement consists of paying annual fees, which amount to 0.09% of the average amount of the total liabilities as of June of each year with the exception of the elements of supervisory capital as well as the guaranteed deposits. The first payment of the fee mentioned above took place during the year 2013 and amounted to € 43,005k. The remaining amount of € 6,809k relates to the Deposit Guarantee Scheme arm. In 2013 there was no cost to the Investment Guarantee Scheme arm.

Amounts in thousand euros (Unless otherwise stated)

15 Income tax expense

	1/1-31/12/2013	1/1-31/12/2012
Current tax	(14,693)	(69)
Deferred tax (note 38)	761,831	654,729
Provisions for tax differences	(3,737)	(2,500)
	743,401	**652,160**

In accordance with the regulations of the Greek Tax Law 4110/23.1.2013, for the years from 01/01/2013 and thereon, the income tax rate for greek legal entities increased (from 20% to 26%) whereas the tax rate for dividends distribution decreased (from 25% to 10%) for profits distribution which will be approved from 01/01/2014 and thereon

The change of the tax rate had a positive effect (deferred tax) on the results for the fiscal year 2013 of approximately € 0.5 billion (1st quarter of 2013), equally increasing the amount of the deferred tax asset recognized in financial statements of 2012.

In addition to the aforementioned positive effect, the deferred tax for 2013 was increased mainly due to the additional provisions for loan impairment, recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes within the same year and to the additional tax losses of the year.

The Bank has recognized deferred tax asset amounting to € 2.7 bn, based on the best estimates of the Management for the future evolution of the Bank's tax results, and assessing the recoverability of other relevant factors (such as the nature of the temporary tax differences, the time limitations for offsetting losses, etc).

Despite the fact that under the scope of International Financial Reporting Standards an entity should assess the previous losses related to the recoverability of deferred tax in order to proceed to its recognition, Standards mainly focus on the company's capacity to recover deferred tax in the future.
The Management considers that тhe tax losses for the period 2011-2013 are exclusively related to the adverse conditions of the Greek economy, which as being estimated were extreme. The Bank's earnings due to the conditions mentioned above were consequently affected, however the Management estimates that they do not relate with the Bank's capacity for adequate profits in the foreseeable future particularly by taking into account the following factors:

• The strengthening of the Bank's capital position for 2013, the improvement of basic balance sheet figures and their structure (the increase of loans and deposits, the improvement of loans to deposit ratio combined to the increase of low cost deposits base) that took place from July 2012 until June 2013, as a result of the recapitalization and the acquisition of banking operations that significantly improved the liquidity and the profitability perspective.

• The reduction of operational costs through the implementation of a number of actions (Voluntary Exit Scheme, integration of acquired banks and a number of additional measures which lead to synergies and further cost cutting), enforcing the Bank's future profitability.

• The existing de- escalation of interest rates, the progressive decrease of term deposits' cost and the minimization of the Bank's reliance from increased funding cost (ELA facility) which is already reflected in the financial statements of 2013.

• The forthcoming capital increase of € 1.75 bn will decrease further the funding cost of the Bank and improve the recurring profits.

Additional factors, also evaluated, to reinsure the recoverability of the material components of deferred taxes such as:

• The absence of time restrictions from current tax legislation that allows the recognition of temporary differences from loan impairments on tax books (deferred tax of approximately € 1.4 bn).

• The extended period which has been set from the Greek Tax authorities regarding the recoverability of deferred tax (€ 1.3 bn approximately) calculated on the amortized loss from the participation on the Private Sector Involvement (PSI). Specifically, in accordance with the regulations of the Law 4110/23.1.2013 the losses of legal entities, arising from the participation in PSI are deductible from gross income in 30 equal annual installments.

• The benefit provided by the enacted legislation to offset tax losses with profits incurred within the next five years from the year they were generated. The expected profitability of the Bank will allow the reversal of deferred tax on tax losses recognized in the financial statements of 31.12.2013 (€ 0.2 bn approximately).

It is noted that, the provisions of Tax Law 4172/2013 (article 72), referring to the taxation of non-distributed or non capitalized tax-free reserves of legal entities and which derive from profits that were not taxed at the time they arose did not affect the income tax of the year (the Bank has not recognized deferred tax asset on its negative reserves).

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:

	2013	2012
Results before tax	1,762,927	(1,458,887)
Tax calculated	(458,361)	291,777
Income not subject to tax (corresponding tax)	924,754	56,295
Non deductible expenses, impairment, (corresponding tax)	(115,161)	(99,753)
Impact on deferred tax from the future legally approved change of tax rate	524,722	-
Effect of deferred tax that is estimated not to be offset	(128,815)	(12,918)
Effect of change in tax law for previous year's PSI losses	-	419,259
Provisions for tax differences	(3,737)	(2,500)
Income Tax	**743,401**	**652,160**

Amounts in thousand euros (Unless otherwise stated)

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 in accordance with Law regulations will select a sample of companies for 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 has been audited by the tax authorities and all the unaudited fiscal years until 2010 have been finalized. In accordance with the article 82 of Law 2238/94, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A for the fiscal year 2011 has been completed and a non qualified Tax Compliance Report has been issued. It is noted that, for tax audit purposes the fiscal year 2011 has been finalized, since on 31/12/2013 a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance has been completed.

For the fiscal year 2012, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non qualified Tax Compliance Report has been issued. For the fiscal year 2013, the tax audit is being performed by PricewaterhouseCoopers S.A and is still in progress.

The Management does not expect additional tax liabilities to arise, in excess of those already recorded and presented in the financial statements, upon the completion of the tax audit. The Bank records provisions against possible tax differences that may arise at the time the unaudited tax years will be audited and closed. The provision amount for unaudited tax years that is included in line "Current income tax liabilities" amounts to € 6.4 million as at 31/12/2013 whereas € 6.7 million as at 31/12/2012.

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 the Bank and held as treasury shares. There is no potential dilution on basic earnings/ (losses) per share.

Basic and Diluted earnings/ (losses) per share	**1/1-31/12/2013**	**1/1-31/12/2012**
Profit/ (loss) attributable to ordinary shareholders	2,506,328	(806,727)
Weighted average number of ordinary shares in issue	2,756,319,876	114,984,353
Basic and Diluted earnings/ (losses) per share (in euros)	0.9093	(7.0160)

The weighted average number of shares has been adjusted for the comparative period from 1/1/2012 - 31/12/2012 by a 1.0057 factor, in order to adjust earnings per share for the discount price of the rights issue of the share capital increase, according to the requirements of IAS 33. Comparative period has been also adjusted by a factor 1/10 in order to adjust earnings per share for the reverse split (note 41).

17 Analysis of other comprehensive income

1/1 - 31/12/2013	**Before- Tax amount**	**Tax**	**Net-of-Tax amount**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve (note 42)	70,194	(22,985)	47,209
Amounts that can not be reclassified in the Income Statement			
Change in actuarial gains/ (losses) of defined benefit obligations (note 42)	6,252	-	6,252
Other comprehensive income	**76,446**	**(22,985)**	**53,461**

1/1 - 31/12/2012	**Before- Tax amount**	**Tax**	**Net-of-Tax amount**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve (note 42)	160,125	(31,904)	128,222
Amounts that can not be reclassified in the Income Statement			
Change in actuarial gains/ (losses) of defined benefit obligations (note 42)	-	-	0
Other comprehensive income	**160,125**	**(31,904)**	**128,222**

Amounts in thousand euros (Unless otherwise stated)

18 Cash and balances with the Central Bank

	31 December 2013	31 December 2012
Cash in hand	526,106	534,799
Nostros and sight accounts with other banks	221,231	113,732
Balances with Central Bank	110,514	555,879
Cheques clearing system - Central Bank	163,338	100,625
Included in cash and cash equivalents less than 90 days (note 44)	**1,021,188**	**1,305,035**
Blocked deposits	873,743	769,779
Mandatory reserves with Central Bank	17,547	16,592
	1,912,478	**2,091,406**

Mandatory reserves with the Central Banks and blocked deposits are not available for everyday use by the Bank. The interest rates for nostros and sight accounts are floating. The amount of blocked deposits mainly contains guarantees granted to credit institutions.

19 Loans and advances to credit institutions

	31 December 2013	31 December 2012
Placements with banks	14,082	78,685
Cheques receivable	150	833
Reverse repurchase agreements	1,401	-
Included in cash and cash equivalents less than 90 days (note 44)	**15,633**	**79,518**
Placements with banks over 90 days	1,147,538	2,541,160
Total loans and advances to credit institutions	**1,163,172**	**2,620,677**
Current loans and advances to credit institutions (up to 1 year)	965,163	664,982
Non current loans and advances to credit institutions (more than 1 year)	198,009	1,955,695
	1,163,172	**2,620,677**

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.

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 2013		**Assets**	**Liabilities**
Derivatives held for trading			
Futures	652,963	-	-
Interest rate swaps	4,467,558	320,286	324,611
Currency swaps	3,483,793	-	-
FX forwards	129,761	-	935
Options and other derivative instruments	392,873	976	429
Cross Currency Interest Rate Swaps	3,137,600	-	-
		321,263	**325,975**
Embedded equity derivatives			
Customer deposits/ loans linked to options	15,321	45	21
Total recognised derivative assets/ liabilities		**321,307**	**325,996**
Current		3,298	3,821
Non-current		318,009	322,174
		321,307	**325,996**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2012	Contract/ Notional Amount	Fair values	
		Assets	**Liabilities**
Derivatives held for trading			
Futures	1,132,300	-	-
Asset swaps	4,677,211	423,027	416,995
Interest rate swaps	3,000,534	-	-
Currency swaps	117,617	-	2,418
FX forwards	4,128	295	-
Options and other derivative instruments	1,744,331	-	-
		423,323	**419,413**
Embedded equity derivatives			
Customer deposits/ loans linked to options	34,861	72	43
Derivatives held for fair value hedging			
Interest rate swaps	5,684	-	390
Total recognised derivative assets/ liabilities		**423,395**	**419,846**
Current		8,331	11,192
Non-current		415,064	408,655
		423,395	**419,846**

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 60% of the transactions are conducted with other financial institutions (notional amount). The top four counterparties account for 60% of the total outstanding notional amount of interest rate swaps. The remaining 40% 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 28% approximately.

Amounts in thousand euros (Unless otherwise stated)

21 Financial assets at fair value through profit or loss

	31 December 2013	31 December 2012
Trading securities		
Greek government treasury bills	4,164	4,459
Foreign government bonds	4	549
Included in cash and cash equivalents less than 90 days (note 44)	**4,168**	**5,008**
Greek Government bonds	20,888	5,416
Greek Government treasury bills	1,196	16,859
Foreign Government bonds	1,440	53,775
Corporate entities bonds	-	95
Bank Bonds	-	56
	23,524	**76,202**
Total trading securities	**27,692**	**81,209**
Other financial assets at fair value through profit or loss	**17,183**	**7,833**

From the above mentioned bonds of trading securities as at 31/12/2013, amount of € 10.4 million relates to fixed income securities (2012: € 17.6 million), amount of € 12.0 million relates to floating rate securities (2012: € 4.5 million) and amount of € 5.3 million relates to zero - coupon bonds (2012: € 59.1 million).

Securities pledged are presented in note 40.

22 Reverse repos with customers

	31 December 2013	31 December 2012
Reverse Repos with customers - individuals	6,353	1,303
Reverse Repos with customers - corporate entities	-	34,084
Total reverse repos with customers	**6,353**	**35,388**

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

23 Loans and advances to customers and debt securities - receivables

A. Loans and advances to customers

	31 December 2013	31 December 2012
Mortgages	16,307,914	11,056,661
Consumer, personal and other loans	3,870,733	2,435,077
Credit cards	1,113,243	871,368
Loans to individuals	**21,291,889**	**14,363,106**
Loans to corporate entities/ public sector	**40,625,386**	**26,126,322**
Total loans and advances to customers	**61,917,276**	**40,489,428**
Less: Allowance for impairment on loans and advances to customers	(4,518,159)	(2,871,426)
Total loans and advances to customers (less allowances for losses)	**57,399,117**	**37,618,002**

	31 December 2013	31 December 2012
Current loans and advances to customers (up to 1 year)	28,434,752	20,161,250
Non current loans and advances to customers (more than 1 year)	28,964,366	17,456,752
Total	**57,399,117**	**37,618,002**

Out of total loans and advances to customers (before allowances for losses) fixed rate loans amount to € 4,193 million (2012: € 3,642 million) and floating rate loans amount to € 57,725 million (2012: € 36,848 million).

Please note that the amounts of loans have been amended by fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. The relevant adjustments incurred as at acquisition date are presented in note 3.

Amounts in thousand euros (Unless otherwise stated)

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

	Mortgages	Consumer/ personal and other retail loans	Credit cards	Total Loans to individuals	Loans to corporate entities/ Public sector	Total
Balance at 1 January 2012	**90,732**	**306,788**	**140,531**	**538,051**	**1,860,939**	**2,398,990**
Charge for the year	62,213	139,893	39,513	241,620	1,442,089	1,683,709
Loans written-off	(8,190)	(16,046)	(11,790)	(36,025)	(1,161,811)	(1,197,836)
Foreign exchange differences	-	-	-	-	(3,102)	(3,102)
Other movements	-	-	-	-	(10,335)	(10,335)
Balance at 31 December 2012	**144,756**	**430,636**	**168,254**	**743,645**	**2,127,780**	**2,871,426**
Balance at 1 January 2013	**144,756**	**430,636**	**168,254**	**743,645**	**2,127,780**	**2,871,426**
Charge for the year	133,492	250,318	112,674	496,484	1,389,763	1,886,247
Loans written-off	(197)	(48,878)	(37,682)	(86,757)	(116,886)	(203,642)
Foreign exchange differences and other movements	(330)	(7,235)	(1,026)	(8,590)	(27,281)	(35,872)
Balance at 31 December 2013	**277,721**	**624,842**	**242,219**	**1,144,782**	**3,373,376**	**4,518,158**

'Impairment losses on loans, debt securities and other receivables' in the Income Statement for the year 2013 includes an amount of € 73.5 million that relates to impairment losses on other receivables.

	31 December 2013	31 December 2012
Allowance for losses on loans and advances to customers		
Individual allowance	3,301,236	1,995,228
Collective allowance	1,216,922	876,198
Total	**4,518,159**	**2,871,426**

B. Debt securities - receivables

	31 December 2013	31 December 2012
Corporate entities debt securities - receivables	4,535	4,740
Bank debt securities - receivables	23,846	23,846
Greek Government bonds debt securities - receivables	1,272,203	1,415,002
Foreign Government Bonds debt securities - receivables	14,292,736	6,513,882
Total debt securities - receivables	**15,593,320**	**7,957,470**
Less: Allowance for impairment on debt securities - receivables	(23,846)	(23,846)
Total debt securities - receivables (less allowances for losses)	**15,569,474**	**7,933,625**

	31 December 2013	31 December 2012
Current debt securities - receivables (up to 1 year)	1,272,193	-
Non current debt securities - receivables (more than 1 year)	14,297,281	7,933,625
Total	**15,569,474**	**7,933,625**

Debt securities - receivables as at 31/12/2013 include Greek Government Bonds of nominal value € 1,280 million, which were issued according to the requirements of Law 3723/2008 "Enhancement of the Greek economy's liquidity". From these, debt securities with nominal value of € 782 million were transferred to Piraeus Bank in order to cover the issuance of Piraeus Bank's preference shares to the Greek State of amount € 370 million in 2009 and € 380 million in 2011. Additionally, securities of nominal value € 498 million were acquired by the Bank in the context of the transfer of selected assets and liabilities of former ATEbank. The book value of the aforementioned securities amounted to € 1,272 million as at 31/12/2013.

Foreign Government Bonds include bonds issued by the European Financial Stability Fund (EFSF) of € 7,295 million, which the Bank received under the transfer agreement of selected assets and liabilities of the former ATEbank. In the aforementioned category are also included bonds of the same issuer amounting to € 6,848 million, which the Bank received as a result of the participation of the Greek Financial Stability Fund in the share capital increase of Piraeus Bank. The book value of the above mentioned debt securities amounted to € 14,193 million as at 31/12/2013, whereas of the total category amounts to € 14,293 million.

Amounts in thousand euros (Unless otherwise stated)

24 Available for sale securities

	31 December 2013	31 December 2012
Bonds and other fixed income securities		
Greek Government bonds	38,573	70,544
Foreign Government bonds and EFSF bonds	-	512,914
Greek Government treasury bills	381,825	2,871,679
Corporate entities bonds	25,611	334,249
Bank bonds	457	95,040
Total (A)	**446,466**	**3,884,426**
Shares and other variable income securities		
Listed shares	196,413	150,201
Unlisted shares	140,429	226,170
Mutual funds	54,638	50,368
Other Variable Income Securities	50,592	28,928
Total (B)	**442,072**	**455,666**
Total available for sale securities (A) + (B)	**888,538**	**4,340,092**

As at 31/12/2013, amount of € 26.5 million relates to investment portfolio bonds with fixed rates (2012: € 574.2 million) , amount of € 38.1 million relates to floating rate bonds (2012: € 412.7 million) and amount of € 381.8 million relates to zero coupon bonds (2012:€ 2,897.5).

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

	31 December 2013	31 December 2012
Opening balance	**4,340,092**	**2,381,550**
Opening balance of acquired banking operations	5,861	1,133,380
Additions	7,847,900	9,261,349
Disposals	(11,336,356)	(10,064,244)
Transfer from associates (note 25)	-	32
Changes in fair value (note 42)	118,805	576,771
Impairment of available for sale portfolio	(30,760)	(69,445)
Foreign exchange differences	(376)	229
Transfers to subsidiaries (note 25)	(175)	-
Transfers to associates (note 25)	(56,452)	(578)
Derecognition of Greek Government bonds due to PSI and repurchase program	-	(153,688)
Recognition of Greek Government bonds due to PSI and repurchase program	-	1,274,735
Closing balance	**888,538**	**4,340,092**

	31 December 2013	31 December 2012
Current available for sale securities (up to 1 year)	419,932	3,129,444
Non current available for sale securities (more than 1 year)	26,534	754,982
Total	**446,466**	**3,884,426**

Reclassification of financial assets

The Investment portfolio as at 31/12/2013 includes mutual funds, which have been reclassified during the financial year 2008 from the “Trading securities” portfolio. Specifically, the “Available for sale securities” portfolio as at 31/12/2013 includes mutual funds with fair value of € 5.3 million. The revaluation profit of € 0.6 million for 2013 has been recognized in the “Available for Sale reserve”. In the Income Statement of the year, it has been recognized a profit of € 0.5 million from the sale of reclassified shares.

“Debt securities – receivables” portfolio as at 31/12/2013 includes bonds with fair value of € 3.4 million (amortized cost of € 4.5 million) which have been reclassified from the “Available for sale securities” portfolio during the financial years 2008 and 2010. Had these bonds not been reclassified, a revaluation gain of € 0.6 million would have been recognized in the “Available for sale reserve” of 31/12/2013. The bonds included in “Loans and advances to credit institutions” as at 31/12/2012, which had been reclassified from the “Available for sale securities” portfolio during the financial year 2008, have expired during the second quarter of 2013. No sale of reclassified bonds took place in the year 2013.

25 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.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania
2.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania
3.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia
4.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria
5.	Piraeus Bank Egypt S.A.E.	Banking activities	98.30%	Egypt
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus
8.	Geniki Bank S.A.	Banking activities	99.94%	Greece
9.	Piraeus Leases S.A.	Finance leases	100.00%	Greece
10.	Piraeus Leasing Romania S.R.L.	Finance leases	99.85%	Romania

Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country
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	94.83%	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
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.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
37.	Vitria Investments S.A.	Investment company	100.00%	Panama
38.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
39.	Piraeus Insurance - Reinsurance Broker Romania S.R.L.	Insurance and reinsurance Brokerage	95.00%	Romania
40.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases - rent-a-car and long term rental of vehicles	94.00%	Greece
41.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia
42.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
43.	Piraeus Leasing Doo Beograd	Financial leasing	51.00%	Serbia
44.	Piraeus Capital Management S.A.	Venture Capital Fund	100.00%	Greece
45.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	5.67%	Greece
46.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
47.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	100.00%	Greece
48.	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
49.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
50.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
51.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
52.	Axia III APC LTD	SPE for securitization of corporate loans	-	United Kingdom
53.	Praxis II APC LTD	SPE for securitization of consumer loans	-	United Kingdom
54.	R.E. Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus
55.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus
56.	Achaia Clauss Estate S.A.	Property management	74.76%	Greece
57.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece
58.	Pleiades Estate S.A.	Property management	14.76%	Greece
59.	Exus Software Ltd.	IT products Retailer	50.10%	United Kingdom
60.	Piraeus Real Estate Egypt LLC	Property management	99.90%	Egypt
61.	ATE Insurance S.A.	Insurance	100.00%	Greece
62.	Centre of Sustainable Entrepreneurship Excelixi S.A. (former Atexcelixi S.A.)	Consulting Services - Hotel - Training & Seminars	100.00%	Greece
63.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
64.	R.E. Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus
65.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece
66.	Millennium A.E.D.A.K.	Mutual funds management	100.00%	Greece
67.	KION MORTGAGE FINANCE PLC	SPE for securitization of mortgage loans	-	United Kingdom
68.	TELLURION LTD	Holding company	100.00%	Cyprus

Companies numbered 30, 42, 46, 48, 50-53 and 67 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 32, 33, 45, and 58, which are consolidated with ownership percentage of less than 50% are included in the Bank's subsidiaries portfolio due to the existence of control. In addition, the companies numbered 17 and 36-37 are under liquidation as at 31/12/2013. Company numbered 61 has been classified in line "Assets held for sale" as the classification criteria IFRS 5 are met.

Amounts in thousand euros (Unless otherwise stated)

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.	Euroterra S.A.	Property Management	39.22%	Greece
12.	Rebikat S.A.	Property Management	40.00%	Greece
13.	Abies S.A.	Property Management	40.00%	Greece
14.	ACT SERVICES S.A.	Accounting and tax consulting	49.00%	Greece
15.	Exodus S.A.	Information technology & software	49.90%	Greece
16.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	50.01%	Greece
17.	AIK Banka	Banking activities	20.86%	Serbia
18.	Teiresias S.A.	Inter banking company. Development, operation and management of information systems	22.30%	Greece
19.	Pyrrichos S.A.	Property management	34.65%	Greece
20.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	23.42%	Greece
21.	Euroak S.A. Real Estate	Real Estate Investment	32.81%	Greece

The company numbered 16 is included in the associate companies' portfolio, due to the fact that Piraeus Bank exercises significant influence on the investment committee of the fund, which takes the investment decisions.

Within the current year, the Bank impaired by € 289 million the value of its subsidiaries and associates, considering the adverse developments in some countries and sectors of the Greek economy, in which its subsidiaries or associates operate. This amount is included in "Impairment of investment securities and participations". The most significant items are related to companies which operate in Egypt (€ 78 million), the real estate management industry (€ 127 million), the vehicle operating leases industry (€ 38 million) and maritime industry (€ 19 million) .

The movement for investments in subsidiaries is analysed as follows:

	31 December 2013	31 December 2012
Opening Balance	**1,921,587**	**1,909,309**
Opening balance of acquired banking activities	6,638	8,208
Additions	2,956	1,115
Participation in share capital increases of subsidiaries	43,102	52,790
Disposals	(886)	-
Impairment charge	(265,322)	(178,987)
Transfers from available for sale portfolio	175	-
Transfers from held for sale portfolio (note 29)	-	199,356
Transfers to held for sale portfolio (note 29)	-	(67,849)
Foreign exchange differences	69	(96)
Absorption of subsidiaries	(1,000)	(2,258)
Closing balance	**1,707,317**	**1,921,587**

Within the fourth quarter of 2013, Piraeus Bank S.A. absorbed its subsidiary, Millennium Bank S.A.

The movement of investments in associates is analysed as follows:

	31 December 2013	31 December 2012
Opening Balance	240,239	228,418
Opening balance of acquired banking activities	20	69,606
Participation in share capital increases of associates	6,628	1,118
Additions	12,477	-
Impairment charge	(23,911)	(59,448)
Disposals	(4)	-
Transfers to available for sale portfolio (note 24)	-	(32)
Transfers from available for sale portfolio (note 24)	56,452	578
Closing balance	**291,902**	**240,239**

Amounts in thousand euros (Unless otherwise stated)

26 Intangible assets

2012	Goddwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2012	-	216,583	24,038	240,620
Balance of former ATEbank at acquitition date	-	3,570	-	3,570
Balance of absorbed company	-	790	-	790
Additions	95,000	27,602	427	123,030
Write-Offs	-	(1,032)	-	(1,032)
Transfers in category	-	20,631	936	21,567
Cost as at 31 December 2012	**95,000**	**268,144**	**25,401**	**388,545**
Accumulated depreciation				
Opening balance as at 1 January 2012	-	(101,035)	(5,587)	(106,622)
Balance of absorbed company	-	(459)	-	(459)
Charge for the year	-	(22,917)	(3,030)	(25,947)
Write-Offs	-	966	-	966
Accumulated depreciation at 31 December 2012	**0**	**(123,444)**	**(8,617)**	**(132,062)**
Net book value as at 31 December 2012	**95,000**	**144,699**	**16,784**	**256,483**

2013	Goddwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2013	95,000	268,144	25,401	388,545
Opening balance of acquired banking activities	-	17,133	-	17,133
Completion of the purchase price allocation	(95,000)	-	-	(95,000)
Additions	-	38,891	-	38,891
Write-Offs	-	(118)	(14)	(132)
Transfers in category	-	36,473	1,408	37,881
Cost as at 31 December 2013	**(0)**	**360,522**	**26,795**	**387,318**
Accumulated depreciation				
Opening balance as at 1 January 2013	-	(123,444)	(8,617)	(132,062)
Charge for the year	-	(29,667)	(3,292)	(32,959)
Write-Offs	-	116	14	129
Accumulated depreciation at 31 December 2013	**-**	**(152,996)**	**(11,895)**	**(164,891)**
Net book value as at 31 December 2013	**(0)**	**207,526**	**14,900**	**222,427**

During 2013, the Bank made transfers of an amount of € 37.9 million from “assets under construction” to intangible assets due to commencement of operational use.

27 Property, plant and equipment

2012	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2012	92,263	230,660	65,737	6,961	199,179	594,800
Balance of ATEbank at acquitition date	305,838	18,753	-	253	10,700	335,544
Balance of absorbed company	-	224	-	714	-	938
Impairment	(895)	-	-	-	-	(895)
Additions	909	2,977	27,620	130	1,467	33,104
Transfers in category	4,389	50	-	-	289	4,728
Transfers out category	(174)	-	(21,753)	-	(2)	(21,929)
Disposals	(682)	(15)	-	(60)	-	(757)
Write - offs	-	(4,980)	(4,135)	(44)	(12,586)	(21,746)
Cost as at 31 December 2012	**401,648**	**247,670**	**67,469**	**7,954**	**199,046**	**923,787**

Accumulated depreciation	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Opening balance as at 1 January 2012	(10,437)	(185,716)	-	(5,913)	(78,601)	(280,667)
Balance of absorbed company	-	(180)	-	(564)	-	(745)
Charge for the year	(2,599)	(12,002)	-	(191)	(12,795)	(27,588)
Transfers in category	(524)	-	-	-	-	(524)
Disposals	-	14	-	60	-	74
Write - offs	-	4,822	-	43	12,586	17,451
Accumulated depreciation as at 31 December 2012	**(13,561)**	**(193,063)**	**0**	**(6,565)**	**(78,809)**	**(291,999)**
Net book value as at 31 December 2012	**388,087**	**54,606**	**67,469**	**1,389**	**120,237**	**631,788**

Amounts in thousand euros (Unless otherwise stated)

2013	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2013	401,648	247,670	67,469	7,954	199,046	923,787
Opening balance of acquired banking activities	80,835	23,304	-	4,214	40,320	148,673
Completion of the purchase price allocation	5,477	-	-	-	-	5,477
Impairment	(12,368)	-	-	-	-	(12,368)
Additions	35,728	27,160	16,330	582	9,824	89,623
Transfers in category	7,786	7,374	33	106	984	16,283
Transfers out of category	(4,425)	(106)	(42,143)	(3,687)	(462)	(50,823)
Disposals	-	(57)	-	(108)	-	(165)
Write - offs	(100)	(4,133)	-	(143)	(4,998)	(9,374)
Cost as at 31 December 2013	**514,580**	**301,211**	**41,689**	**8,918**	**244,713**	**1,111,112**

Accumulated depreciation	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Opening balance as at 1 January 2013	(13,561)	(193,063)	-	(6,565)	(78,809)	(291,999)
Opening balance of acquired banking activities	-	(399)	-	-	(44)	(443)
Charge for the year	(6,221)	(18,509)	-	(421)	(15,214)	(40,365)
Transfers in category	(3)	-	-	-	-	(3)
Transfers out of category	-	-	-	-	3	3
Disposals	-	10	-	15	-	25
Write - offs	7	3,764	-	137	3,574	7,483
Accumulated depreciation as at 31 December 2013	**(19,777)**	**(208,198)**	**0**	**(6,833)**	**(90,490)**	**(325,299)**
Net book value as at 31 December 2013	**494,803**	**93,013**	**41,689**	**2,085**	**154,223**	**785,814**

During 2013, the Bank made a) transfers from “investment property” of € 3.3 million, due to commencement of owner-occupation and b) transfers to “intangible assets” of € 37.9 million due to commencement of operational use.

28 Investment property

	31 December 2013	31 December 2012
Opening balance	435,871	201,767
Opening balance of acquired banking activities	10,869	231,357
Completion of the purchase price allocation	5,486	-
Additions	937	6,907
Revaluation	(13,878)	(6,112)
Transfers in category	32,636	9,628
Transfers out of category	(180,463)	(7,670)
Disposals	(134)	(6)
Write - offs	(265)	-
Closing balance	**291,058**	**435,871**

During 2013, the Bank made transfers a) of € 173.5 million to “inventories property” due to non-fulfillment of the criteria for classification under IAS 40, b) of € 3.3 million to owner occupied “Land and buildings”, c) of € 29 million from “inventories property”, due to lease of the property.

Fair value of investment property of amount € 291 million has been categorized under Level 3.

29 Assets held for sale

	31 December 2013	31 December 2012
Opening balance	-	172,992
Additions	10,307	26,645
Transfers to subsidiaries (note 25)	-	(199,356)
Transfers from subsidiaries (note 25)	-	67,849
Disposals	-	(68,131)
Closing balance	**10,307**	**0**

Amounts in thousand euros (Unless otherwise stated)

30 Other assets

	31 December 2013	31 December 2012
Inventory property	351,498	150,799
	351,498	**150,799**
Prepaid expenses	163,996	192,027
Accrued income	8,038	9,317
Prepaid taxes and taxes withheld	92,750	63,541
Claims from tax authorities and the Greek State	448,862	449,684
Dividends receivable	1,075	1,004
Credit cards	128,621	127,713
Receivables from subsidiaries	437,365	373,675
Receivables from the Hellenic Financial Stability Fund	-	794,825
Receivables from Deposit Guarantee and Investors Compensation Scheme (TEKE)	318,397	218,832
Other items	506,829	246,060
Other receivables	**2,105,932**	**2,476,681**
Other assets	**2,457,430**	**2,627,479**

Line “Other items” primarily includes balances of various accounts that relate to daily activitıes of the Bank and the movement in the balance is mainly due to the acquisition of relevant items from former ATEbank S.A., Greek banking operations of Cypriot banks (Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank) and Millennium Bank S.A.

	31 December 2013	31 December 2012
Current other assets (up to 1 year)	1,979,724	1,964,204
Non current other assets (more than 1 year)	126,209	512,477
Total	**2,105,933**	**2,476,681**

31 Due to credit institutions

	31 December 2013	31 December 2012
Due to the Central Bank	17,750,000	31,403,219
Deposits from other banks	1,562,659	577,649
Repurchase agreement - credit institutions	7,592,977	529,936
Other obligations to banks	346,352	4,335
	27,251,988	**32,515,139**
Current due to banks (up to 1 year)	27,248,652	32,389,650
Non current due to banks (more than 1 year)	3,336	125,490
	27,251,988	**32,515,139**

Balances due to credit institutions bear floating rates.

“Due to credit institutions” includes refinancing operations through repo transactions within the eurosystem amounting to € 17.8 billion (31/12/2012: € 31.4 billion). It is noted that the Bank regained access to the funding through ECB in mid-January 2013. The decrease in the refinancing raised from the eurosystem in the year 2013, is mainly due to the improvement of the Bank's liquidity through customer deposits as well as due to interbank repo transactions.

Amounts in thousand euros (Unless otherwise stated)

32 Liabilities at fair value through profit or loss

As at 31/12/2013, the open short positions for Greek Government bonds and treasury bills, amount to € 0.5 million (2012: € 22.0 million). These amounts are of a short term nature and result from the trading activity in the secondary market within the scope of managing the Bank's positions.

33 Due to customers

	31 December 2013	31 December 2012
Corporate		
Current and sight deposits	6,098,036	4,021,695
Term deposits	4,663,162	2,280,232
Other accounts, blocked deposits and guarantee deposits	190,007	66,583
Repurchase agreements	855	179
Total	**10,952,060**	**6,368,688**
Retail		
Current and sight deposits	1,994,802	1,187,977
Savings	12,082,282	9,957,571
Term deposits	23,364,750	13,387,513
Other accounts, blocked deposits and guarantee deposits	11,370	11,634
Repurchase agreements	42	42
Total	**37,453,247**	**24,544,736**
Cheques payable and remittances	**93,084**	**194,375**
Total Due to Customers	**48,498,391**	**31,107,800**

	31 December 2013	31 December 2012
Current due to customers (up to 1 year)	48,318,094	30,643,962
Non current due to customers (more than 1 year)	180,297	463,838
	48,498,391	**31,107,800**

Other accounts include cheques payable and remittances of € 93.1 million (2012: € 194.4 million). Customer deposits (corporate and retail) with floating rates are € 20,352.2 million (2012: € 15,242.6 million) and with fixed rate are € 28,052.2 million (2012: € 15,670.8 million).

The increase in "Due to customers" is mainly due to the acquisition of customer deposits of the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, Millennium Bank, and also is due to the increase of customers' deposits.

34 Debt securities in issue

		31 December 2013	31 December 2012
ETBA bonds (A)		**0**	**965**
Euro Medium Term Note	**Interest rate (%)**		
€ 60 m. floating rate notes due 2015	3.80%	60,000	60,000
€ 25.5 m. fixed rate notes due 2013	Fixed 4.5%	-	14,555
Accrued interest and other expenses		1,203	614
Total (B)		**61,203**	**75,169**
Convertible Bonds (C)		**0**	**170,388**
Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 m. floating rate notes due 2040	3M Euribor + 0.21%	56,665	71,266
€ 1,250 m. floating rate notes due 2054	3M Euribor + 0.22%	116,098	215,915
€ 600 m. floating rate notes due 2051	3M Euribor + 0.20%	71,297	-
Total (D)		**244,060**	**287,181**
Total debt securities in issue (A)+(B)+(C)+(D)		**305,263**	**533,703**
Current debt securities in issue (up to 1 year)		139	15,645
Non current debt securities in issue (more than 1 year)		305,124	518,058
Total debt securities in issue		**305,263**	**533,703**

It should be noted that, apart from the debt securities in the table above, as at 31/12/2013 liabilities arising from securitisations of loans are retained by Piraeus Bank. These issues are the first and third securitization 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.

Issuance under the Euro Medium Term Note program is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group bearing the guarantee of Piraeus Bank, or directly through Piraeus Bank .Information concerning the new issues of debt securities during 2013, which have been retained by the Bank, are presented below

In May 2013 in June 2013 and in December 2013 Piraeus Bank issued 3 one - year senior bonds, in the total amount of € 8,148.6 million. All bonds were issued with unconditional and irrevocable guarantee of the Hellenic Republic, under Art. 2 of Law 3723/2008, through Piraeus Bank's EMTN programme. The bonds pay a floating rate coupon of 3M Euribor plus 1200 bps. All bonds have been retained by Piraeus Bank.

In the context of the participation of Societe Generale in the share capital increase of Piraeus Bank, the convertible bonds of € 170 million were converted into Piraeus Bank shares in the second quarter of 2013, according to their issue terms.

On 9 December 2013, the grandfathering of the Residential Mortgage Backed Securities Kion Mortgage Finance was completed,with the transfer of obligations and rights by Millenium Bank to Piraeus Bank. Tthe principal banlance after amortisation of the securitisation was € 95 million of which € 24 million were retained by Piraeus Bank.

Piraeus Bank, during 2013 proceeded to the buy back of bonds of securitised loans of total amount after amortisation € 86 million.

35 Hybrid capital and other borrowed funds

Hybrid Capital (Tier I)	**Interest rate (%)**	**31 December 2013**	**31 December 2012**
€ 200 m. floating rate notes due to 2034	3M Euribor + 1.25%	18,500	59,916
		18,500	**59,916**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	3M Euribor + 1.85%	236,490	263,136
Accrued interest and other expenses		1,014	1,089
		237,504	**264,225**
Total hybrid capital and other borrowed funds		**256,004**	**324,141**

The Bank is not in default of any payments of principal and interest of the subordinated debt. In the third quarter of 2012, it has been decided that the interest return on hybrid capital will not be paid, taking into account the special terms and conditions that rule out the related payments.

On 13 May 2013 Piraeus Bank announced a Tender Offer to purchase existing securities for cash. The Tender Offer referred to subordinated (€ 262 million) and hybrid (€ 59 million). On 28 May Piraeus Bank announced that it accepted offers of € 26.2 million subordinated securities and € 39.5 million of hybrid securities.

Total hybrid capital and other borrowed funds of amount € 256 million are classified in category non current (more than 1 year).

36 Other liabilities

	31 December 2013	**31 December 2012**
Prepaid income	6,535	13,405
Accrued expenses	48,771	27,295
Withheld tax and contributions	81,492	41,530
Transactions with Interbank Systems (DIAS)	168,679	134,316
Creditors	108,034	69,823
Other liability accounts	243,317	379,731
Liability from collections on behalf of Public sector and third parties	29,455	39,827
	686,283	**705,927**
Current other liabilities (up to 1 year)	665,083	684,856
Non current other liabilities (more than 1 year)	21,200	21,070
	686,283	**705,927**

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

Amounts in thousand euros (Unless otherwise stated)

37 Other provisions

Provisions for outstanding litigations	**31 December 2013**
Opening balance	0
Opening balance of acquired banking activities	2,941
P&L charge for the year	2,600
Balance at the end of the year	**5,541**

Provisions for outstanding litigations	
Current (up to 1 year)	14
Non-current (more than 1 year)	5,527
	5,541

Other provisions	**31 December 2013**	**31 December 2012**
Opening balance	232	10,897
Opening balance of acquired banking activities	11,656	-
P&L charge for the year	3,449	-
Transfer to allowance for loans and advances	-	(10,665)
Balance at the end of the year	**15,337**	**232**

Other provisions		
Current (up to 1 year)	97	232
Non-current (more than 1 year)	15,240	0
	15,337	**232**

38 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using the applying for Piraeus Bank nominal tax rate. Deferred tax assets and liabilites are attributable to the following items:

Deferred tax assets	**31 December 2013**	**31 December 2012**
Pensions and other post retirement benefits	32,382	22,959
Impairment of loans and receivables	1,442,247	600,039
Other provisions	823	-
Securities valuation	(42,484)	32,937
Recognition of tax losses	226,337	136,572
Derivatives financial instruments valuation	1,374	(829)
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	(182,301)	5,837
Investment property valuation	(16,415)	(13,312)
Depreciation of property, plant and equipment	(39,093)	(20,330)
Intangible assets	45,315	(18,799)
Impairment of Greek Government Bonds	1,316,821	1,018,960
Other deferred tax items	(78,702)	(6,730)
Net deferred tax asset	**2,706,304**	**1,757,304**

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

	2013	**2012**
Net deferred tax asset as at 1 January	**1,757,304**	**1,132,455**
Impact from the retrospective application of I.A.S. 19 amendment	-	2,558
Deferred tax of acquired banking activities	141,319	(19)
Effect of deferred tax on profit or loss	761,831	654,213
Available for sale portfolio securities (note 42)	(22,976)	(31,904)
Deferred tax on expenses of share capital increase	68,825	-
Net deferred tax asset as at 31 December	**2,706,304**	**1,757,304**

During the year 2013, a) deferred tax of amount € 22,976 thousand relating to valuation of the available for sale securities did not affect the profit and loss for the year, but instead was recorded under the available for sale reserve (note 42) according to the relevant IFRS regulations, b) amount € 141,319 relates to acquired banking operations and c) amount € 68,825 thousand relates to share capital increase expense.

Amounts in thousand euros (Unless otherwise stated)

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

Deferred tax (Income Statement)	**1/1-31/12/2013**	**1/1-31/12/2012**
Pensions and other post retirement benefits	8,010	(3,836)
Impairment of loans and receivables	813,130	273,293
Other provisions	62	-
Securities valuation	(52,445)	(75,327)
Recognition of tax losses	(29,475)	64,973
Derivative financial instruments valuation	2,204	2,572
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	(188,138)	(541)
Valuation of investment property	(3,029)	2,169
Depreciation of property, plant and equipment	(18,762)	(3,196)
Intangible assets	(4,711)	11,878
Impairment of Greek Government Bonds	274,026	377,029
Other deferred tax items	(39,040)	5,715
	761,831	**654,729**

Net deferred tax asset analysis:	**1/1-31/12/2013**	**1/1-31/12/2012**
Current	103,918	147,983
Non current	2,602,385	1,609,321
	2,706,304	**1,757,304**

Deferred tax additional information	**1/1-31/12/2013**	**1/1-31/12/2012**
Unused tax losses for which no deferred tax asset has been recognised in the balance sheet	218,064	-

39 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.

The comparative figures are according to the revised IAS 19, which is effective since 1.1.2013.

The Bank applied a voluntary redundancy scheme during the second half of 2013. The benefits paid according to this scheme, are included in the disclosures for the non funded plans.

Amounts recognised in the balance sheet	**31 December 2013**	**31 December 2012**
Pension schemes - funded	74,703	63,679
Other post retirement benefits - not funded	71,141	67,584
	145,844	**131,263**

Income statement	**1/1-31/12/2013**	**1/1-31/12/2012**
Pension schemes - funded	5,299	12,298
Other post retirement benefits - not funded	95,416	6,015
	100,716	**18,314**

A) Pension schemes - funded

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

	31 December 2013	**31 December 2012**
Present value of funded obligations	99,050	103,806
Fair value of plan assets	(24,347)	(40,127)
Liability in the balance sheet	**74,703**	**63,679**

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 installments of € 7.1 million each. Out of these installments, the 9 installments were paid until 31/12/2013. The obligation, which is the present value of the residual installment, amounts to € 6.55 million as at 31/12/2013.

Amounts in thousand euros (Unless otherwise stated)

The movement of the defined benefit obligation is analysed as follows:

	2013	2012
Opening balance	103,806	103,976
Balance of acquired Banks/ Banking operations	15,073	-
Current service cost	5,078	3,688
Interest cost	3,567	5,185
Contributions by plan participants	1,237	1,257
Benefits paid from the fund	(19,380)	(19,898)
Benefits paid directly by the employer	(7,134)	(7,871)
Settlement/ Curtailment/ Termination loss/ (gain)	(4,340)	4,510
Past service cost	1,516	399
Actuarial (gains)/ losses	(372)	12,560
Closing balance	**99,050**	**103,806**

The movement of the fair value of plan assets is analysed as follows:

	2013	2012
Opening balance	40,127	35,846
Balance of acquired Banks/ Banking operations	82	-
Expected return on plan assets	770	1,483
Employer contributions	1,776	21,724
Employee contributions	1,237	1,257
Benefits paid from the fund	(19,380)	(19,898)
Expenses	(248)	-
Actuarial gains / (losses)	(17)	(285)
Closing balance	**24,347**	**40,127**
Return on plan assets	**753**	**1,198**

The plan assets are invested as follows:

	31 December 2013
Money market	88.21%
Greek government bonds	9.45%
Deposits	0.85%
GDP linked bonds	0.10%
Foreign floating rate bonds	0.15%
Greek government treasury bills	1.25%

Amounts recognised in the income statement

Income statement	1/1-31/12/2013	1/1-31/12/2012
Current service cost	5,078	3,688
Net interest cost	2,797	3,701
Expenses	248	-
Past service cost recognised	1,516	399
Settlement/ Curtailment/ Termination loss/ (gain)	(4,340)	4,510
Total	**5,299**	**12,298**

Amounts recognised in equity:

Remeasurements	31/12/2013	31/12/2012
Liability gain /(loss) due to changes in assumptions	6,258	(13,431)
Liability experience gain/ (loss) arising during the year	(5,886)	871
Return on plan assets excluding amounts included in interest income	(17)	(285)
Total amount recognised in equity	**355**	**(12,845)**

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

	2013	2012
Opening balance	63,679	68,130
Balance of acquired Banks/ Banking operations	14,990	-
Total expense recognised in the income statement	5,299	12,298
Employer contributions	(1,776)	(21,724)
Benefits paid directly by the employer	(7,134)	(7,871)
Amount recognised in equity	(355)	12,845
Closing balance	**74,703**	**63,679**

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 2013	31 December 2012
Present value of unfunded obligations	71,141	67,584
Liability in the balance sheet	**71,141**	**67,584**

The movement in the defined benefit obligation in analysed as follows:

	2013	2012
Opening balance	67,584	53,282
Balance of acquired Banks/ Banking operations	19,166	192
Current service cost	7,613	2,386
Interest cost	2,174	1,804
Benefits paid directly by the employer	(105,190)	(6,921)
Settlement/ Curtailment/ Termination loss/ (gain)	84,364	(188)
Past service cost	1,266	2,013
Actuarial (gains)/ losses	(5,835)	15,016
Closing balance	**71,141**	**67,584**

Amounts recognised in the income statement are as follows:

Income statement	1/1-31/12/2013	1/1-31/12/2012
Current service cost	7,613	2,386
Interest cost	2,174	1,804
Past servise cost recognised	1,266	2,013
Settlement/ Curtailment/ Termination loss/ (gain)	84,364	(188)
Total	**95,416**	**6,015**

Amounts recognised to equity are as follows:

Remeasurements	31/12/2013	31/12/2012
Liability gain /(loss) due to changes in assumptions	6,647	(12,144)
Liability experience gain/ (loss) arising during the year	(812)	(2,872)
Total amount recognised in equity	**5,835**	**(15,016)**

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

	2013	2012
Opening balance	67,584	53,282
Balance of acquired Banks/ Banking operations	19,166	192
Total expense recognised in the income statement	95,416	6,015
Benefits paid by the employer	(105,190)	(6,921)
Amount recognised in equity	(5,835)	15,016
Closing balance	**71,141**	**67,584**

The main actuarial assumptions used are as follows:

	31/12/2013	31/12/2012
Discount rate	3.50%	3.20%
Expected return on plan assets	3.50%	3.20%
Future increase in salaries	1.75%	2.00%

According to the revised IAS 19, the rate used to calculate the expected return on plan assets is the discount rate that is used to discount the post-employment benefit obligation.

The Bank applied retrospectively the revised IAS 19, according to the transition guidance and the relevant regulations of IAS 8, from 1/1/2012. Due to the retrospective application of the standard, the “Retirement benefit obligations” increased by € 12.8 million as at 31/12/2012.

40 Contingent liabilities and commitments

A) Legal procedures
The legal proceedings outstanding against the Bank as at 31/12/2013, 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. It is noted that the Bank as at 31/12/2013 has raised a provision for outstanding litigations of amount € 5.5 million.

B) Credit commitments
As at 31/12/2013 the Bank had the following capital commitments:

Amounts in thousand euros (Unless otherwise stated)

	31 December 2013	31 December 2012
Letters of guarantee	3,108,064	2,952,001
Letters of credit	46,647	35,351
Commitments to extent credit	1,279,749	729,028
	4,434,461	**3,716,380**

C) Assets pledged

	31 December 2013	31 December 2012
Cash and balances with Central Bank	873,743	769,779
Trading securities	25,345	16,210
Investment securities	321,784	853,549
Loans and advances to customers and debt securities - receivables	10,366,953	16,154,984
	11,587,825	**17,794,522**

Apart from the above mentioned assets, the Bank pledges debt securities own issue amounting to € 16,419 million as at 31/12/2013 (31/12/2012 - € 11,579 million). The amount of € 16,419 million includes € 9,999 million which refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic, € 5,169 million that refers to securities issued under the securitization of mortgage, consumer and corporate loans of the Bank and an amount of € 1,251 million that refers to Bank's issuance of covered bonds.

D) Operating lease commitments

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

	31 December 2013	31 December 2012
Up to 1 year	83,368	55,249
From 1 to 5 years	339,773	228,833
More than 5 years	636,881	435,987
	1,060,022	**720,069**

Operating lease commitments increase is mainly due to the acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank) and Millennium Bank.

41 Share capital

	Share Capital	Share premium	Total
Opening balance at 1 January 2012	**1,092,998**	**2,953,356**	**4,046,353**
Balance at 31 December 2012	**1,092,998**	**2,953,357**	**4,046,353**
Increase of share capital	1,487,471	6,746,680	8,234,151
Decrease in the nominal value of common shares	(308,698)	308,698	**0**
Balance at 31 December 2013	**2,271,770**	**10,008,736**	**12,280,504**

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

	Number of shares
Opening balance at 1 January 2012	**2,487,561,364**
Balance at 31 December 2012	**2,487,561,364**
Opening balance at 1 January 2013	**2,487,561,364**
Adjustment (decrease) in the number of ordinary shares due to reverse split (10:1)	(1,028,993,907)
Adjusted opening balance at 1 January 2013	**1,458,567,457**
Increase of share capital	4,958,235,294
Balance at 31 December 2013	**6,416,802,751**

On 1/1/2013 the Bank's share capital 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.

The Extraordinary General Meeting of Shareholders which was held on 31/1/2013 resolved the issue of contingent convertible securities up to the total amount of 2 billion euro through waiver of pre-emption rights of existing shareholders of ordinary registered shares, in accordance with the provisions of the Law 3864/2010, as amended, and the Ministers' Council Act No 38/9.11.2012 (Government Gazette A' 223/2012). These contingent convertible securities would be covered by the Hellenic Financial Stability Fund (HFSF) according to the above provisions. The participation of private sector investors in the aforementioned share capital increase exceeded the minimum amount required (by law 3864/2010) and, therefore, the Bank did not proceed to the issuing.

Pursuant to the resolutions of the 2nd Iterative Extraordinary General Meeting of its common shareholders held on 23/4/2013, as approved by virtue of a decision of the Preference Shareholder's Extraordinary General Meeting dated 23/5/2013 and further specified by virtue of its Board resolution dated 29/5/2013, Piraeus Bank implemented the following:

a) Increase of each share's nominal value from € 0.30 to € 3.00 along with a reduction of the number of the Bank's common shares from 1,143,326,564 to 114,332,657 common shares (reverse split with 10 old shares for every new share) and share capital increase for the amount of €1.80 for the purpose of achieving integer number of shares, effected through capitalisation of reserves as specified in article 4 of par. 4a of Codified Law 2190/1920,

Amounts in thousand euros (Unless otherwise stated)

b) the formation of a special reserve as per par. 4a of article 4 of Codified Law 2190/1920 amounting to €308,698,173.90 whereby the share capital was equally reduced through reduction of the nominal value of each common share from €3.00 to €0.30. The aforementioned amount was included in Share premium reserve.

As a result, the share capital of the Bank amounted on 3/6/2013 to € 784,299,796.08 divided to 114,332,657 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.

c) Increase of the share capital of the Bank through the issuance of new ordinary shares in order to raise funds up to € 8.429 bn partly by cash payment and by contribution by the Hellenic Financial Stability Fund in kind (EFSF Bonds), valued at fair value (relevant is note 23). Specifically, funds of a total amount of € 8,428,999,999.80 have been raised, increasing the share capital by € 1,487,470,588.20 and 4,958,235,294 new ordinary registered shares, of € 0.30 nominal value each, have been issued in total. The Share premium reserve increased by € 6,746,680,370.97 after the reduction of the expenses related to the share capital increase and the respective deferred tax. It is noted that the expenses on share capital increase at 31/12/2013 amounted to € 263,309,514.37 before tax and € 194,849,040.63 after tax.

After the completion of the capital increase, and as at 31/12/2013, the share capital of the Bank amounts to € 2,271,770,384.28 divided to 5,072,567,951 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 L. 3864/2010 and the Ministerial Cabinet Act (MCA) 38/2012 combined with MCA 6/2013, the Hellenic Financial Stability Fund issued 849,195,130 warrants to the private sector investors.

The First Iterative Ordinary General Meeting of Shareholders, held on 15/7/2013, decided not to distribute dividend for the fiscal year 2012, according to the established provisions (article 1 of Law 3723/2008 as in force, combined with the article 4 of Law 4063/2012) for the credit institutions participating in the Economy reinforcement plan.

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). Furthermore, pursuant to par. 1 art. 16C of law 3864/2010 the acquisition of treasury shares by the Bank is not permitted for so long as the HFSF is a shareholder of the Bank.

42 Other reserves and retained earnings

	31 December 2013	31 December 2012
Legal reserve	69,442	69,442
Available for sale reserve	108,039	60,829
Reserve of defined benefit obligations	6,252	-
Total other reserves	**183,732**	**130,271**
Retained earnings	(4,195,148)	(6,920,981)
Total other reserves and retained earnings	**(4,011,416)**	**(6,790,710)**

Movement in available for sale reserve for the year was as follows:

Available for sale reserve movement	31 December 2013	31 December 2012
Opening balance for the year	60,830	(67,392)
Opening balance of acquired banking activities	(1,558)	-
Gains/ (losses) from the valuation of bonds and Greek government treasury bills	58,655	488,650
Gains/ (losses) from the valuation of shares and mutual funds	60,150	88,121
Recycling on shares and mutual funds	2,100	8,939
Deferred income taxes (note 38)	(22,985)	(31,904)
Recycling on the accumulated fair value adjustment of disposed securities (note 11)	(49,152)	(425,762)
Foreign exchange differences and other adjustments	-	178
Closing balance for the year	**108,039**	**60,830**

Retained earnings movement	31 December 2013	31 December 2012
Opening balance	(6,920,981)	(6,106,639)
Impact from the retrospective application of I.A.S. 19 amendment	-	13,991
Restated opening balance	**(6,920,981)**	**(6,092,648)**
Impact from I.A.S. 19 amendment after income tax recorded directly to Equity	-	(22,162)
Absorbtion of Millennium Bank	219,506	-
Expenses on issue of preference shares	-	(23)
Absorption of company	-	579
Profit/ (loss) after tax for the year	2,506,328	(806,727)
Closing balance	**(4,195,148)**	**(6,920,981)**

Amounts in thousand euros (Unless otherwise stated)

43 Dividend per share

According to the article 1 of L. 3723/2008, banks, for the period they participate in the programmes for liquidity enhancement as described by the aforementioned Law, are not allowed to distribute dividends higher than the minimum amount set by the provisions of article 3, of Codified Law 148/1967. In addition, the distribution of dividends for the years 2008 - 2012 was strictly limited, by the applicable legislation at the time, to the distribution of shares, which should not have resulted from any buy back procedure. There was no such legislation for the year 2013, to the publication of the Annual Financial Report.

Additionally, representatives of the Hellenic State who participate in the Banks' Board of Directors, have the right to veto on any decision related to the distribution of dividends.

There are no distributable profits or relevant amounts related to distributable reserves, according to the requirements of the Article of Association and the Law, article 44a of Law 2190/1920 applies and therefore payment of dividends by cash or shares for the year 2013 is not allowed. Therefore, the Board of Directors will propose in the Annual Ordinary General Meeting of Shareholders in 2014, the non-distribution of dividends for both ordinary and preference shares.

The accrued dividend of preference shares for the year 2013 amounts to € 75 million (€ 55.5 million after tax).

The First Iterative Ordinary General Meeting of Shareholders, held on 15/7/2013, resolved, applying the aforementioned legally binding provisions, not to distribute any dividends to both ordinary and preference shareholders for the year 2012.

44 Cash and cash equivalents

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

	31 December 2013	31 December 2012
Cash and balances with Central Bank (note 18)	1,021,188	1,305,035
Loans and advances to credit institutions (note 19)	15,633	79,518
Trading securities (note 21)	4,168	5,008
	1,040,989	**1,389,560**

45 Related parties transactions

Related parties include a) Members of the Bank Board of Directors and key management personnel of the Bank, b) close family and financially dependants (husbands, wives, children etc) of Board of Directors members and key management personnel, c) companies having transactions with Piraeus Bank, when the total cumulative participating interest in them (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20% and d) HFSF. The transactions with related parties are analysed as follows:

	31 December 2013	31 December 2012
Loans	141,747	82,254
Deposits	25,401	13,644

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2013 are € 3.3 million (31/12/2012: € 1.3 million). Letters of guarantee to subsidiaries as at 31/12/2013 are € 302.3 million (31/12/2012: € 500.0 million). The total income that relates to members of the Board of Directors and the key management personnel for the year 2013 is € 2.9 million (31/12/2012: € 2.5 million). The total expense that relates to the prementioned related parties for the year 2013 is € 0.5 million (31/12/2012: € 0.7 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

	1/1-31/12/2013	1/1-31/12/2012
Wages, salaries, employers' share of social contributions and charges	7,882	4,644
Provisions for compensation and retirement programs	773	8,033

The increase in "Wages, salaries, employers' share of social contributions and charges" is mainly due to the addition of new members.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 26.6 million from € 21.0 million as at 31/12/2012. It is noted that the aforementioned provisions as at 31/12/2012 have been restated from € 19.7 million to € 21.0 million as a result of the implementation of IAS 19 (Amendment) "Employee Benefits". The full amount of the above provisions has been included in the retirement benefit obligations (note 39).

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 2013**	**31 December 2012**
Assets		
Cash and Balances with Central Bank	7,107	1,003
Loans and advances to credit institutions	1,154,480	2,608,360
Loans and advances to customers	2,072,783	682,819
Other assets	455,165	372,738
Total	**3,689,535**	**3,664,919**

Liabilities	**31 December 2013**	**31 December 2012**
Due to credit institutions	1,383,911	469,440
Due to customers	828,544	580,679
Debt securities in issue	458,190	447,898
Hybrid capital and other borrowed funds	256,004	324,141
Other liabilities	23,012	11,290
Total	**2,949,662**	**1,833,448**

Revenues	**1/1-31/12/2013**	**1/1-31/12/2012**
Interest and similar income	73,646	95,236
Fee and commission income	10,740	9,985
Other operating income	2,333	3,089
Total	**86,718**	**108,310**

Expenses	**1/1-31/12/2013**	**1/1-31/12/2012**
Interest expense and similar charges	(84,109)	(78,918)
Fee and commission expense	(5,786)	(9,621)
Operating expenses	(37,213)	(28,430)
Total	**(127,108)**	**(116,968)**

II. Associates

	31 December 2013	**31 December 2012**
Deposits and other liabilities	32,924	34,660
Loans and other receivables	230,646	180,470

	1/1-31/12/2013	**1/1-31/12/2012**
Total expense and capital expenditure	(9,960)	(8,846)
Total income	7,896	6,600

46 Restatement of comparatives

The Balance sheet accounts as at 31/12/2012 and the Income Statement accounts for the year 2012 have been restated as a result of the retrospective implementation of IAS 19 (Amendment) "Employee Benefits".

The restatements and the restated amounts of Piraeus Bank in the interim income statement, the statement of total comprehensive income and the statement of financial position are presented below.

Amounts in thousand euros (Unless otherwise stated)

RESTATEMENTS OF INCOME STATEMENT

	1/1-31/12/2012		
	Published Amounts	**Restatements due to amendment to IAS 19**	**Restated Amounts**
TOTAL NET INCOME	**1,482,385**	**0**	**1,482,385**
Staff costs	(274,456)	(2,578)	(277,034)
Administrative expenses	(271,694)		(271,694)
Depreciation and amortisation	(53,535)		(53,535)
Gains/ (Losses) from sale of assets	(467)		(467)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(600,153)**	**(2,578)**	**(602,730)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	**882,232**	**(2,578)**	**879,655**
Impairment losses on loans, debt securities and other receivables	(1,713,978)		(1,713,978)
Impairment on investment securities	(623,669)		(623,669)
Other provisions and impairment	(895)		(895)
PROFIT/ (LOSS) BEFORE INCOME TAX	**(1,456,310)**	**(2,578)**	**(1,458,887)**
Income tax	651,645	516	652,160
PROFIT/ (LOSS) AFTER TAX	**(804,665)**	**(2,062)**	**(806,727)**
Earnings/ (losses) per share (in euros):			
- Basic and Diluted	(6.9980)	(0.0179)	(7.0160)

RESTATEMENTS OF INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME

	1/1-31/12/2012		
	Published Amounts	**Restatements due to amendment to IAS 19**	**Restated Amounts**
Profit/ (loss) after tax for the period (A)	**(804,665)**	**(2,062)**	**(806,727)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	128,222		128,222
Amounts that can not be reclassified in the Income Statement			
Change in actuarial gains/ (losses) of defined benefit obligation	-	-	-
Other comprehensive income, net of tax (B)	**128,222**	**0**	**128,222**
Total comprehensive income, net of tax (A+B)	**(676,443)**	**(2,062)**	**(678,505)**

RESTATEMENTS OF STATEMENT OF FINANCIAL POSITION

	31 December 2012		
	Published Amounts	**Restatements due to amendment to IAS 19**	**Restated Amounts**
ASSETS			
Deferred tax assets	1,754,746	2,558	1,757,304
Other assets	61,265,074		61,265,074
TOTAL ASSETS	**63,019,820**	**2,558**	**63,022,379**
LIABILITIES			
Retirement benefit obligations	118,472	12,792	131,264
Other liabilities	65,635,471		65,635,471
TOTAL LIABILITIES	**65,753,944**	**12,792**	**65,766,735**
EQUITY			
Share capital	1,092,998		1,092,998
Share premium	2,953,356		2,953,356
Other reserves	130,271		130,271
Retained earnings	(6,910,748)	(10,233)	(6,920,981)
TOTAL EQUITY	**(2,734,123)**	**(10,233)**	**(2,744,356)**
TOTAL LIABILITIES AND EQUITY	**63,019,820**	**2,558**	**63,022,379**

47 Acquisition of banking operations and completion of their purchase price allocation

a) Acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank)

On 26/3/2013, Piraeus Bank acquired the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank (CPB) and Hellenic Bank, for a total consideration of € 524 million, through a special process, under the aegis of European Union, which determined the perimeter of the transferred operation, the terms and the consideration. The Greek Banking operations include the staff, the branch network, the loans and the deposits of the aforementioned Cypriot banks, including the loans and the deposits of their subsidiaries in Greece (leasing, factoring and Investment Bank of Greece – IBG). It is noted that in the 2nd quarter of 2013, Piraeus Bank acquired additional operations (custody services, settlement services for the transactions of the Cypriot branch network in Greece, etc.), without affecting the acquired assets and liabilities of the aforementioned banks.

The Bank´s management, for the scope of the purchase price allocation, encountered the above acquisitions as a single transaction, due to their peculiarities and special characteristics.

For the allocation of the acquisition cost, the Bank applied the rules of IFRS 3 "Business Combinations", adjusting the assets, liabilities and contingent liabilities of the acquired Greek banking operations at their fair values. It is noted that the loans and advances to customers have been valued at their fair values according to IAS 39 by independent international audit firm.

The allocation of acquisition cost was completed in the 1st quarter of 2013 and therefore the total fair values of assets and liabilities acquired, are presented in the table below:

(amounts in thousand €)	**Total Fair Values**
Assets	
Loans and advances to customers	18,517,475
Intangible assets	14,414
Property, plant and equipment	108,988
Other assets	289,965
Total Assets	**18,930,842**
Liabilities	
Due to customers	14,968,929
Retirement benefit obligation	23,310
Other liabilities	911
Total Liabilities	**14,993,150**
Shareholders' Equity	3,937,692
Total liabilities and shareholders' equity	**18,930,842**
Cost of acquisition	**524,000**
Net assets acquired	**100%**
Negative goodwill	**3,413,692**

The amount of negative goodwill was recognized in the income statement for the year 2013. The amount of negative goodwill is related to the special circumstances prevailing as at the transaction date, in combination with the IFRS valuation techniques regarding the fair values of financial instruments, according to which market data must be highly used and entity related data should be avoided as much as possible.

The table below presents the total net income, the expenses and the profit before tax of the Greek operations of three Cypriot banks that resulted after the acquisition date, as well as the respective amounts which would have resulted for the Bank if their acquisition had occurred on 1/1/2013. It is noted that, as the transfer of the loans and the deposits of the Greek banking operations of the three Cypriot banks was carried out at the closure of 15/3/2013, the results related to the above loans and deposits were accounted from 16/3/2013.

	Results of the year 2013	**Post acquisition results**
Total net income	552,912	457,234
Total expenses and provisions	(742,820)	(424,050)
Profit before tax	(189,908)	33,184

b) Completion of the purchase price allocation of former ATEbank S.A.

Piraeus Bank applied the rules of IFRS 3 "Business Combinations" and completed within 12 months from the acquisition date the allocation of the acquisition cost of former ATEbank S.A. to the assets and liabilities acquired. It is noted that loans and advances to customers have been valued by independent international audit firm and that properties have been valued by independent valuers.

The total fair values of the assets and liabilities acquired, are presented in the table below:

(amounts in thousand €)	**Acquisition of assets and liabilities of former ATEbank**
Assets	
Loans and advances to credit institutions	259,974
Loans and advances to customers and debt securities - receivables	11,202,819
Available for sale securities	1,133,380
Funding gap	7,479,715
Property, plant and equipment	554,657
Other assets	1,160,926
Total assets	**21,791,471**
Liabilities	
Due to credit institutions	6,497,762
Due to customers	14,870,979
Other liabilities	243,385
Total liabilities	**21,612,126**
Shareholders equity	179,345
Total liabilities and shareholders equity	**21,791,471**
Total consideration	**95,000**
Net assets acquired	**100.00%**
Negative goodwill	**84,345**

The negative goodwill of € 84.4 million has been recognized in "Negative goodwill due to acquisitions" in the income statement for the year 2013. The aforementioned negative goodwill is due to the significant benefits derived from the acquisition of selective assets and liabilities of former ATEbank S.A., which included a performing portfolio with high interest rate yields.

The table below presents the total fair values of the assets and liabilities of ATEbank´s subsidiaries that were acquired under the above mentioned acquisition:

(amounts in thousand €)	
Assets	
Loans and advances to credit institutions	121,876
Loans and advances to customers and debt securities - receivables	165,314
Available for sale securities	111,512
Property, plant and equipment	84,914
Other assets	507,902
Total assets	**991,518**
Liabilities	
Due to credit institutions	221,668
Due to customers	102,878
Other liabilities	653,796
Total liabilities	**978,342**
Shareholders equity	13,176
Total liabilities and shareholders equity	**991,518**

The goodwill that resulted on the acquisition of former ATEbank´s subsidiaries, of total amount € 3.5 million, was fully impaired in the consolidated profit and loss of year 2012.

48 Absortion of Millennium Bank

Further to the acquisition of 100% of the share capital of Millennium Bank by Piraeus Bank on 19/6/2013, the Boards of Directors of the banks decided to proceed with their merger by absorption of the former.

The Bank completed the operational and information consolidation with the ex- Millennium Bank branch network in December 2013, having secured all necessary legal and regulatory approvals.

Therefore, the total assets and liabilities of Millennium Bank S.A. that were absorbed by Piraeus Bank S.A. on 7/12/2013, are as follows:

(amounts in thousand €)	**Millennium Bank**
Assets	
Cash and balances with Central Banks	282,181
Loans and advances to credit institutions	34,857
Loans and advances to customers	3,833,872
Other assets	413,607
Total assets	**4,564,517**
Liabilities	
Due to credit insitutions	1,773,307
Due to customers	2,399,554
Other liabilities	172,150
Total liabilities	**4,345,011**
Shareholders' equity	219,506
Total liabilities and shareholders' equity	**4,564,517**

49 Events subsequent to the end of the year

• On January 08, 2014 Piraeus Bank announced, that following the settlement of participation orders, 603,280 warrants in total on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) were exercised on January 02, 2014,which correspond to 2,700,125 common shares, i.e. to 0.053% of the outstanding number of common shares and the total amount paid by the warrant holders to the HFSF amounted to €4,682,016.74.

• On March 06, 2014 Bank of Greece published the capital needs for each of the Greek banks. As concerns Piraeus Bank, the capital requirement has been assessed at €425 mn in the baseline scenario (binding) and €757 mn in the adverse.

• On March 06, 2014 Piraeus Bank's Board of Directors has met and resolved to convene an Extraordinary General Meeting to approve a capital increase in cash via a non pre-emptive share issue of new ordinary shares and to delegate to the Board of Directors the authority to set the subscription price of the capital increase. The Board of Directors intends to use this authority to raise equity in the amount of up to €1.75 bn with the aim to:

a. meet the capital needs as determined by the Bank of Greece following the recent stress test results which were announced on March 06, 2014;

b. repay in full the outstanding Government preference shares (€750mn) subject to regulatory approvals;

c. strengthen the capital position of the Bank compared to other European banks on a Basel III fully loaded basis.

• On March 06, 2014 Piraeus Bank announced its intention to proceed to a public EUR senior unsecured transaction subject to market conditions and plans to arrange a series of Fixed Income investor meetings (roadshow) in selected European cities. Following the meetings, the Bank will determine the transaction, which aims to re-access international markets and further diversify Bank's liquidity sources.

Athens, March 16th, 2014

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
MICHALIS G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

PIRAEUS BANK S.A.
General commercial registry number 225501000
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, 2013

(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 is posted, as well as the auditor's report.

COMPANY'S PROFILE

Responsible Authority:	Ministry of Development & Competitiveness
Company's web side:	www.piraeusbankgroup.com
Date of Approval of Financial Statements:	March, 16th 2014
The Certified Auditor:	Dimitrios A. Sourbis
Auditing Company:	PricewaterhouseCoopers S.A.
Type of Auditor's Report:	Non qualified

BOARD OF DIRECTORS COMPOSITION

(at the date of approval of financial statements)

Michalis G. Sallas	Chairman
Stavros M. Lekkakos	Managing Director & CEO
Anthimos K. Thomopoulos	Managing Director & Co - CEO
Christodoulos G. Antoniadis	Deputy Managing Director
Ilias D. Milis	Deputy Managing Director
Spiridonas A. Papaspirou	Deputy Managing Director
Iakovos G. Georganas	First Non Executive Vice Chairman
Panagiotis V. Roumeliotis	Non Executive Vice Chairman
Hariklia A. Apalagaki	Authorized Director
Georgios P. Alexandridis	Independent Non Executive Member
Theodoros P. Mylonas	Independent Non Executive Member
Stylianos D. Gkolemis	Independent 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	Representative of the Greek Government
Solomon A. Berachas	Representative of the Greek Financial Stability Fund
Ekaterini K. Beritsi	Representative of the Greek Financial Stability Fund

STATEMENT OF FINANCIAL POSITION

Amounts in thousand euros

	GROUP				BANK			
		31 December 2013		31 December 2012		31 December 2013		31 December 2012
ASSETS								
Cash and balances with Central Banks		**2,874,771**		**3,307,503**		**1,912,478**		**2,091,406**
Loans and advances to credit institutions		**293,035**		**380,384**		**1,163,172**		**2,620,677**
Derivative financial instruments - assets		**325,032**		**441,317**		**321,307**		**423,395**
Trading securities		**196,930**		**362,868**		**27,692**		**81,209**
Financial instruments at fair value through profit or loss		**17,183**		**7,833**		**17,183**		**7,833**
Reverse repos with customers		**7,124**		**35,924**		**6,353**		**35,388**
Loans and advances to customers (net of provisions)		**62,365,774**		**44,612,686**		**57,399,117**		**37,618,002**
Debt securities - receivables		**15,628,221**		**8,015,997**		**15,569,474**		**7,933,625**
Investment securities								
Available for sale securities	1,377,749		4,836,475		888,538		4,340,092	
Held to maturity	58,041	**1,435,790**	74,006	**4,910,481**	-	**888,538**	-	**4,340,092**
Investments in associated undertakings		**304,967**		**301,696**		**291,901**		**240,239**
Investments in subsidiaries		**-**		**-**		**1,707,317**		**1,921,587**
Intangible assets		**300,345**		**409,755**		**222,427**		**256,483**
Property, plant and equipment		**1,416,404**		**1,324,491**		**785,813**		**631,788**
Investment property		**902,859**		**1,078,513**		**291,057**		**435,871**
Assets held for sale		**34,743**		**15,537**		**10,307**		**-**
Other assets								
Deferred tax assets	2,861,716		1,897,474		2,706,304		1,757,305	
Inventories property	669,125		443,906		351,498		150,799	
Other assets	2,017,916	**5,548,757**	2,484,962	**4,826,342**	2,105,932	**5,163,734**	2,476,680	**4,384,784**
Assets from discontinued operations		**357,657**		**377,150**		**-**		**-**
TOTAL ASSETS		**92,009,592**		**70,408,477**		**85,777,870**		**63,022,379**
LIABILITIES								
Due to credit insitutions		**26,274,952**		**32,561,322**		**27,251,988**		**32,515,139**
Liabilities at fair value through profit or loss		**549**		**21,953**		**549**		**21,953**
Derivative financial instruments - liabilities		**329,618**		**423,519**		**325,996**		**419,846**
Due to customers		**54,279,320**		**36,971,208**		**48,498,391**		**31,107,800**
Debt securities in issue		**305,361**		**533,702**		**305,263**		**533,703**
Hybrid capital and other borrowed funds								
Hybrid capital (Tier I)	18,500		59,916		18,500		59,916	
Subordinated debt capital (Tier II)	237,504	**256,004**	264,225	**324,141**	237,504	**256,004**	264,225	**324,141**
Other liabilities								
Retirement benefit obligations	161,397		183,238		145,844		131,264	
Deferred tax liabilities	42,300		37,215		-		-	
Other provisions	39,882		22,136		20,879		232	
Current income tax liabilities	35,390		12,996		17,583		6,730	
Other liabilities	1,185,346	**1,464,315**	1,035,700	**1,291,285**	686,284	**870,590**	705,927	**844,153**
Liabilities from discontinued operations		**556,574**		**605,654**		**-**		**-**
Total Liabilities		**83,466,693**		**72,732,784**		**77,508,781**		**65,766,735**
EQUITY								
Share Capital		2,271,770		1,092,998		2,271,770		1,092,998
Share premium		10,008,734		2,953,356		10,008,734		2,953,356
Less: Treasury shares		(113)		(36)		-		-
Other reserves and retained earnings		(3,874,588)		(6,508,421)		(4,011,415)		(6,790,710)
Amounts recognized directly in equity relating to non-current assets from discontinued operations		18,106		9,301		-		-
Capital and reserves attributable to equity holders of the parent entity		**8,423,909**		**(2,452,802)**		**8,269,089**		**(2,744,356)**
Non controlling interest		118,990		128,495		-		-
Total Equity		**8,542,899**		**(2,324,307)**		**8,269,089**		**(2,744,356)**
TOTAL LIABILITIES AND EQUITY		**92,009,592**		**70,408,477**		**85,777,870**		**63,022,379**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amounts in thousand euros

	GROUP						BANK	
	1 Jan - 31 Dec 2013			1 Jan - 31 Dec 2012			1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total		
Interest and similar income	3,566,498	2,126	3,568,624	2,905,242	22,288	2,927,530	2,966,648	2,363,264
Interest expenses and similar charges	(1,904,344)	(194)	(1,904,538)	(1,877,722)	(2,800)	(1,880,522)	(1,671,502)	(1,692,384)
Net interest income	**1,662,154**	**1,932**	**1,664,086**	**1,027,520**	**19,488**	**1,047,008**	**1,295,146**	**670,880**
Fee and commission income	329,805	-	329,805	249,015	1,121	250,136	209,596	157,349
Fee and commission expense	(43,122)	(49)	(43,171)	(31,426)	(236)	(31,662)	(20,805)	(20,835)
Net fee and commission income	**286,683**	**(49)**	**286,634**	**217,589**	**885**	**218,474**	**188,791**	**136,514**
Dividend income	15,368	64	15,432	7,295	120	7,415	19,996	10,322
Net trading income	83,070	3,107	86,177	189,133	4,330	193,463	99,443	194,065
Net income from financial instruments designated at fair value through profit or loss	9,285	-	9,285	3,388	-	3,388	9,351	3,303
Results from investment securities	54,329	-	54,329	442,970	9,340	452,310	59,145	459,860
Other operating income/ (expense)	24,232	64,841	89,073	(21,484)	20,690	(794)	68,073	7,441
Negative goodwill due to acquisitions	3,810,338	-	3,810,338	350,928	-	350,928	3,498,036	-
Total net income	**5,945,459**	**69,895**	**6,015,354**	**2,217,339**	**54,853**	**2,272,192**	**5,237,981**	**1,482,385**
Staff costs	(884,841)	(29,377)	(914,218)	(421,845)	(13,060)	(434,905)	(629,271)	(277,033)
Administrative expenses	(625,812)	(11,529)	(637,341)	(379,273)	(9,220)	(388,493)	(473,571)	(271,694)
Gains/ (Losses) from sale of assets	156	(4)	152	(850)	-	(850)	(93)	(467)
Depreciation and amortisation	(126,826)	(1,861)	(128,687)	(105,388)	(1,793)	(107,181)	(73,326)	(53,536)
Total operating expenses before provisions	**(1,637,323)**	**(42,771)**	**(1,680,094)**	**(907,356)**	**(24,073)**	**(931,429)**	**(1,176,261)**	**(602,730)**
Profit before provisions, impairment and income tax	**4,308,136**	**27,124**	**4,335,260**	**1,309,983**	**30,780**	**1,340,763**	**4,061,720**	**879,655**
Provisions and impairment	(2,531,654)	(4,730)	(2,536,384)	(2,507,895)	(11,075)	(2,518,970)	(2,298,793)	(2,338,542)
Share of profit of associates	(28,770)	-	(28,770)	14,666	-	14,666	-	-
Profit/ (Loss) before tax	**1,747,712**	**22,394**	**1,770,106**	**(1,183,246)**	**19,705**	**(1,163,541)**	**1,762,927**	**(1,458,887)**
Income tax	768,535	7,518	776,053	662,679	(6,685)	655,994	743,401	652,160
Profit/ (Loss) after tax (A)	**2,516,247**	**29,912**	**2,546,159**	**(520,567)**	**13,020**	**(507,547)**	**2,506,328**	**(806,727)**
Less: Non controlling interest	(15,929)	(1)	(15,930)	(8,953)	46	(8,907)	-	-
Profit/ (Loss) after tax attributable to equity holders of the parent entity	**2,532,176**	**29,913**	**2,562,089**	**(511,614)**	**12,974**	**(498,640)**	**2,506,328**	**(806,727)**
Other comprehensive income, net of tax (B)	**76,267**	**8,803**	**85,070**	**118,084**	**13,062**	**131,146**	**53,460**	**128,222**
Total comprehensive income for the year,net of tax (A+B)	**2,592,514**	**38,715**	**2,631,229**	**(402,483)**	**26,082**	**(376,401)**	**2,559,788**	**(678,505)**
-Attributable to equity holders of the parent entity	2,608,336	38,717	2,647,053	(393,405)	26,038	(367,367)	-	-
-Non controlling interest	(15,822)	(2)	(15,824)	(9,078)	44	(9,034)	-	-
Profit/ (Loss) after tax per share (in euros):								
- Basic and diluted	0.9187	0.0109	0.9295	(4.4510)	0.1129	(4.3381)	0.9093	(7.0160)

STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
Opening balance	**(2,324,307)**	**(1,939,838)**	**(2,744,356)**	**(2,058,682)**
Impact from the retrospective application of I.A.S. 19 amendment	-	(10,497)	-	(8,171)
Total comprehensive income for the year, net of tax	2,631,229	(376,401)	2,559,788	(678,505)
Increase of share capital	8,234,151	-	8,234,151	-
Expenses on issue of preference shares	-	(23)	-	(23)
Prior year dividends of ordinary shares	(1,049)	(250)	-	-
(Purchases)/ Sales of treasury shares	36	372	-	-
Expenses on Increase of share capital of subsidiary companies	(1,626)	-	-	-
Acquisitions, disposals, absorprions, liquidation and movement in participating interest	4,465	2,330	219,506	1,025
Closing balance	**8,542,899**	**(2,324,307)**	**8,269,089**	**(2,744,356)**

CASH FLOW STATEMENT

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
Net cash inflow/ (outflow) from continuing operating activities	(4,843,385)	(1,968,356)	(4,523,953)	(1,867,852)
Net cash inflow/ (outflow) from discontinued operating activities	(35,679)	(6,018)	-	-
Total inflows/ (outflows) from operating activities	**(4,879,064)**	**(1,974,374)**	**(4,523,953)**	**(1,867,852)**
Net cash inflow/ (outflow) from continuing investing activities	3,449,110	1,534,509	3,154,116	1,250,481
Net cash inflow/ (outflow) from discontinued investing activities	36,745	16,983	-	-
Total inflows/ (outflows) from investing activities	**3,485,855**	**1,551,492**	**3,154,116**	**1,250,481**
Net cash inflow/ (outflow) from continuing financing activities	826,363	(643,162)	910,793	(655,023)
Net cash inflow/ (outflow) from discontinued financing activities	0	85	-	-
Total inflows/ (outflows) from financing activities	**826,363**	**(643,077)**	**910,793**	**(655,023)**
Net increase/ (decrease) in cash and cash equivalents of the year	**(566,846)**	**(1,065,959)**	**(459,044)**	**(1,272,394)**
Effect of exchange rate changes on cash and cash equivalents	(29,468)	(5,838)	(20,836)	373
Total inflows/ (outflows) for the year	**(596,314)**	**(1,071,797)**	**(479,880)**	**(1,272,021)**
Cash and cash equivalents at the beginning of the year	2,473,085	2,681,134	1,389,561	1,841,272
Cash and cash equivalents at the acquisition date, of assets and liabilities of former ATEbank S.A. and its subsidiaries	-	863,748	-	820,310
Cash and cash equivalents at the acquisition date, of assets and liabilities of Cypriot banks' network in Greece	11,696	-	11,696	-
Cash and cash equivalents from absorption of Millennium Bank	-	-	119,612	-
Cash and cash equivalents at the end of the year	**1,888,467**	**2,473,085**	**1,040,989**	**1,389,561**

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 2012.

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 2010. The unaudited tax years of Group subsidiaries are included in note 26 of the Consolidated Financial Statements. For the fiscal year 2012, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non qualified Tax Compliance Report has been issued. For the fiscal year 2013, the tax audit is being performed by PricewaterhouseCoopers S.A and is still in progress. The Management does not expect additional tax liabilities to arise, in excess of those already recorded and presented in the financial statements, upon the completion of the tax audit.

4) The Bank's provisions for outstanding litigations amount to € 5.5 million, whereas the Group's provision amounts to € 14.5 million from continuing operations and € 4.0 million from discontinued operations. The provision raised for the tax differences that may arise during the finalization of the tax audit of the current year that is curried out by PWC, which is included in the current tax liabilities, amounts to € 6.4 million for the Bank and to € 9.7 million for the Group. Other provisions raised for the Bank amount to € 15.3 million and for the Group to € 25.4 million from continuing operations, whereas the respective amount from discontinued operations relating to insurance provisions amount to € 502.0 million.

5) The companies which have been consolidated as at 31/12/2013, apart from the parent company Piraeus Bank S.A., are included in note 26 of the Consolidated Financial Statements. Note 26 includes information about the country of incorporation, the percentage of holding by the Group, as well as the applied consolidation method. The direct shareholding percentages by the Bank are included in note 25 of the Bank's Financial Statements.

6) The following companies that are consolidated under the full method of consolidation as at 31/12/2013, had not been included in the consolidation as at 31/12/2012: a) "Centre of Sustainable Entrepreneurship Excelixi S.A." (former Atexcelixi S.A.), b) "General Business Management Investitii S.R.L.", c) "Piraeus Bank (Cyprus) Nominees Limited", d) "Mille Fin S.A.", e) "Millennium A.E.D.A.K.", f) "Kion Mortgage Finance Plc", g) "Kion Mortgage Finance No.3 Plc", h) "Kion CLO Finance No.1 Plc", i) "R.E. Anodus Two Ltd", j) "Sinitem LLC", k) "Beta Asset Management EOOD", l) "Linklife Food & Entertainment Hall S.A.", m) "R.E. Anodus SRL", n) "Tellurion Ltd", o) "Tellurion Two Ltd" and p) "Entropia Ktimatiki S.A.". From these companies, the companies numbered (a)-(k) were consolidated under the full method of consolidation as at 30/9/2013, as well. Following the finalization of the acquired perimeter of the selected balance sheet items of under special liquidation Agricultural Bank of Greece S.A. dated 24/1/2013, 100% of the company numbered (a) was acquired. The company numbered (b) was established in February 2013, whereas the company numbered (c) was established within 2012 and started operating during the 2nd quarter of 2013. In the context of the acquisition of "Millennium Bank S.A.", which was fully consolidated as at 30/9/2013, its subsidiary companies numbered (d)–(e) as well as the special purpose entities numbered (f)–(h) were acquired. The company numbered (i) was established in September 2013, whereas the company numbered (j) was established in August 2013. The company numbered (k) was established in June 2013 and started operating during the 3rd quarter of 2013. The companies numbered (l)-(n) were established in October 2013, whereas the company numbered (o) was established in December 2013. The company numbered (p) was transferred during the 4th quarter of 2013 to the subsidiaries' portfolio as a result of the increase of the Group's shareholding percentage in the company. The companies: a) Imperial Stockbrokers LTD, b) Imperial Eurobrokers LTD, c) Euroinvestment Mutual Funds LTD, d) Bull Fund LTD, e) ABG Mutual Funds Management Company S.A., f) Piraeus Egypt Asset Management Co., g) Astraios Energy Photovoltaics S.A., h) Orion Energy Photovoltaics S.A., i) ATE Bank Romania S.A. and j) Geniki Leasing S.A. that were fully consolidated as at 31/12/2012, are not included in the consolidation as at 31/12/2013. The companies numbered (a)–(d) were dissolved in March 2013. The company numbered (e) was absorbed in June 2013 by the subsidiary company "Piraeus Asset Management S.A.", whereas the company numbered (f) was disposed in September 2013. The companies numbered (g)-(h) were disposed in November 2013, whereas the company numbered (i) was disposed in December 2013. The company numbered (j) was absorbed in December 2013 by the subsidiary company "Piraeus Leases S.A.". In addition, the company "Millennium Bank S.A." is not included in the consolidation as at 31/12/2013 since it was absorbed by Piraeus Bank S.A. in December 2013. The companies "Estia Mortgage Finance PLC", "Estia Mortgage Finance II 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 the Consolidated Financial Statements includes information about the changes in the subsidiaries' portfolio of the Group. During the 3rd quarter of 2012, "ATE Insurance S.A." and "ATE Insurance Romania S.A." have been included in the Assets held for sale as at the acquisition date, as the classification criteria of IFRS 5 are met. Therefore, the financial figures and results of "ATE Insurance S.A." and "ATE Insurance Romania S.A.", as well as the results of "Marathon Banking Corporation" until the date of its disposal during the 3rd quarter of 2012, are presented as "Discontinued operations". Relevant are the notes 15, 26 and 27 of the Consolidated Financial Statements. The subsidiaries that are excluded from the consolidation are as follows: a) "Asbestos Mines S.A.", b) "Hellenic Industry of Aluminum", c) "Oblivio Co. Ltd", d) "ELSYP S.A.", e) "Blue Wings Ltd", f) "Piraeus Bank's Congress Centre", g) "Piraeus Bank Group Cultural Foundation", h) "Procas Holding Ltd", i) "Torborg Maritime Inc.", j) "Isham Marine Corp.", k) "Cybele Management Company", l) "Alegre Shipping Ltd.", m) "Maximus Chartering Co." and n) "Lantana Navigation Corp.". The companies numbered (a)-(d) are fully depreciated, under liquidation or dissolution status. The company numbered (h) has not started operating yet. The companies numbered (i)-(n) have been inactivated and they will be set under dissolution. The consolidation of the above mentioned companies does not affect the financial position and result of the Group.

7) The following companies that are consolidated under the equity method of accounting as at 31/12/2013, had not been included in the consolidation as at 31/12/2012: a) "Hellenic Seaways Maritime S.A." and b) "Euroak S.A. Real Estate". The company numbered (a) was transferred during the 2nd quarter of 2013 to the associates' portfolio as a result of the increase of the Bank's shareholding percentage in the company, whereas the company numbered (b) was acquired in October 2013. The company "Entropia Ktimatiki S.A." was fully consolidated for the first time as at 31/12/2013 since it was reclassified during the 4th quarter of 2013 to the subsidiaries' portfolio as a result of the increase of the Group's shareholding percentage. Note 49 of the Consolidated Financial Statements includes information about the changes in the associates' portfolio of the Group. The associate company "Evrytania S.A. Agricultural Development Company" has been excluded from the consolidation since it is under idle status.

8) The Group's balances with related parties are as follows: assets € 394.7 million, liabilities € 64.2 million, letters of guarantee € 3.5 million, income € 14.9 million and expense € 22.3 million. The Bank's balances with related parties (subsidiaries included) are as follows: assets € 4,061.9 million, liabilities € 3,008.0 million, letters of guarantee € 305.6 million, income € 97.5 million and expense € 137.5 million. The balances of assets and liabilities of the Group with members of the Board of Directors and key management personnel amount to € 150.7 million and € 28.5 million respectively. The respective amounts for the Bank amount to € 141.7 million and € 25.4 million. The transactions and remuneration of the Bank and its Group with the members of the Board of Directors and key management personnel amount to € 8.7 million. It is noted that there are no liabilities or receivables from the Hellenic Financial Stability Fund as at 31/12/2013.

9) As at 31/12/2013 subsidiary company of Piraeus Group owned a total number of 15,715 treasury shares of the parent company Piraeus Bank S.A., at a value of € 113 thousand. The Bank did not hold any treasury shares as at 31/12/2013. Relevant information is provided in note 43 of the Consolidated Financial Statements.

10) At the Statement of Total Comprehensive Income of the Consolidated and Stand alone Financial Statements, "Other comprehensive income, net of tax" includes as amounts that can be reclassified in the Income Statement, the change in currency translation reserve of € 16.7 million from continuing operations and € - 0.1 million from discontinued operations for the Group and the change in available for sale reserve of € 52.4 million from continuing operations and € 8.9 million from discontinued operations for the Group and € 47.2 million for the Bank. In addition, "Other comprehensive income, net of tax" includes as amounts that can not be reclassified in the Income Statement, the change in reserve of defined benefit obligations of € 7.2 million from continuing operations for the Group and the change in actuarial gains/ (losses) of defined benefit obligations of € 6.3 million for the Bank.

11) Restatements of the figures of the year 2012 in the Stand alone as well as the Consolidated Financial Statements of the year 2013 were presented as a result of the retrospective implementation of IAS 19 (Amendment) "Employee Benefits". In addition, restatements of the figures of the year 2012 in the Consolidated Financial Statements of the year 2013 were presented as a result of the the reclassification in line "Inventories Property" of properties previously included in line "Other assets". Further information concerning these restatements is provided in note 46 of the Bank's Financial Statements as well as note 50 of the Consolidated Financial Statements.

12) On January 31st, 2013, Piraeus Bank resolved the issuance of contingent convertible securities up to a total amount of €2 bn through waiver of pre-emption rights of existing shareholders of ordinary registered shares, in accordance with the provisions of L.3864/2010, as amended, and the Ministers' Council Act no 38/9.11.2012 (Government Gazette 223/2012), as a result of the voting of resolutions carried at the 2nd Iterative General Meeting of Shareholders holding ordinary shares. The participation of private sector investors in the Bank's share capital increase exceeded the minimum amount required (by law 3864/2010) and therefore, the Bank did not proceed to the issuing of a contingent convertible bond loan to the Hellenic Financial Stability Fund (HFSF).

13) On March 1st, 2013, Piraeus Bank submitted a Mandatory Tender Offer to the shareholders of Geniki Bank of Greece SA. The submitted Tender Offer encompasses the total number of the common shares of Geniki Bank which Piraeus Bank did not hold on the 17th of December 2012 (date of Tender Offer), which corresponds to the acquisition of 159,731 common shares of Geniki Bank or 0.92% of the total paid-up share capital along with its voting rights, for the price of € 6.86 per share, paid in cash.

14) On 26/3/2013, Piraeus Bank Group acquired the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank (CPB) and Hellenic Bank, for a total consideration of € 524 mn. The Greek Banking operations include the staff, the branch network in Greece, the loans and the deposits of the aforementioned Cypriot banks, including the loans and the deposits of their subsidiaries in Greece (leasing, factoring and Investment Bank of Greece – IBG). The "perimeter", i.e. the transferred balance sheet items and the consideration, was defined by the European Authorities. Negative goodwill of € 3,414 mn resulted from this acquisition. Relevant is note 47 of the Bank's Financial Statements and note 48 of Consolidated Financial Statements. Excluding the negative goodwill, that equally affected the turnover, profit before and after tax as well as total equity, the relevant event didn't result in a change above 25% of the turnover or/and the profit after tax, or/and the total equity attributable to the shareholders.

15) On the 10th April 2013, Piraeus Bank received bonds issued by EFSF of €570 million nominal value from the Hellenic Financial Stability Fund, which are designated to cover capital needs relating to the acquisition of the selected assets and liabilities of ATEbank.

16) On the 18th April 2013, Piraeus Bank signed an agreement for the sale of its total shareholding (93.27%) in the share capital of ATEbank Romania S.A.. The aforementioned sale, which took place following the prior completion of the spin-off of the majority of the assets and liabilities of the subsidiary and contribution of the same to Piraeus Bank Romania S.A., was concluded on 30 December 2013.

17) On the 13th May 2013, Piraeus Bank announced the Tender Offer to purchase existing securities for cash. This Tender Offer referred to subordinated and hybrid securities totalling€321 mn. On 28 May 2013, Piraeus Bank announced that it accepted offers of € 26.2 mn subordinated securities and € 39.5 mn of hybrid securities.

18) Pursuant to the resolutions of the 2nd Iterative Extraordinary General Meeting of its common shareholders held on 23/4/2013, as approved by virtue of a decision of the Preference Shareholder's Extraordinary General Meeting dated 23/5/2013 and further specified by virtue of its Board resolution dated 29/5/2013, Piraeus Bank implemented the following:

a) Increase of each share's nominal value from € 0.30 to € 3.00 along with a reduction of the number of the Bank's common shares from 1,143,326,564 to 114,332,657 common shares (reverse split with 10 old shares for every new share) and share capital increase for the amount of € 1.80 for the purpose of achieving integer number of shares, effected through capitalisation of reserves as specified in article 4 of par. 4a of Codified Law 2190/1920,

b) The formation of a special reserve as per par. 4a of article 4 of Codified Law 2190/1920 amounting to€308,698,173.90 whereby the share capital was equally reduced through reduction of the nominal value of each common share from €3.00 to €0.30. The aforementioned amount was included in Share premium reserve.

As a result, the share capital of the Bank amounted on 3/6/2013 to € 784,299,796.08 divided to 114,332,657 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.

c) Increase of the share capital of the Bank through the issuance of new ordinary shares in order to raise funds up to € 8.429 bn partly by cash payment and by contribution by the Hellenic Financial Stability Fund in kind (EFSF bonds), valued at fair value. Specifically, funds of a total amount of € 8,428,999,999.80 have been raised, increasing the share capital by € 1,487,470,588.20 and 4,958,235,294 new ordinary registered shares, of € 0.30 nominal value each, have been issued in total. The Share premium reserve increased by € 6,746,680,370.97 after the reduction of the expenses related to the share capital increase and the respective deferred tax. It is noted that the expenses on share capital increase at 31/12/2013 amounted to € 263,309,514.37 before tax and € 194,849,040.63 after tax.

After the completion of the capital increase, and as at 31/12/2013, the share capital of the Bank amounts to € 2,271,770,384.28 divided to 5,072,567,951 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.

19) Piraeus Bank Group completed within 12 months from the acquisition date the allocation of the acquisition cost of former ATEbank S.A. to the assets and liabilities acquired. Negative goodwill of € 84.4 mn resulted from this acquisition. Relevant is note 47 of the Bank's Financial Statements and note 48 of Consolidated Financial Statements. The relevant event didn't result in a change above 25% of the turnover or/and the profit after tax, or/and the total equity attributable to the shareholders.

20) On 19/6/2013, Piraeus Bank Group completed the acquisition of the 100% of Millennium BCP's subsidiary in Greece Millennium Bank S.A., for a total consideration of € 1 million. Negative goodwill of € 308.4 mn resulted from this acquisition. Relevant is note 48 of Consolidated Financial Statements. The relevant event didn't result in a change above 25% of the turnover or/and the profit after tax, or/and the total equity attributable to the shareholders. Further to the acquisition of 100% of the share capital of Millennium Bank by Piraeus Bank on 19/6/2013, the Boards of Directors of the banks decided to proceed with their merger by absorption of the former. The Bank completed the operational and information consolidation with the ex- Millennium Bank branch network in December 2013, having secured all necessary legal and regulatory approvals. Relevant is note 48 of the Bank's Financial Statements.

21) Following the participation of Banco Comercial Portugues S.A., through its wholly owned subsidiary BCP Investment B.V. in the last share capital increase of Piraeus Bank in June 2013, BCP announced on October 30 2013, that it sold, through an accelerated placement, its entire holding of shares and warrants in Piraeus Bank (235,294,117 shares and warrants of equal number).

22) Since there are no distributable profits or relevant amounts related to distributable reserves, according to the requirements of the Article of Association and the Law, the Bank's Management will propose in the Annual Ordinary General Meeting of Shareholders in 2014, the non-distribution of dividends for both ordinary and preference shares. The First Iterative Ordinary General Meeting of Shareholders, held on 15/7/2013, resolved, for the same reasons, not to distribute any dividends to both ordinary and preference shareholders for the year 2012.

23) On January 8, 2014 Piraeus Bank announced, that following the settlement of participation orders, 603,280 warrants in total on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) were exercised on January 02, 2014, which correspond to 2,700,125 common shares, i.e. to 0.053% of the outstanding number of common shares. The total amount HFSF received by the warrant holders amounted to €4,682,016.74.

24) On March 6, 2014 Bank of Greece published the capital needs for each of the Greek banks. As concerns Piraeus Bank, the capital requirement has been assessed at €425 mn in the baseline scenario (binding) and €757 mn in the adverse.

25) On March 6, 2014 Piraeus Bank's Board of Directors has met and resolved to convene an Extraordinary General Meeting to approve a capital increase in cash via a non pre-emptive share issue of new ordinary shares and to delegate to the Board of Directors the authority to set the subscription price of the capital increase. The Board of Directors intends to use this authority to raise equity in the amount of up to €1.75 bn with the aim to:

a. meet the capital needs as determined by the Bank of Greece following the recent stress test results which were announced on March 06, 2014;

b. repay in full the outstanding Government preference shares (€750mn) subject to regulatory approvals;

c. strengthen the capital position of the Bank compared to other European banks on a Basel III fully loaded basis.

26) On March 6, 2014 Piraeus Bank announced its intention to proceed to a public EUR senior unsecured transaction subject to market conditions and plans to arrange a series of Fixed Income investor meetings (roadshow) in selected European cities. Following the meetings, the Bank will determine the transaction, which aims to re-access international markets and further diversify Bank's liquidity sources.

27) On December 31st 2013, the number of staff employed by the Bank was 14,253 people and by the Group 22,718 people of which 208 people refer to discontinued operations (ATE Insurance S.A., ATE Insurance Romania S.A.). The number of staff employed by the Bank as at 31 December 2012 was 9,661 people and by the Group 18,872 people of which 275 people referred to discontinued operations (ATE Insurance S.A., ATE Insurance Romania S.A.).

Athens, March 16th, 2014

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O.	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
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 2013, 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
Invitation to the Extraordinary General Meeting	11/1/2013
Invitation to the A' Iterate Extraordinary General Meeting	21/1/2013
Decisions of Extraordinary General Meeting of Shareholders	21/1/2013
Notification of important changes concerning the voting rights deriving from shares under l.3556/2007	24/1/2013
Decisions of First Iterative General Meeting of Shareholders	28/1/2013
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	28/1/2013
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	29/1/2013
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	30/1/2013
Decisions of Second Iterative General Meeting of Shareholders	31/1/2013
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	31/1/2013
Notification of important changes concerning the voting rights deriving from shares under l.3556/2007	1/2/2013
Notification of important changes concerning the voting rights deriving from shares under l.3556/2007	1/2/2013
Voting results at the Second Iterative General Meeting of the shareholders holding common shares of Piraeus Bank held on 31.01.2013	4/2/2013
Announcement	6/2/2013
Announcement	22/2/2013
Cyrrently available only in Greek	1/3/2013
Cyrrently available only in Greek	5/3/2013
Announcement	22/3/2013
Press Release	26/3/2013
Piraeus Bank acquires the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank	26/3/2013
2013 Financial Calendar	27/3/2013
Announcement	28/3/2013
Piraeus Group Full Year 2012 Results	28/3/2013
Cyrrently available only in Greek	4/4/2013
Invitation to the extraordinary General Meeting of Shareholders of Ordinary Shares 12.04.2013	4/4/2013
Report of the Board of Directors (BoD) to the Extraordinary General Meeting of the Shareholders on 12.04.2013	4/4/2013
Decisions of Extraordinary General Meeting of Shareholders	12/4/2013
Piraeus Bank invitation to the A' Iterative General Meeting of Shareholders of Ordinary Shares	12/4/2013
Piraeus Bank announces the sale of ATE Bank Romania S.A	18/4/2013
Decisions of First Iterative General Meeting of Shareholders	18/4/2013
Invitation to the 2nd Iterative General Meeting of shareholders of ordinary shares	18/4/2013
Piraeus Bank announces the acquisition of Millennium Bank Greece from Millennium BCP	22/4/2013
Notification of important changes concerning the voting rights deriving fron shares under L.3556/2007	22/4/2013
Announcement	23/4/2013
Decisions of Second Iterative General Meeting of Shareholders	23/4/2013
Notification of important changes concerning the voting rights deriving from shares under L.3556/2007	24/4/2013
Voting results at the 2nd Iterative General Meeting of the shareholders holding common shares of Piraeus Bank held on 23/04/2013	26/4/2013
Geniki Bank - Announcement	10/5/2013
Piraeus Bank announces the Tender Offer to purchase existing securities for cash	13/5/2013
Piraeus Bank S.A. announces Tender Offers for certain Subordinated Securities	13/5/2013
Corporate announcement	17/5/2013
Announcement of the First Quarter 2013 Results and Analysts' Briefing	17/5/2013
Q1 2013 Results	20/5/2013
Piraeus Bank S.A. announces Results of Tender Offers for certain Subordinated Securities	28/5/2013
Decisions of Piraeus Bank's Board of Directors – Determination of the Terms of the Share Capital Increase	29/5/2013
Piraeus Bank S.A. announces the Reverse Split of it's common shares and the reduction of it's common shares nominal value	3/6/2013
Publication of prospectus	3/6/2013
Share Capital Increase partly in cash with pre-emption and pre-subscription rights of existing shareholders	3/6/2013
Piraeus Bank Invitation to the Ordinary General Meeting of Shareholders of Ordinary Shares	4/6/2013
Cyrrently available only in Greek	7/6/2013
Completion of the acquisition of Millenium Bank Greece by Piraeus Bank	19/6/2013
Decisions of Ordinary General Meeting of Shareholders	26/6/2013

a) Announcements to the Athens Stock Exchange - Press releases	Date
Piraeus Bank S.A. announces its Capital Increase	26/6/2013
Announcement of regulated information according to Law 3556/2007	28/6/2013
Announcement on the share capital increase coverage	28/6/2013
Listing for trading of new shares and warrants	1/7/2013
Terms of Listing and Characteristics of the titles representing shares ownership rights (Warrants)	2/7/2013
Announcement of regulated information according to Law 3556/2007	3/7/2013
Invitation to the First Iterative Ordinary General Meeting of Shareholders of Ordinary Shares	4/7/2013
Notification of important changes concerning voting rights under L.3556/2007	5/7/2013
Notification of important changes concerning voting rights under L.3556/2007	9/7/2013
Cyrrently available only in Greek	15/7/2013
First Iterative Ordinary General Meeting Resolutions	15/7/2013
Voting Results at the First Iterative Ordinary general Meeting of the Shareholders holding common shares of Piraeus Bank held on 15/07/2013	18/7/2013
Notification of important changes concerning voting rights under L.3556/2007	29/7/2013
Notification of important changes concerning voting rights under L.3556/2007	29/7/2013
Mr. Nikolaos Karamouzis in Piraeus Bank	6/8/2013
Announcement date of the first half 2013 results	21/8/2013
H1 2013 Results	28/8/2013
Sale procedure of fractional balances of shares resulted from the increase of each share's nominal value and the simultaneous decrease of the total number of shares (reverse split) and payment of the proceeds to beneficiaries.	24/9/2013
Comments on Press Articles	2/10/2013
Disposal of BCP stake at Piraeus Bank	30/10/2013
Notification of important changes concerning voting rights under L.3556/2007	4/11/2013
Notification of important changes concerning voting rights under L.3556/2007	11/11/2013
Notification of important changes concerning voting rights under L.3556/2007	11/11/2013
Announcement date of the 9 Month 2013 Financial Results	14/11/2013
9 Month 2013 Financial Results	29/11/2014
Change in the composition of the Board of Directors	2/12/2013
Process regarding the Exercise of Titles Representing Share Ownership Rights (Warrants) and the Settlement of Participation Orders	20/12/2013
Sale of fractional balances by Reverse Split	20/12/2013

Announcements to the Athens Stock Exchange and Press releases are available in the Bank's internet site www.piraeusbankgroup.com in the section Press Office- Press Office Publications.
(link: http://www.piraeusbankgroup.com/en/press-office).

Notification of transactions according to Law 3556/2007 are available in the Bank's internet site www.piraeusbankgroup.com in the section Investor Relations, in the subsection Stock Data - Notification of transactions.
(link:http://www.piraeusbankgroup.com/~/media/com/Downloads/Investors/transactions.ashx).

b) Interim stand alone and consolidated financial information

Q1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	20/5/2013
Q1 Interim Condensed Financial Information	20/5/2013
Q1 Consolidated Interim Condensed Financial Information	20/5/2013
H1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	28/8/2013
Mid year financial report	28/8/2013
9M Financial Statements Information of Piraeus Bank Group and Piraeus Bank	29/11/2013
9M Interim Condensed Financial Information	29/11/2013
9M Consolidated Interim Condensed Financial Information	29/11/2013

The stand alone and consolidated interim financial information is available in the Bank's internet site www.piraeusbankgroup.com in the section Investor Relations, in the subsection Financial Data - Financial statements.
(link: http://www.piraeusbankgroup.com/en/investors/financials/financial-statements).

c) Annual Financial Report 2012

The annual financial report of Piraeus Bank for the year 2012 is available in the Bank's internet site www.piraeusbankgroup.com in the section Investor Relations, in the subsection Financial Data - Financial statements.
(link:http://www.piraeusbankgroup.com/en/investors/financials/financial-statements).

d) Annual Report 2012 - Corporate Responsibility Report 2012

The annual report of the year 2012 is available in the Bank's internet site www.piraeusbankgroup.com in the section Investor Relations, in the subsection Financial Data - Annual Reports.
(link:http://www.piraeusbankgroup.com/en/investors/financials/annual-reports).

The corporate responsibility of the year 2012 is available in the Bank's internet site www.piraeusbankgroup.com in the section Investor Relations, in the subsection Financial Data - Annual Reports.
(link:http://www.piraeusbankgroup.com/en/investors/financials/annual-reports).

e) Issue of debt securities

Issue of debt securities is available in the Bank's internet site www.piraeusbankgroup.com in the section Investor Relations, in the subsection Debt Investor – Debt Issuance capacity.
(link: http://www.piraeusbankgroup.com/en/investors/financials/debt-issuance-capacity).

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 finalized during the date of the issue of the annual financial report of the year 2013, are available on the web site of Piraeus Bank at www.piraeusbankgroup.com 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.piraeusbankgroup.com/en/Investors/Financials/Financial-Statements?category=Consolidated-Companies).

PIRAEUS BANK S.A.
General Commercial Reg. No 225501000
Companies Reg. No 6065/06/B/86/04

USE OF FUNDS RAISED FROM SHARE CAPITAL INCREASE PARTLY IN CASH WITH PRE-EMPTION AND PRE-SUBSCRIPTION RIGHTS OF THE EXISTING SHAREHOLDERS AND PARTLY WITH CONTRIBUTION IN KIND BY THE HELLENIC FINANCIAL STABILITY FUND (HFSF), IN ACCORDANCE WITH THE DECISION OF THE SECOND ITERATIVE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS HELD ON 23.04.2013 AS APPROVED BY VIRTUE OF A DECISION OF THE PREFERENCE SHAREHOLDER'S EXTRAORDINARY GENERAL MEETING DATED 23.05.2013 AND WITH THE DECISION OF THE BOARD OF DIRECTORS HELD ON 29.05.2013, WHICH HAS BEEN APPROVED BY ATHENS EXCHANGE ON 01.07.2013.

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 4,958,235,294 new ordinary registered shares with voting rights and raised total funds amounted to € 8,428,999,999.80. Total expenses due to the share capital increase amounted to € 263,309,514.37 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 € 8,165,690,485.43. The Bank's Board of Directors approved the share capital increase at its meeting date 28.06.2013. Athens Exchange approved on 01.07.2013 the admission to trading on the ATHEX of the 4,958,235,294 new shares. The new shares commence trading on the ATHEX on 03.07.2013.

TABLE OF USE OF FUNDS RAISED

Use of Funds raised	Total funds raised (amounts in €)	Use of funds as of 30.6.2013 (amounts in €)	Balance of Funds as of 30.6.2013 (amounts in €)
1. Enhancement of Core Tier I Capital	8,165,690,485.43	8,165,690,485.43	-
2. Issue Costs	263,309,514.37	263,309,514.37	-
Total	**8,428,999,999.80**	**8,428,999,999.80**	-

Athens, August 28th, 2013

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O.	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
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 partly in cash with pre-emption and pre-subscription rights of the existing shareholders and partly with contribution in kind by the Hellenic Financial Stability Fund (HFSF) during 2013. 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 information prepared by the Bank for the period from 01/01/2013 to 30/06/2013, for which we have issued a separate review report, as of 29/08/2013.

Athens, 29 August 2013
THE CERTIFIED AUDITOR

Dimitris Sourbis
SOEL Reg. No. 16891

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