PIRAEUS BANK

ANNUAL FINANCIAL REPORT

For the period from 1st January to 31st December 2014

According to Law 3556/ 2007

March 2015

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

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BOARD OF DIRECTORS' MANAGEMENT REPORT 2014

International Environment and Economic Developments

In 2014, the global economy continued to recover at a rate of 3.3% approximately at the same level as in the previous year. For 2015, global economy is anticipated to accelerate mildly at 3.5%, as GDP growth rate in developed economies is expected to strengthen to 2.4% from 1.8% in 2014, while in emerging economies growth is due to decelerate to 4.3% from 4.4%. The economy in the Eurozone is expected to increase at 1.5% (from 0.9% in 2014), mainly fueled by the positive impact of European Central Bank's (ECB) Quantitative Easing (QE) programme.

Central banks' actions are anticipated to bear significant influence on economic developments during 2015 as well. During 2014 and in particular for the Eurozone, ECB lowered its refinancing rate to 0.05% and decided to implement targeted long-term refinancing operations (TLTROs) with the aim to support the financing of the real economy. In early 2015, ECB took a step further to enhance its expansionary monetary policy, decided to extend its balance sheet through securities purchasing (including sovereign bonds) at the amount of €60 bn on a monthly basis, for a period beginning March 2015 up until September 2016, in order to bring again inflation below and close to the level of 2%. The aforementioned programme would be extended beyond September 2016 in case the inflation target is not attained. Accordingly, by the end of 2016 ECB's monetary policy is due to be loosen, a view that is also confirmed by the inflation estimates of the European Commission and the ECB (to 0.0% in 2015, 1.5% in 2016 and 1.8% in 2017).

Developments in the Greek Economy and the Greek Banking System

In 2014, signs of stabilization for the Greek economy became visible, while for the first time since April 2010, the Greek government issued a 3-year and a 5-year sovereign bond, at the same time with the bonds issues of all four systemic banks.

In regards with the macroeconomic indices, it is noted that during 2014 real GDP posted a recovery by 0.8%, after an extended period of recession that commenced back in 2008 (aggregate change -25.5%). Consumer price index fell by 1.3% in 2014 compared to a contraction of 0.9% in 2013. In 2014, unemployment rate was maintained at high level, however beginning Q2.2014 unemployment started to be contained at slightly lower level. Specifically, in 2014 unemployment reached an average of 26.5% versus 27.5% in 2013 (Q4.2014: 26.1%).In the field of public finances, a primary surplus was recorded in 2014, however the contraction of nominal GDP which is attributable to deflation, is estimated to bring the ratio of public debt to GDP slightly higher (close to 178%).

The Greek banking system, having strengthened its position through capital increases over the last two years 2013-2014, successfully participated in ECB's Comprehensive Assessment in cooperation with the European Bank Authority (EBA) and Bank of Greece (BoG), the results of which were made public at end October 2014. On 4 November 2014, ECB assumed the direct supervisory authority over Eurozone banks. The ECB performs direct supervision on 120 significant banking groups, including Piraeus Bank Group, that account for c.80% of total banking sector assets operating within the Eurozone. The Single Supervisory Mechanism (SSM) constitutes one the three pillars of the European Banking Union (the other two are the Single Resolution Mechanism and the Single Deposit Guarantee scheme) and comprises a new system of banking supervision, consisting of the ECB and the national regulatory authorities of the participating countries with its prime aim to contribute to the security and robustness of banking institutions, as well as the stability of the European financial system, securing the practice of consistent supervision.

Regarding the basic figures of the Greek banking market, it is noted that total market loans decreased during 2014 (-2% year-on-year), under a decelerating trend of deleverage versus that of previous years. The respective reduction of deposits was -2% in 2014. The outflows in deposits that began in December 2014 continued also at the beginning of 2015, a trend that was offset by measures of securing liquidity on behalf of the Eurosystem which stood at €104 bn at the end of February 2015, reverting its negative course in the 9month period of 2014 (September 2014: €43 bn). In parallel, ECB's decision on 4 February 2015, to lift the waiver for accepting Greek sovereign bonds and bonds guaranteed by the Greek State as collateral for refinancing post 11 February 2015 has redirected the Greek banking sector within ELA mechanism, a decision that is anticipated to be reconsidered based on the successful course of the implementation of the support programme for the Greek economy that was extended until 30 June 2015.

Relative to asset quality, the ratio of loans in arrears over 90 days for the Greek banking sector stood at 34% (September 2014) versus 32% at end 2013, while the coverage ratio by cumulative provisions rose to 54% (September 2014) versus 49% at end 2013. Lastly, considering capital adequacy, the Common Equity Tier 1 (CET1) on a consolidated basis posted substantial improvement and rose to 15.2% in September 2014 (from 12% at end 2013), while the Capital Adequacy ratio reached 15.4% respectively (from 13.4% at end 2013), mainly as a result of the capital increases of the four systemic banks in the first half of 2014.

Events that Regard Piraeus Bank Group

On the business level, the most important corporate events for Piraeus Bank Group during 2014 and up to the publication of the financial statements were the following:

- on January 08, 2014 Piraeus Bank announced that on 02.01.14, 603,280 warrants in total were exercised on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF), 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. Following this 1st exercise of warrants, the percentage of the HFSF in the share capital of the Bank was reduced to 80.95%.

- on March 06, 2014 the BoG published the capital needs for each of the Greek banks which emerged from the simulation exercise carried out with the cooperation of BlackRock Solutions and Rothschild consultancy firms. The capital requirement for Piraeus Bank has been assessed at €425 mn in the baseline scenario and €757 mn in the adverse scenario. Key factors that have shaped the capital requirement were the expected losses for credit risk not only for the period June 2013-December 2016, but also for the total lifetime of the loan portfolio, based on the evaluation of loan portfolio in terms of quality that conducted by Blackrock, and series of assumptions by BoG concerning the future creation of internal capital, adjusting conservatively what was forecasted in the Restructuring Plan of the Bank.

- on March 18, 2014 the issuance and the placement in the international debt capital markets of a €500 mn three year senior unsecured benchmark note was completed in order for the Bank to strengthen its medium-term liquidity. The bond has an annual fixed rate coupon of 5.0%.

- on April 10, 2014, Piraeus Bank announced the coverage of its share capital increase of €1.75 bn. In particular, the 28.03.14 Extraordinary General Meeting of shareholders with ordinary shares of Piraeus Bank (the decision of which was approved by the 28.03.14 decision of the Extraordinary General Meeting of the preference shareholder of the Bank) decided the Bank's share capital increase in order to raise capital up to €1.75 bn, through contribution in cash, the issuance of ordinary registered shares and the cancellation of the pre-emption rights of the existing shareholders. Specifically, it was decided a €308,823,529.20 share capital increase of the Bank with the cancellation of the pre-emption rights of the existing shareholders and the issuance of 1,029,411,764 new ordinary registered voting shares with a nominal value of € 0.30 each and subscription price of € 1.70 per share. The new shares were offered through a public offering to investors in Greece and through a book-building process, to institutional and other special investors internationally.

- on May 21, 2014, Piraeus Bank fully redeemed to the Hellenic Republic the total amount of preference shares (Pillar I Law 3723/2008) in the amount of €750 mn, issued to the latter by the Bank.

- on May 30, 2014, the Board of Directors (BoD) of Piraeus Bank during its session resolved to initiate the necessary procedures for a merger with Geniki Bank S.A. through its absorption by Piraeus Bank S.A., in accordance with the provisions of article 68 and following articles of CL 2190/1920 in conjunction with article 16 par. 5 of Law 2515/1997, and the provisions of Law 2166/1993 as in force, with a common (for both merging credit institutions) transformation balance sheet date set on 31.12.13.

- on July 7, 2014, Piraeus Bank announced that on 02.07.14 4,951,260 warrants in total were exercised on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) corresponding to 22,160,707 common shares of the Bank, or 0.363% of the total shares outstanding. The total consideration paid by the warrant holders to the HFSF amounted to €39,180,129.98. Following this 2nd warrants exercise, the HFSF percentage of Bank's total share capital decreased to 66.93%.

- on July 23, 2014, the European Commission announced the approval of the Restructuring Plan of Piraeus Bank, as submitted to the European Commission (DG Competition) through the Ministry of Finance on 19 June 2014. The European Commission noted that Piraeus Bank's Restructuring Plan is in line with EU State Aid rules. The measures already implemented and those included in the Restructuring Plan, will enable the Bank to fully restore its long term viability, which was negatively affected mainly by the implementation of the PSI programme in early 2012, and also the impact of the prolonged economic recession in Greece.

- on August 14, 2014, Piraeus Bank announced the sale of 100% of ATE Insurance to ERGO Insurance Group, a subsidiary of Munich Re. The total consideration amounts to €90 mn in cash, subject to customary net asset value adjustments upon closing. The transaction is subject to regulatory approvals.

- on October 26, 2014, the results of the Comprehensive Assessment that was conducted by ECB in cooperation with the European Banking Authority and the Bank of Greece were announced. The exercise was implemented having as benchmark the balance sheet of 31.12.13 ("Static Balance Sheet") and the restructuring plan of Piraeus Bank ("Dynamic Balance Sheet"). Both were simulated under the assumptions of a "basic" and an "adverse" scenario. Under the approach of Dynamic Balance Sheet, Piraeus Bank presented a Common Equity Tier 1 capital ratio ("CET1") of 11.4% in the basic scenario, and 6.7% in the adverse scenario, versus a minimum requirement for ratios at 8.0% and 5.5%, respectively. The Static Balance Sheet in combination with the capital increase of € 1.75 bn, which was implemented in April 2014, following the redemption of €750 mn preference shares to the Hellenic Republic, led to a CET1 ratio at 10.7% and 6.1% on the "basic" and "adverse" scenario respectively. These ratios do not take into consideration the benefit from Deferred Tax Asset conversion into Deferred Tax Credit (Law 4303/2014).

- pursuant to the decision of the Bank's BoD on 7 October2014, an Extraordinary General Meeting of Shareholders was held on 30 October 2014, which approved the merger with its subsidiary, Geniki Bank S.A., according to article 79 of Law 2190/1920, articles 1-5 of Law 2166/1993 and article 16 of Law 2515/1997, and authorized the members of the Board to implement any necessary action that targets towards the completion of the merger. Also, it approved the redemption of the preference shares of Law 3723/2008 issued by the Bank and held by the Greek State, and the cancellation of the titles embodied. In addition, it approved the decrease of the share capital by the amount that corresponds to the redeemed preference shares of Law 3723/2008, which were held by the Hellenic Republic and which were cancelled, or by the amount of €749.999.998,98.

- on November 20, 2014, it was registered in General Commercial Registry the No.61164/20.11.2014 decision of the Ministry of Development & Competitiveness with which the merger of Piraeus Bank with Geniki Bank S.A. was approved, through the buy-out of the second from the first. Also, on November 23, 2014, the project of IT systems consolidation of Geniki Bank to Piraeus Group unified environment, was completed with an absolute success.

- on November 25, 2014, the Management of the Bank announced that it reviewed some of its estimates in relation to the determination of future cash flows of the loan portfolio. The revised estimates were based on more recent information and changes in the legal framework. The most basic parameters, which influenced these estimates were:
  - the continuing retreat of real estate prices in the Greek market, in combination with the extension of the time needed for collateral liquidation;
  - the change in legal framework relative to the management of problematic business loans;
  - the uncertainties as far as economic conditions' sustainability is concerned, affecting the efforts put by businesses regarding corporate restructurings, under the monitoring of the newly established Recovery Banking Unit (RBU).

  In continuation of the changes in Management's estimates for the level of impairment in Group loan portfolio, increased provisions were assumed amounting at €3.8bn in FY.2014, bringing accumulated loan provisions at the end of 2014 at €15.8bn.

- the Extraordinary General Meeting of Piraeus Bank's Shareholders, held on December 19, 2014 approved the Bank's opting into the special regime enacted by article 27A of Law4172/2013, as in force, regarding the voluntary conversion of deferred tax assets arising from temporary differences into final and settled claims against the Greek State through the creation of a special reserve and the free issuance and allocation to the Greek State of securities (conversion rights) representing the right to acquire ordinary shares. Furthermore, the EGM authorized the Board of Directors of the Bank to proceed with all actions required for the implementation of the provisions of article 27A of Law 4172/2013.

- on January 7, 2015, relative to the procedure of warrants exercise, the Bank announced that, after the settlement of warrant exercise orders, 3,568 warrants in total were exercised on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF). Exercised warrants correspond to 15,969 common shares, i.e. to 0.00026% of the outstanding number of common shares, with a corresponding increase in free float. The total amount paid by the warrant holders to the HFSF amounted to €28,911.87. Following this 3rd exercise of warrants, the percentage of the HFSF in the share capital of the Bank remained to 66.93%.

- during the BoD Meeting of January 21, 2015, Mr.Apostolos Tamvakakis was elected as an Independent Non-Executive Member of the Board, in replacement of the resigned Independent Non-Executive Board Member Mr. George Alexandridis; it is noted that conclusion of the suitability assessment of the newly elected member before the Supervisory Authority (SSM/ECB) is pending, pursuant to the new regulatory framework for significant supervised financial institutions.

- during the BoD Meeting of February 25, 2015, Mr.Panagiotis Roumeliotis resigned from the position of Vice-Chairman and Non-Executive Board Member. The BoD elected on March 18, 2015 Mr.Nikolaos Christodoulakis to replace the resigned non-executive Vice Chairman Mr.Roumeliotis; it is noted that conclusion of the suitability assessment of the newly elected member before the Supervisory Authority (SSM/ECB) is pending.

- finally, on March 19, 2015 Piraeus Bank announced that by virtue of Ministerial Decision of Greek Finance Minister, Mr.Gerassimos Tsiaparas, was appointed as representative of the Greek State to Piraeus Bank's BoD, pursuant to the provisions of L.3723/2008, to replace Mr.Athanasios Tsoumas who has resigned; it is noted that conclusion of the suitability assessment of the newly elected member before the Supervisory Authority (SSM/ECB) is pending.

Evolution of Piraeus Group Volumes and Results 2014

Regarding the financial position of Piraeus Group in 2014, total assets at the end of December 2014 amounted to €89.1bn and deposits were €54.7 bn. Group deposits in Greece amounted to €49.3bn, comprising 29% of the domestic market. Deposits stemming from the Group's international operations amounted to €5.4 bn.

Gross loans pre impairment amounted to €73.0 bn at the end of December 2014. Total loans in Greece reached €66.1 bn, of which €1.8 bn was related to the disbursement of a seasonal agri-loan towards OPEKEPE for the payments of EU agricultural subsidies to 650 thousand farmers (amount that was fully repaid in the first 2 months of 2015).Loans from international operations were €6.9 bn at the end of 2014. On a view per segment, total business loans were €48.1 bn representing 66% of the total Group loan portfolio, whereas retail loans €24.9 bn or 34% of total loans. Group net loans (post impairment) stood at €57.1 bn, with the ratio of net loans to deposits for Piraeus Bank Group improving substantially to 101% versus 111% in 2013 (excluding seasonal agri-loan in both instances).

The Group's loans in arrears over 90 days ratio rose –albeit at a decelerating trend relative to 2013 - to 38.8% of gross loans at the end of December 2014, while the respective ratio for domestic operations was 39.0% at year-end (ratios calculation excludes seasonal agri-loan).The coverage ratio of loans in arrears over 90 days by cumulative provisions and adjustments to fair value in the case of the acquired loan portfolios for the Group reached 57.4%, and in Greece 57.2%. It should be noted that the ratio of cumulative provisions and adjustments over gross loans at the end of 2014 reached the particularly high level of 22.3% (excluding seasonal agri-loan) and the fact that Q4.2014 was the first quarter, after a series of quarterly increases of new non-performing loans, where new non-performing loans stabilized at a Group level and retracted in Greece, attributable to the conditions of the economic environment and the intensive efforts of the Bank's Recovery Banking Unit.

The Group's 2014 net interest income amounted to €2.0 bn. Net fee and commission income was €0.3 bn, of which 88% came from commercial banking. The Group's 2014 total net revenues were €2.5 bn.

The Group's total operating expenses amounted to €1.5 bn in 2014. These expenses also include €70 mn extraordinary costs attributable to voluntary exit scheme in Greece and linked to one-off compensation costs for employees that participated in the relevant programmes and €89 mn one-off integration and rationalization costs for the operations that were acquired.

Consequently, the Group's recurring profit before taxes and provisions was €1.1 bn in 2014. The full year result was burdened by substantial provisions for loans totaling €3.8 bn due to the prolonged recession in Greece and in continuation to the changes in Management's estimates for the level of impairment on the Group loan portfolio, noted above. These provisions represent 5% of loans in 2014.

Pre-tax result was a loss of €3.0 mn, while the after tax Group result that is attributable to shareholders from continuing operations amounted to a loss of €2.0 bn (€1 bn deferred tax).

Total equity of Piraeus Group at end December 2014 amounted to €7.3 bn. The Group's total capital adequacy ratio, according to the Basel III regulatory framework stood at 12.5% at the end of December 2014 and the Common Equity Tier 1 ratio at 12.4%.

The branch network of the Group at the end of December 2014 totaled 1,175 branches, of which 803 branches in Greece and 372 in 9 countries abroad. The branch network in Greece in 2014 decreased by 234 units as a result of the rationalization programme following the acquisitions. The Group's headcount on December 31, 2014 totaled 22,173people, of which 16,468 were employed in Greece and 5,705 abroad. It is noted that during Q4 2014, a voluntary exit scheme was implemented, through which c.1,000 people from the Bank and its subsidiaries were retired.

At end December 2014, Piraeus Group international operations accounted for 10% of total assets, 32% of the branch network and 26% of the workforce.

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 for the year 2014, while in any case they are included in the in the Group's 2014 financial statements.

Share Capital

On December 31, 2014, the share capital of the Bank stood at the sum of €1,830,593,914.50 divided into 6,101,979,715 ordinary shares baring a voting right and at a nominal value of €0.30 each. Common shares of Piraeus Bank are intangible and listed on Athens Exchange. It is noted that in accordance to the regulations of L3864/2010 and Ministers Council Acts 38/2012 & 6/2013, the HFSF issued 849,195,130 warrants to the private investors that participated in the capital increase. Consequently of the 3rd exercise based on the relative announcement by the Bank on January 7, 2015, issued warrants that remain in power are 843.637.022, while the HFSF owned Bank shares on which the warrants are carried upon totaled 4,084,163,363 common shares.

Description of Major Risks and Uncertainties for 2015

The Risk Management Framework of the Group is presented analytically in note [3] of the Group's 2014 annual consolidated financial Report.

More specifically, the major initiatives that were realized aiming at upgrading the Group's Risk Management Framework during 2014 were the following:

- Design and update of the Group's risk & capital strategy and the risk appetite framework for 2014;
- Completion of a new methodology for pricing business loans and initiation of a pilot implementation programme in the Bank. Incorporation of the methodology from foreign subsidiaries for both business and retail credit;
- Harmonization of the risk management framework for subsidiaries with that of the Group through gap analysis and on-site meetings. Design of action plans and monitoring their implementation;
- Support of the new Recovery Banking Unit;
- Creation of a credit control function for retail lending portfolios and completion of a relative manual;
- Implementation of a new methodology for collective impairments according to ECB directions, given within the framework of AQR;
- Development of an infrastructure for assets-liabilities management (dynamic simulation);
- Development of procedures for the monitoring, reconciliation, and production of the interest rate gap;
- Enhancement of processes and infrastructures for the data collection and administration of events and losses related to operational risks;
- Enhancement of mitigation methods for operational risk (business continuity plan, insurance coverages, close monitoring of infrastructure improvement projects);
- Implementation of a diagnosis project aiming at the optimization of RWAs and the usage of regulatory capital;
- Planning and initiation for the implementation of an IT infrastructure for the coverage of consolidated new regulatory reporting (COREP, FINREP, SREP STE);
- Conduct of a readiness study for the transition towards the IRB approach for credit risk;
- Conduct of independent assessments and regular monitoring of developments in the quality of post approval credit positions as well as in the practices of credit risk monitoring.

The economic situation in Greece remains in general the prime risk factor for the domestic banking sector, but also for Piraeus Bank. Possible negative developments in this field would bear a consequence on the Bank's liquidity, the quality of its loan portfolio, its financial results and its capital base. Meanwhile, potential legal interventions in relation to the framework that deals with the management of loans in delay in Greece, could under conditions negatively affect the Bank's ability to recover obligations through the liquidation of collateral, bearing an impact on asset quality and relative provision coverage ratios.

Estimates for the Development of Piraeus Group's Activities during 2015

Throughout 2014, the Greek economy displayed signs of gradual recovery, resulting into an increase in GDP for the first time after six years, primary fiscal surplus, surplus in external trading account, mitigation of labor cost and slight containment of unemployment.

The Greek economy is already moving on the borderline of a new era that has new globalized challenges, while the banking industry is experiencing significant changes stemming from the new regulatory requirements, strong technological developments and diversified business operations. Towards this direction, it is imperative to implement reforms that will facilitate the reconstruction of the Greek economy, while both the state and the private business sector should apply them with a high sense of responsibility.

Piraeus Bank as the largest systemic bank in the country confronts the challenges of 2015 with high responsibility and sets priorities, with the most important being the enhancement of liquidity, the most effective management of loans in delay through innovative methods and tools, the improvement of operating cost, the recovery in profitability, and also the maintenance and rise of quality in customers service.

Piraeus Bank systematically supports the effort for uplifting the Greek economy, while simultaneously enforces initiatives that aim towards the development of entrepreneurship and the fortification of competitiveness. Towards this direction, the Bank will focus all its forces for 2015 also.

The Board of Directors

Michalis G. Sallas

Chairman of the BoD

EXPLANATORY REPORT

This Board of Directors of Piraeus Bank explanatory report of 31/12/2014 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 31/12/2014 Piraeus Bank's share capital amounted to one billion eight hundred and thirty million five hundred and ninety three thousand, nine hundred fourteen euros and fifty cents (€1,830,593,914.50) divided into six billion, one hundred and one million, nine hundred and seventy nine thousand, seven hundred and fifteen (6,101,979,715) common registered voting shares of a nominal value of thirty cents (€0.30) each. The ordinary shares of Piraeus Bank are dematerialised and traded on the Athens Exchange.

Subject to the provisions of Law 3864/2014, each ordinary share of Piraeus Bank grants 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. 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.
  It is noted that for the period that the Bank is subject to the provisions of Law 3864/2010, the total dividend distribution cannot exceed the aforementioned initial dividend percentage. Additionally, throughout the Restructuring Plan's validity and implementation period, the Bank is not allowed to pay any dividends unless the European Commission agrees to an exemption.
- The right to claim the liquidation 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 preferential 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.

It is specified that after the successful completion of the capital increase resolved by the Shareholders General Meeting held on 28/03/2014 for the increase of the share capital through payment in cash for the purposes of raising capital up to € 1,750,000,000 which was carried out with the aim, *inter alia,* to redeem in full the preference shares held by the Greek State, the Bank proceeded on 21/05/2014, following relevant decision adopted by its Board of Directors, to the full redemption, pursuant to art.1 para.1 ind. six of Law 3723/2008 and art. 1 para (c) of the Ministerial Decision no 5420/B/2884, as amended and currently in force, of the above-mentioned preference shares amounting to € 750,000,000 (and in particular of 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) held by the Greek State and issued by the Bank in accordance with Law 3723/2008 and the relevant resolutions of the Bank's Shareholders General Meeting dated 23/01/2009 and 23/11/2011.

Consequently, the Shareholders General Meeting, at its session held on 30.10.2014 proceeded to the cancelation of the abovementioned preference shares issued by the Bank and owned by the Greek State, to the reduction of the share capital accordingly and to the amendment of articles 5 (share capital) and 27 (share capital historical evolution) of the Bank's Articles of Association in order to reflect the relative change in the share capital following said reduction. The above resolutions are subject to the approval of the supervising authority.

The Bank's shareholders' liability 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.

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 cannot 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 31/12/2014 the HFSF held directly 66.93% of the total voting rights of the Bank.

Furthermore, The Baupost Group, LLC, owned warrants which, if exercised in full, will account for 8.32% of the total voting rights of the Bank.

In addition, "The Capital Group Companies Inc.", owned (indirectly) 3,48% of the total voting rights and warrants which, if exercised in full, will account for 1,55% of the total voting rights of the Bank, amounting to a total proportion of 5.03.

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 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.

Supervisory assessment of board members' suitability conducted by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB): Pursuant to art.93 par.1 of Regulation (EE) no.468/2014 of the ECB, τhe board members' appointment or replacement or renewal of term of office is subject to the positive assessment of their suitability by the SSM.

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 Law 4261/2014 and 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, Law 4261/2014, 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 Nomination 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 Bank is subject to the provisions of Law 3684/2010 ,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 16.05.2017, 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. Today the Board of Directors consists of 15 members, including the representatives of the Greek Government and the Financial Stability Fund.

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 (3) 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. According to the new regulatory framework of the Single Supervisory Mechanism (SSM) from the European Central Bank, each new member of the Board is subject to the adequacy assessment and eligibility process of the SSM.

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 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 0000234/2015/268/5.03.2015) Mr. Gerasimos Tsiaparas was appointed to the Board of Directors of the Bank as the representative of the Greek Government and his duties are defined by Law 3723/2008. Additionally, Mrs Beritsi was appointed representative of the Hellenic 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 16.05.2014, 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, Vice-Chairman, Non-Executive Member
3. Tamvakakis Apostolos, Vice-Chairman, Independent Non-Executive Member
4. Lekkakos Stavros, Managing Director & CEO, Executive Member
5. Thomopoulos Anthimos, Managing Director & CEO, Executive Member
6. Apalagaki Charikleia, Authorized Director, Executive Member
7. Athanasiou Argyro, Independent Non – Executive Member
8. Vassilakis Eftichios , Non-Executive Member
9. Golemis Stylianos, Independent Non-Executive Member

10. Kyriazis Chariton, Independent Non – Executive Member
11. Pappas Petros, Independent Non-Executive Member
12. Fourlis Vasileios, Non-Executive Member
13. Christodoulakis Nikolaos, Non-Executive Member

The following persons also participate in the Board of Directors:
Aikaterini Beritsi, HFSF Representative, according to L. 3864/2010
Gerasimos Tsiaparas , Greek Government Representative, according to L. 3723/2008

The Bank's Board of Directors includes 10 non-executive members, of whom Messrs. Tamvakakis Apostolos, Athanasiou Argyro, Stylianos Golemis, Kyriazis Chariton and Pappas Petros 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:

A)Board of Directors Committees

1) Audit Committee

The Committee comprises of Non – Executive members and the HFSF Representative who participates in it, with full voting rights. 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 2014 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 2014, 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.
- Examined and sent to the Bank of Greece, the annual reports of the Compliance Officer concerning the fight against money laundering
- 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.

At the General Meeting of Shareholders on May 16, 2014, in accordance with the provision of Article 37 of Law. 3693/2008, the following members were elected for the Audit Committee, the composition of which is formed according to the Governor's Act 2577/2006 Bank of Greece:

1) Chariton Kyriazis
2) Georgios Alexandridis
3) Iakovos Georganas
4) Stylianos Gkolemis

Mrs Beritsi, HFSF Representative, participates in the Committee,

Today, the Audit Committee has the following composition, as this has resulted after changes (resignations, replacements, etc):

Chairman	Kyriazis Chariton
Members	Tamvakakis Apostolos
	Pappas Petros
	Fourlis Vasileios

Mrs Beritsi, HFSF Representative, participates in the Committee, with full voting rights.

2) Risk Management Committee

Purpose

The Risk Management Committee, the 'Committee', is responsible for performing the duties set out in the internal operating regulation, 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.

Composition

The Risk Management Committee is appointed by the Board of Directors of the Bank and is comprised of non executive 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. At least one third of the members (rounded up to the closest integer) should meet the criteria for the independence of Board members, in accordance with Law 3016/2002 and the relevant European Commission Recommendation 2005/162/EC.

The representative of the Hellenic Financial Stability Fund (HFSF) on the Board of Directors of the Bank also participates, with full voting rights, in the Risk Management Committee.

The Chairman of the Committee is appointed by the Board of Directors 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.

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.

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.

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.

Duties and Competencies

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.
- It defines the kind, quantity, form and frequency of the information it has o receive concerning the risks,

- 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 controls the pricing of services taking into consideration the business model and the risk strategy of the bank. When the pricing does not accurately reflects the risks according the business plan and the risk strategy, the Committee submits a correction plan to the Board of Directors.
- In order to contribute to the formation of best remuneration practices and policies and subject to the competences of the Remuneration Committee, it examines whether the motives included int the remuneration policy take into consideration the risk, the capital, the liquidity and the predicted profits.
- It takes all other necessary actions for the effective accomplishment of its mission.

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.

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

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.

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.

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.
- It formulates an opinion addressed to the Board of Directors concerning the present and future risk strategy and the implementation of same, assisting the Board of Directors which has the general competence over these

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 Tamvakakis Apostolos

Members Georganas Iakovos
Vassilakis, Eftichios
Pappas Petros
Athanasiou Argyro

Mrs Beritsi, HFSF Representative, participates in the Committee, with full voting rights.

3) Remuneration Committee

Composition - Operation

- 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.
- 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.
- The Committee Secretary is appointed by the Committee, which may replace him at any time.
- 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.
- 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.
- Resolutions of the Committee are adopted by majority vote of the members present.
- 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.

- Minutes are to be kept of all meetings, and are certified by the Chairman and Secretary of the Committee.
- 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.
- Each year the Committee shall review these current operating rules and supplement them or revise them, making any amendments it deems necessary.

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 3864/2010 and 4261/2014, 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 and the public interest as well, 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.

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 Internal Audit , 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.

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.

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.

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	Kyriazis Chariton
Members	Pappas Petros
	Fourlis Vasileios
	Athanasiou Argyro

Mrs Beritsi, HFSF Representative, participates in the Committee., with full voting rights.

4) Board of Directors Members Nomination Committee

Objective-Competences

The BoD Member Nomination Committee was set up by Decision 1069/21.06.2006 of the Board of Directors, following Bank of Greece Governor's Order 2577/2006, at first as " BoD Member Succession and Replacement Committee". 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. By No. 1349/23.07.2014 decision of the Board of Directors it was renamed to " BoD Members Committee Nomination'.

The BoD Member Nomination Committee:

a) Identifies and recommends for approval by the Board or by the General Meeting candidates for the vacancies of the Board, evaluates the combination of broad knowledge by subject, skills, and experience of the members of the Board.It also gives the description of the individual skills and qualifications at the discretion needed to fill the positions of the Directors and considers the time that needs to be devoted to the corresponding position. In addition, the nomination committee sets a target for the representation of the under-represented sex to the Board and prepares policy as to how it will increase the number of persons of the under-represented sex to the Board in order to achieve this objective.

b) periodically and at least annually evaluates the structure, size, composition and performance of the Board and makes recommendations to it concerning any changes it deems appropriate,

c) periodically and at least annually evaluates the knowledge, skills and experience by subject of each individual Board member and the Board as a whole and submits to the Board relevant reports

d) periodically reviews the policy of the Board for the selection and appointment of senior management and make recommendations to it.

e) monitors and observes the assistance of independence criteria so that a Board member qualifies as "independent". During application and ascertainment assistance of independence criteria, the Committee focuses on substance over form. In this context the Committee balances the independence criteria or lack of one of them to decide that the candidate member meets essentially the requirements of independence, especially if the overall participation and exercise of their duties do not create conflicts of interest and not jeopardize the free and objective, in the interests of the Bank, discretion.

The BoD Member Nomination Committee in carrying out its tasks, takes into account on an ongoing basis and to the extent possible, the need to ensure that the decision - making of the Board is not affected by the will of one person or a small group in a manner prejudicial to the interests of the institution as a whole. The BoD Member Committee may use any resources it deems appropriate, including external consultants, and is provided with adequate funding in order to meet that objective.

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.

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

<u>Education</u>: University degree as a minimum requirement accredited by a greek or foreign Institution.

<u>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.</u>

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:

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

(b) 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 Nomination Committee:

Chairman	Sallas Mihalis
Members	Georganas Iakovos
	Fourlis Vasileios
	Kyriazis Chariton

Mrs Beritsi, HFSF Representative, participates in the Committee, with full voting rights.

B) Strategic Orientation Committees

1) Strategic Planning Committee

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 66 of Law 4261/2014 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.

Meetings

The Strategic Planning Committee meets once a 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.

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.

Amendment

The 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
Deputy Chairman	Tamvakakis Apostolos

Members

Lekkakos, Stavros
Thomopoulos, Anthimos
Antoniadis Cristodoulos
Milis Ilias
Papaspyrou Spyridon
Mylonas, Theodoros
Manos Alexandros
Frangos, Sophocles

C) Executive and Administrative Committees

1) 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
Deputy Chairman	Thomopoulos Anthimos
Members	Antoniadis Christodoulos
	Milis Ilias
	Papaspyrou Spyridon
	Georgiou Konstantinos
	Poulopoulos Georgios
	Sgourovassilakis Ioannis
	Mantakas Georgios
	Konstantinides Theofilos
	Mylonas Theodoros
Alternate Members	Arvanitis Athanasios
	Kyriakopoulos Ioannis
	Lazaridou Pinelopi
	Barka Martha
	Papadopoulos Ioannis
	Loizides Constantinos

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.

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, while the full harmonization of its text with the provisions of L. 4261/2014 which the Bank already applies in practice will take place immediately.

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

To the best of our knowledge, the Full Year 2014 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 2014 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 & CEO

AVAILABILITY OF ANNUAL FINANCIAL REPORT 2014

The Annual Financial Report for the year 2014 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 31/12/2014
- 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." which comprise the separate and consolidatedstatement of financial position as of 31 December 2014 and the separate and consolidatedincome statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended anda 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.

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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, 2014, and its/their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments, that affect the banking sector and in particular its liquidity. These material uncertainties may cast significant doubt on the Group's ability to continue as a going concern.

Reference on Other Legal and Regulatory Matters

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

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

Athens, 31 March 2015
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 2014

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 31st 2015 and they are available on the web site of Piraeus Bank at www.piraeusbankgroup.com

These financial stetements 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 2014	31 December 2013
Interest and similar income	6	3,476,093	3,566,497
Interest expense and similar charges	6	(1,475,647)	(1,904,344)
NET INTEREST INCOME		**2,000,446**	**1,662,154**
Fee and commission income	7	374,919	329,806
Fee and commission expense	7	(41,625)	(43,122)
NET FEE AND COMMISSION INCOME		**333,294**	**286,683**
Dividend income	8	15,390	15,368
Net income from financial instruments designated at fair value through profit or loss	9	(104,321)	92,356
Results from investment securities	10	74,950	54,329
Other operating income	11	204,145	24,232
Negative goodwill due to acquisitions	49	-	3,810,338
TOTAL NET INCOME		**2,523,904**	**5,945,459**
Staff costs	12	(771,927)	(884,841)
Administrative expenses	13	(604,091)	(625,656)
Depreciation and amortisation	27, 28	(156,959)	(126,826)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,532,976)**	**(1,637,323)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**990,928**	**4,308,136**
Impairment losses on loans	23	(3,756,870)	(2,217,879)
Impairment losses on other receivables	31	(165,380)	(145,923)
Impairment on participation and investment securities		(90,061)	(67,217)
Impairment of tangible and intangible assets	27, 28	(19,214)	(88,819)
Impairment on assets held for sale	30	(2,170)	(1,911)
Provisions for outstanding litigations	38	(868)	(3,859)
Other provisions	38	(8,484)	(6,047)
Share of profit of associates	26	5,021	(28,770)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(3,047,098)**	**1,747,712**
Income tax	15	1,068,254	768,535
PROFIT/ (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**(1,978,845)**	**2,516,247**
Profit/ (loss) after income tax from discontinued operations	14	6,851	29,912
PROFIT/ (LOSS) AFTER TAX FOR THE PERIOD		**(1,971,994)**	**2,546,159**
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity		(1,971,940)	2,532,176
Non controlling interest		(6,905)	(15,929)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity		6,853	29,913
Non controlling interest		(2)	(1)
Earnings/ (losses) per share attributable to equity holders of the parent entity (in euros):			
From continuing operations			
- Basic and Diluted	16	(0.3370)	0.8922
From discontinued operations			
- Basic and Diluted	16	0.0012	0.0105

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME	Note	Year ended 31 December 2014	Year ended 31 December 2013
CONTINUING OPERATIONS			
Profit/ (loss) after tax (A)		**(1,978,845)**	**2,516,247**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	17	(151,350)	52,415
Change in currency translation reserve	17	362	16,668
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	17	(40,997)	7,184
Other comprehensive income, net of tax (B)	17	**(191,986)**	**76,267**
Total comprehensive income, net of tax (A)+(B)		**(2,170,830)**	**2,592,514**
- Attributable to equity holders of the parent entity		(2,164,120)	2,608,336
- Non controlling interest		(6,710)	(15,822)
DISCONTINUED OPERATIONS			
Profit/ (loss) after tax (C)		**6,851**	**29,912**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	17	490	8,877
Change in currency translation reserve	17	192	(113)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	17	-	40
Other comprehensive income, net of tax (D)	17	**683**	**8,804**
Total comprehensive income, net of tax (C)+(D)		**7,533**	**38,715**
- Attributable to equity holders of the parent entity		7,534	38,717
- Non controlling interest		(1)	(2)

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Note	31 December 2014	31 December 2013
ASSETS			
Cash and balances with Central Banks	18	3,837,541	2,874,771
Loans and advances to credit institutions	19	297,109	293,035
Financial instruments at fair value through profit or loss	21	299,562	214,113
Derivative financial instruments - assets	20	508,928	325,032
Reverse repos with customers	22	64,299	7,124
Loans and advances to customers (net of provisions)	23	57,143,022	62,365,774
Available for sale securities	24	2,533,587	1,377,749
Debt securities - receivables	25	14,400,421	15,628,221
Held to maturity	24	27,180	58,041
Assets held for sale	30	38,022	34,743
Inventories property	31	844,994	669,125
Investment property	29	989,504	902,859
Investments in associated undertakings	26	298,672	304,967
Property, plant and equipment	28	1,435,942	1,416,404
Intangible assets	27	313,072	300,345
Deferred tax assets	39	4,018,745	2,861,716
Other assets	31	1,934,171	2,017,917
Assets from discontinued operations	14	304,925	357,657
TOTAL ASSETS		**89,289,696**	**92,009,592**
LIABILITIES			
Due to credit institutions	32	23,690,330	26,274,952
Due to customers	34	54,732,834	54,279,320
Liabilities at fair value through profit or loss	33	1,853	549
Derivative financial instruments - liabilities	20	544,026	329,618
Debt securities in issue	35	661,350	305,361
Current income tax liabilities		32,566	35,390
Deferred tax liabilities	39	37,772	42,300
Retirement benefit obligations	40	211,944	161,397
Other provisions	38	42,733	39,882
Other liabilities	37	1,275,911	1,185,347
Hybrid capital and other borrowed funds	36	232,381	256,004
Liabilities from discontinued operations	14	503,753	556,574
TOTAL LIABILITIES		**81,967,454**	**83,466,694**
EQUITY			
Share capital	42	1,830,594	2,271,770
Share premium	42	11,393,315	10,008,734
Less: Treasury shares	42	-	(113)
Other reserves	43	(111,240)	82,604
Amounts recognized directly in equity relating to non-current assets from discontinued operations	43	18,787	18,106
Retained earnings	43	(5,921,295)	(3,957,192)
Capital and reserves attributable to equity holders of the parent entity		**7,210,161**	**8,423,909**
Non controlling interest		112,081	118,990
TOTAL EQUITY		**7,322,242**	**8,542,899**
TOTAL LIABILITIES AND EQUITY		**89,289,696**	**92,009,592**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Note	Attributable to owners of the parent					Non controlling interest	TOTAL
		Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings		
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, net of tax	17, 43				84,964		107	85,070
Results after tax	43					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	42, 43			(77)		113		36
Transfer between other reserves and retained earnings	43				11,099	(11,099)		0
Expenses on Increase of share capital of subsidiary companies						(1,625)	(1)	(1,626)
Acquisitions, disposals, absorptions, liquidation and movement in participating interest	43					(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**	**8,542,898**
Opening balance as at 1 January 2014		**2,271,770**	**10,008,734**	**(113)**	**100,709**	**(3,957,192)**	**118,990**	**8,542,898**
Other comprehensive income, net of tax	17, 43				(191,499)		196	(191,303)
Results after tax	43					(1,965,087)	(6,907)	(1,971,994)
Total recognised income for the year 2014		**0**	**0**	**0**	**(191,499)**	**(1,965,087)**	**(6,711)**	**(2,163,297)**
Increase of share capital		308,824	1,384,581					1,693,405
Repurchase of preferred shares		(750,000)						(750,000)
Prior year dividends of ordinary shares							(162)	(162)
(Purchases)/ sales of treasury shares	42, 43			113		(52)		61
Transfer between other reserves and retained earnings	43				(1,664)	1,664		0
Acquisitions, disposals, absorptions, liquidation and movement in participating interest						(628)	(34)	(662)
Balance as at 31 December 2014		**1,830,594**	**11,393,314**	**(0)**	**(92,453)**	**(5,921,295)**	**112,082**	**7,322,242**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT	Note	Year ended	
		31 December 2014	31 December 2013
Cash flows from operating activities from continuing operations			
Profit/ (Loss) before tax		(3,047,098)	1,747,712
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		4,043,047	2,531,654
Add: depreciation and amortisation charge	27, 28	156,959	126,826
Add: retirement benefits	12, 40	79,863	10,268
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		(94,718)	(38,311)
(Gains)/ losses from investing activities		(54,807)	43,236
Deduct: negative goodwill due to the acquisitions	49	-	(3,810,338)
Cash flows from operating activities before changes in operating assets and liabilities		1,083,246	611,047
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Banks		(174,381)	(63,743)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		(107,807)	185,040
Net (increase)/ decrease in debt securities - receivables		1,227,800	(626,855)
Net (increase)/ decrease in loans and advances to credit institutions		(26,961)	39,466
Net (increase)/ decrease in loans and advances to customers		1,500,583	2,812,484
Net (increase)/ decrease in reverse repos with customers		(57,176)	28,801
Net (increase)/ decrease in other assets		(209,071)	170,250
Net increase/ (decrease) in amounts due to credit institutions		(2,584,622)	(7,467,288)
Net increase/ (decrease) in liabilities at fair value through profit or loss		1,304	(21,404)
Net increase/ (decrease) in amounts due to customers		453,597	(543,124)
Net increase/ (decrease) in other liabilities		(761)	43,847
Net cash flow from operating activities before income tax payment		1,105,750	(4,831,479)
Income tax paid		(15,496)	(11,905)
Net cash inflow/ (outflow) from continuing operating activities		**1,090,254**	**(4,843,385)**
Cash flows from investing activities of continuing operations			
Purchases of property, plant and equipment	28, 29	(313,357)	(238,350)
Sales of property, plant and equipment		68,340	26,320
Purchases of intangible assets	27	(46,362)	(44,555)
Purchases of assets held for sale	30	(17,609)	(14,513)
Sales of assets held for sale		12,002	9,797
Purchases of investment securities		(7,162,285)	(8,404,095)
Disposals/ maturity of investment securities		5,826,472	11,932,934
Acquisition of subsidiaries excluding cash & cash equivalents acquired		(185)	171,140
Sales of subsidiaries excluding cash and balances sold		-	20,859
Sales of associates		1,261	4
Establishments and participation in share capital increases of associates		(1,291)	(24,532)
Dividends received		14,732	14,101
Net cash inflow/ (outflow) from continuing investing activities		**(1,618,281)**	**3,449,109**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		305,500	(366,028)
Increase of share capital		1,673,519	1,180,322
Repurchase of preferred shares	42	(750,000)	-
Prior year dividends paid		-	(5,246)
Purchases/ sales of treasury shares and preemption rights		61	36
Other cash flows from financing activities		14,465	17,279
Net cash inflow/ (outflow) from continuing financing activities		**1,243,544**	**826,363**
Effect of exchange rate changes on cash and cash equivalents		58,546	(29,397)
Net increase/ (decrease) in cash and cash equivalents of the period from continuing activities (A)		**774,063**	**(597,309)**
Net cash flows from discontinued operating activities		(23,685)	(35,679)
Net cash flows from discontinued investing activities		25,281	36,745
Net cash flows from discontinued financing activities		-	-
Effect of exchange rate changes on cash and cash equivalents		8	(71)
Net incease/ (decrease) in cash and cash equivalents of the period from discontinued activities (B)		**1,604**	**996**
Cash and cash equivalents at the beginning of the period (C)	45	**1,888,466**	**2,473,084**
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 end of the period (A)+(B)+(C)+(D)	45	**2,664,133**	**1,888,466**

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 22,372 people of which 199 people, refer to discontinued operations (ATE Insurance S.A. and 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, RAFI, Med 100), MSCI (Emerging Markets, EM EMEA, Greece), Euro Stoxx (TMI, TMI Banks, Greece TM) and S&P (Global BMI, Eurozone BMI, Greece BMI), Dow Jones Sustainability Index (Emerging Markets).

2 General accounting policies, critical accounting estimates and judgements

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

Basis of preparation

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 income statement for the year 2014 are not comparable with the corresponding figures for the year 2013, as Piraeus Bank acquired a) the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/03/2013 and b) Millennium Bank Group in Greece on 19/06/2013.

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.

Going concern basis

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

Macroeconomic environment

The economic situation in Greece, in combination with the political developments, remains the main risk factor for the Greek banking sector. The ongoing recession in the last six years led to the accumulated loss of approximately 25% of the GDP. In 2014, the economy returned to a growth rate of 0.8% and achieved primary surplus, which is limited to 0.3% of the GDP, less that the target of 1.5% (set by the newly elected government). In the extraordinary Eurogroup of 20 February 2015, the newly elected government agreed with the EU, ECB and IMF (here on the "Institutions"), the four-month extension of the existing loan agreement (Master Financial Assistance Facility Agreement - MFFA), so as to complete the assessment of the current program and proceed to the achievement of a potential future new agreement.

On 23 February, the Greek government presented to the Institutions, an initial list of reforms which should be finalized by the end of April 2015. The disbursement of the last installment of the previous program which has not taken place or/ and any approval by the Institutions for additional financing, will depend on the successful completion of the assessment and the joint agreement on the necessary reforms.

The aforementioned developments create significant uncertainties concerning the course of the Greek economy, which are likely to have a significant negative impact on the capital adequacy and the liquidity of the banking sector. Piraeus Bank's management closely monitors the developments and assesses periodically the impact that any negative developments in these areas might have in its operations.

Capital adequacy

In April 2014, the Bank´s share capital increase of € 1.75 billion was completed, with the aim to: a) meet the capital needs as determined by the Bank of Greece in March 2014 (€ 425 million in the baseline scenario (binding) and € 757 million in the adverse scenario), b) improve the Bank´s capital position through acquiring in full the preference shares of total nominal amount € 750 million (completed in May 2014) and c) further strengthen the capital adequacy ratios of the Group.

Piraeus Bank participated, as one of the 128 systemically important European banks, in the "Comprehensive Assessment" conducted by ECB, within the framework for the creation of the Single Supervisory Mechanism (SSM) for European Union banks. The assessment that began in November 2013 and was completed with the announcement of the results as at 26 October 2014, was conducted by reference to a balance sheet as of 31 December 2013 ("Static Balance Sheet"), and Piraeus' restructuring plan ("Dynamic Balance Sheet"). The assessment of the Bank based on the "Static Balance Sheet" and the "Dynamic Balance Sheet" was stressed under a "baseline" and "adverse" scenario.

In the Dynamic Balance Sheet approach, Piraeus Bank resulted with a Common Equity Tier 1 capital ratio ("CET1 ratio") of 11.4% under the "baseline" scenario and 6.7% under the "adverse" scenario, against minimum threshold requirements of 8.0% and 5.5% respectively. The Static Balance Sheet approach, combined with the impact of the € 1.75 billion capital increase that took place in April 2014 and the € 750 million repayment of the State preference shares in May 2014, leads to a CET1 ratio of the Bank of 10.7% and 6.1% in the "baseline" and "adverse" scenarios respectively. These ratios do not take into account the benefit of the potential conversion of deferred tax assets to deferred tax credit (L.4302/2014 as amended on 16 October 2014).

Based on the results of the Comprehensive Assessment conducted by ECB, no additional capital needs arise for Piraeus Bank.

Liquidity

During the first two months of 2015, the Greek banking system had to raise liquidity from the emergency liquidity assistance (ELA) mechanism to cover the short term capital needs resulting from the decision made by the ECB to suspend the acceptance of securities issued or guaranteed by the Greek government for main refinancing operations, as well as due to the significant reduction of domestic deposits. The exposure of all banks in the Eurosystem increased from about € 43 billion at the end of November 2014, to marginally over € 100 billion at the end of February 2015, of which about € 70 billion was covered by the Emergency Liquidity Assistance.

The provision of liquidity support by ELA is granted to adequately capitalized credit institutions that have acceptable assets as collateral, and is assessed on a 15-day basis by the ECB. Piraeus Bank's management, after taking into account its strong capital base, the available acceptable collateral and the commitment of the Eurosystem to provide liquidity in case that the country remains within the European program, expects to be able to cover its short-term financing needs.

New accounting standards, interpretations and amendments

New accounting standards, interpretations and amendments on existing accounting standards that have been issued by the International Accounting Standards Board and are effective for the current year (Chapter A) or subsequent years (Chapter B and C), are as follows:

(A) The following new IFRSs and amendments that have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and they are effective from 1.1.2014:

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.

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 which are accounted for as investments in fair value through profit or loss, despite the existence of control. They also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The above group of standards and amendments has no significant impact in the consolidated 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. This amendment has no significant impact in the consolidated financial statements.

- **IAS 36 (Amendment), "Impairment of non Financial 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. This amendment has no significant impact in the consolidated financial statements.

- **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. This amendment has no significant impact in the consolidated financial statements.

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(B) The following amendments and interpretations have been issued by the International Accounting Standards Board and have been endorsed by the E.U. up to 2014. They are not effective in 2014 and they have not been early adopted by the Group:

- **IFRIC 21 "Levies" (effective for annual periods beginning on or after 17 June 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 Benefits" (effective for annual periods beginning on or after 1 July 2014).** The amendment allows an entity to recognize 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.

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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 judgements made by Management when aggregating the entity's reportable segments.

- **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 as well as joint ventures are outside the scope of IFRS 3.

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

- **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.

(C) The following new IFRSs and amendments have been issued by the International Accounting Standards Board but they have not been endorsed by the E.U. up to 2014 and they have not been adopted by the Group:

- **IFRS 9, "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018).** IFRS 9 "Financial instruments" includes the provisions concerning the classification and measurement of financial assets and financial liabilities, as well as the revised expected credit losses model that replaces the incurred loss impairment model used today. In addition to this, the standard includes the revised provisions relating to hedge accounting that align the accounting treatment of hedging relations with risk management activities. The Group is currently investigating the impact of IFRS 9 on its consolidated financial statements. The EU has not yet endorsed IFRS 9 and therefore the standard cannot be early adopted.

- **IAS 16 (Amendment) and IAS 38 (Amendment), «Clarification of Acceptable Methods of Depreciation and Amortization" (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies acceptable methods of depreciation and amortization.

- **IFRS 11 (Amendment), "Accounting for Acquisitions of Interest in Joint Operations" (effective for annual periods beginning on or after 1 January 2016).** The amendment provides guidance on the accounting for acquisition of an interest in a joint operation, in which the activity constitutes a business.

- **IFRS 15, "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017).** This standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

- **IFRS 10 (Amendment), "Investment Entities" and IAS 28 (Amendment), "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2016).** This amendment provides guidance on the accounting of gain or loss recognized in a transaction of sale or contribution of assets.

- **IAS 27 (Amendment), "Separate Financial Statements" effective for annual periods beginning on or after 1 July 2016).** The amendment allows to an entity to use the equity method to account for investments in subsidiaries, associates and joint ventures in its separate financial statements.

- **IAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2016).** The aforementioned amendment provides clarifications concerning the materiality and aggregation of information, the structure of financial statements and the disclosures of accounting policies, as well as the presentation of items of other comprehensive income (OCI) arising from equity accounted investments.

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- **IFRS 10, IFRS 12 and IAS 28 (Amendment) "Investment entities: Applying the consolidation exception" (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies the application of the consolidation exception for investment entities and their subsidiaries.

<u>**Annual Improvements to IFRSs 2012-2014 (September 2014)**</u>

- **IFRS 5 (Amendment) "Non-current assets held for sale and discontinued operations" (effective for annual periods beginning on or after 1 January 2016).** Assets are disposed of either through sale or through distribution to owners. This amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal and therefore should not be accounted for as such.

- **IFRS 7 "Financial instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2016).** The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.

- **IAS 19 "Employee benefits" (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies that the determination of the discount rate for post-employment benefit obligations depends on the currency that the liabilities are denominated rather than the country where these arise.

- **IAS 34 "Interim financial reporting" (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies what is meant by the reference in the standard to "elsewhere in the interim financial report".

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 Group has control directly or indirectly through other Group subsidiaries. According to IFRS 10 "Consolidated Financial Statements", the Group controls an entity when it has all of the following:

(a) power over the entity,
(b) exposure or rights to variable returns from its involvement to the entity and
(c) ability to use its power over the entity, in order to affect the amount of its returns.

In order to assess the existence of power over the investee the Group takes into account the voting rights, the potential voting rights, as well as any agreement (i.e. concession of management) between the Group and the investee or the Group and third parties which hold rights of the investee. The aforementioned rights are taken into account only when they are substantive, i.e. only when the Group has the practical ability to exercise them. Additionally, these rights should give the Group the ability to direct the relevant activities of the investee, i.e. the activities that mainly affect its returns.

In addition to the above, necessary conditions for the existence of control over the investee, is the Group´s exposure to variable returns (dividends, capital profit, performance fee) from its participation to the entity, as well as the ability of the Group to use its power over the investee to direct the activities, which significantly affect its returns.

It is noted that the assessment for existence of control of structured entities is the same as of the other entities, as described above.

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.

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 the income statement on the acquisition date.

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. The aforementioned costs are accounted for as expenses in the periods in which the costs are incurred and the services are received, with the exception of costs for issuing debt and equity securities which are accounted for according to the provisions of IAS 32 and IAS 39 respectively.

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 years 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 relevant obligations or made payments on behalf of the associate.

Significant 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 into euro according to the historical rate.

Exchange differences resulting from the translation into euro 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 into euro 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 within the approved limits set by its competent units, hedging purposes as well as the service of its clients needs. Derivative financial instruments, in which the Group is involved, 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). In the case of credit default swaps, it is agreed 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.

FX forwards are contractual agreements between two parties (over the counter) to purchase a currency against another. Interest rate swaps are contractual agreements 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 (Debit 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 income from financial instruments designated at fair value through profit or loss”. 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 and financial instruments 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 income from financial instruments designated at fair value through profit or loss". 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 compared to acquisition cost) for the available for sale securities based on several pricing models. Significant or prolonged decline of the fair value is defined as: a) the decline in fair value below the cost of the investment for more than 40% or b) the twelve month period decline in fair value for more than 25% of acquisition cost.

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.

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 “Financial instruments at fair value through profit or loss” category to investments “Held to maturity” category or “Available for sale securities” 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 “Financial instruments at fair value through profit or loss” category or “Available for sale securities” category to “Loans and receivables to customers” 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 securities” 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 “Financial instruments at fair value through profit or loss” category to “Available for sale securities” 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 to customers” 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 securities”, 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 “Financial instruments at fair value through profit or loss”, 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 initial investment may not be recovered substantially, for reasons 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 loan is subject to impairment when its carrying amount is greater than the expected recoverable amount.

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.

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.

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.

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 3.1.12 is relevant to the policy of forborne loans.

2.14 Debt securities receivables

Debt securities receivables are receivables by 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 “Financial instruments at fair value through profit or loss” 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 initial investment may not be recovered substantially, for reasons other than credit deterioration.

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

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 usually 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 a finance 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 a 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 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 estimated by valuers, is determined using a methodology based on valuations that have been carried out.

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.

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.

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 only on a legal entity basis 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 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 securities using the effective interest rate method. Group's debt securities and borrowed funds include: euro medium term note (EMTN), securitisation of mortgage, consumer and corporate loans, hybrid capital and subordinated loans.

If the Group purchases its debt securities or own debt, these are removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in the income statement.

2.27 Other financial liabilities measured at amortised cost

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

2.28 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, unless the securities issued are own-occupied.

2.29 Fair value measurement of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability 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, the valuation of which is based on yield curves that are derived based on bond trading prices from reliable sources (eg Bloomberg, Reuters), as well as other parameters, valuation prices and derivatives pricing models.

Level 3

Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Level 3 includes mainly but not exclusively shares 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 shares, 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 fair value of the shares within level 3 is only taken into account when it is lower than the carrying amount, else these shares are recorded at cost.

Level 3 may also include the following financial instruments:

a) OTC derivatives with material credit adjustments which are determined based on unobservable parameters,
b) derivative financial instruments that are defaulted and for which a reliable price cannot be determined and
c) bonds not repaid due to the inability of the issuer and for which there is no available market price.

Level 3 may also include any other asset or liability that shall be measured at fair value, provided that the basis for determining the fair value does not qualify for classification in the previous hierarchy levels.

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. The relevant provisions, according to which purchase of treasury shares is not allowed for as long as the Bank participates in the liquidity support program, are referred in note 42.

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 arm's length.

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

Risk management framework

The prudent implementation and ongoing development of the Risk Management Framework is a priority and is taken into account in the formulation of annual business plans.

The Board of Directors (BoD), has total responsibility for the development and overseeing of the risk management framework. The Board Risk Committee, as a committee of the Board of Directors convenes on a monthly basis and/or urgently, shapes the risk appetite strategy as well as the own funds requirements relative to the shape and size of inherent risks. In this context, business plans/targets are subject to fine tuning in order to embody current developments that may materially impact Group's risk profile.

The Asset-Liability Management committee (ALCO) convenes at least monthly, examining developments in capital markets, in combination with the level of finance risk adoption by the Bank and its subsidiaries. During 2014, emphasis was placed in matters of liquidity management, aiming to ensure the Group's adequacy, given the extreme adverse conditions in the Hellenic market and also globally.

The risk management framework is being evaluated and evolved constantly, taking into account the Bank's historical database, the market dynamics, the coordination of prudential requirements and global best practices. The responsibility for the specification and implementation of the risk management framework, according to directions by the Board Risk Committee, has the Group Risk Management unit. The head of the Group Risk Management unit reports directly to the Board Risk Committee.

The Group Risk Management division is comprised of the following divisions:

- Group Credit Risk Management,
- Group Capital Management,
- Group Market, Liquidity and Operational Risk Management,
- Group Risk Coordination and
- Corporate Credit Control

The Division's activities are set under the independent control of the Internal Audit Function, which evaluates the adequacy and efficiency of the applied risk management processes. The Bank has determined an official and approved Risk & Capital Strategy, which includes a set of Risk Appetite Framework at Group level and specifically refers to the Bank and all of its subsidiary companies of the financial sector.

The Risk & Capital Strategy of the Group takes into consideration all present conditions, offers guidelines and marks the foundation for the definition and formation of a broad risk management culture, based on the business plans and commitments undertaken at Group level, with respect to supervisory authorities.

The effectiveness of the Strategy is measured by parallel assessment of:

- the Group's financial results relative to its business goals and
- the Group's risk profile relative to the qualitative and quantitative statements of the Risk Appetite Framework.

3.1 Credit risk

3.1.1 Credit risk management strategies and procedures

The Group engages in activities that can expose it to the credit risk. Credit risk is defined as the potential risk that a bank's borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions. Credit risk is the most significant risk for the Group and therefore its effective monitoring and persistent management constitutes a top priority for senior management. The Group's exposure to credit risk arises mostly from Corporate and Retail Credit, various investments, OTC transactions and from transactions settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, debtor's financial condition, amount/type/duration of exposure and the existence of collaterals and guarantees.

The implementation of the credit policy, that describes the principles of credit risk management of the Group, ensures effective and uniform credit risk monitoring and control. Piraeus 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 annually and the responsible approval authorities are determined, based on the size and the category of the total credit risk exposure undertaken by the Group for each debtor or group of connected debtors (one obligor principle).

Under the Group Risk Management, there is the Credit Risk Management Division which operates with the mission of continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises,

3.1.2 Credit risk measurement and reporting systems

Reliable credit risk measurement is a 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 fulfillment of supervisory requirements.

a) Loans and advances

For credit risk measurement and monitoring purposes entailed in the Group's loans and advances, the following are performed at a counterparty level:

(i) The customer's creditworthiness and the probability, of defaulting on their contractual obligations is systematically assessed,

(ii) 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. These aforementioned credit risk measurement parameters are incorporated into the Group's daily operations.

(i) Systematic Evaluation of the Customers' Creditworthiness and Assessment of the Probability of Default 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

Amounts in thousand euros (Unless otherwise stated)

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

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.

Each category of the credit rating scale corresponds to a specific policy of the Bank as far as the relationship with the business borrowers is concerned and is presented in the relevant chapter of the Credit Policy and Practice Manual. The rating scale for business borrowers consists of 23 rating grades from which 19 grades correspond to borrowers that have not defaulted on their contractual obligations, 1 grade corresponds to high risk non defaulted borrowers (special mention), 1 grade to distressed restructured business borrowers and 2 grades correspond to borrowers that have defaulted on their contractual obligations to the Group.

RATING	Credit Worthiness	Policy
1	Excellent	Develop relationship
2		
3		
4		
5	Very Strong	Develop relationship
6		
7		
8	Strong	Develop relationship
9		
10		
11	Good	Develop relationship in accordance to business growth
12		
13	Satisfactory	Develop relationship taking collateral/security or Maintain relationship
14	Adequate	Carefully develop relationship taking adequate collateral /security Or Maintain relationship taking adequate collateral/ security
15	Marginal	Develop relationship taking strong collateral /security Or Maintain relationship taking adequate collateral/ security Or Limit relationship
16	Weak	Maintain relationship taking strong collateral /security Or Limit relationship
17	Very Weak	Probable classification/downgrading Or Reduce relationship taking strong collateral/security Or Terminate relationship
18	Poor	Probable classification/downgrading Or Terminate relationship
19	Very Poor	Probable classification/downgrading Or Terminate relationship
20	Special Mention	Probable restructuring of debt. Obtain additional strong collateral/security. Or Terminate relationship, Sytematic monitoring of developments

Amounts in thousand euros (Unless otherwise stated)

RATING	Credit Worthiness	Policy
21	Restructured	Systematic monitoring for compliance with the terms of the restructured debt obligation.
22	Substandard	Collection or restructuring of debt obligation with use of business or judicial actions. Systematic monitoring of developments
23	Doubtful/Loss	Collection of receivables mainly through judicial actions. Systematic monitoring of developments

The Bank uses four distinct credit rating models, according to the type of operations and the size of the enterprise. More specifically:

- Corporate customers that keep "C" category accounting books and have a turnover > € 2.5 million are rated using the MRA Corporate model.
- Corporate customers that keep "C" category accounting books and have a turnover up to € 2.5 million are rated using the MRA SME model.
- Corporate customers that belong to special categories (e.g. newly established businesses with inadequate financials, syndicated loans, insurance companies, natural persons, not sole proprietors not included in the consumer credit portfolio), are rated using the expert judgment model "Manual Rating".
- In accordance to the mandates of the new banking supervisory framework (Basel II), a separate credit rating model has been developed (based on slotting criteria) and is applied for specialized lending, which concerns the shipping portfolio (object finance). This model has been optimized and aligned with the special lending criteria of Basel's Internal Rating Based Model.
- For rating small to medium-sized enterprises, an internally developed rating model is applied (B model).

Piraeus Bank has already automated the validation processes of the aforementioned models, which has led to more efficient and direct monitoring of their predictive power.

The Moody's Risk Advisor System (''MRA'') which is used as borrower credit rating system for large and medium-sized enterprises, is also applied since 2005 to Group's Greek subsidiaries in the banking sector and since 2006 to all Group's foreign subsidiaries.

It is worth mention that the development and implementation of grade models with respect to Group's foreign subsidiaries, has further progressed while the calibration of RA model to the uniform 19th grade scale, applied in Piraeus Bank has been implemented successfully.

The rating scale for corporate loans, which is used for IFRS 7 implementation is the following:

1. Standard monitoring
2. Special monitoring

The credit ratings of the 19 rating grades of MRA models correspond to the following categories: **Standard monitoring,** which includes customers with credit rating from 1 to 19 according to MRA models or Manual Rating from 1 to 19 and **Special monitoring,** which includes customers with credit rating of 20, 21, 22, 23.

Retail credit

Regarding the retail credit portfolio, there are scorecards of client credit assessment in the Retail Banking portfolio covering different stages of the credit cycle, as follows:

(a) Application Scorecards

The Application Scorecards are exclusively based on historical data of applications and behavior and are the result of logistic regression. They are tailored specifically to the Bank's clients and are customized on a product and purpose basis. Thus, we have nine product-based application scorecards and three purpose-based application scorecards in mortgage/housing loans.

(b) Behavioral Scorecards

The Behavioral Scorecards are exclusively based on historical data of client behavior regarding the Bank's products and are the result of logistic regression. They are tailored specifically to the Bank's clients and are customized on a product and bucket and days past due basis. Thus, we have two categories of scorecards, the early bucket behavior scores (bucket 0-2) and the late bucket behavior scores (bucket 3+). In total we have 23 behavioral scorecards.

(c) Internal Bureau Scorecard

There is also one scorecard regarding the Bank's clients' behavior in the market at the moment of the application. This scorecard is exclusively based on historical data and is also the result of logistic regression. It is tailored specifically to the Bank's clients and is not customized on a product basis.

(d) Overall Application Scorecards

These are the scorecards which are part of the origination process and which combine in essence the above three scorecards. Thus, when a client submits an application, his application score, his behavior score and his bureau score are taken into account. These are five scorecards which are customized on a product-category basis, are based on historical data of applications and behavior and are the result of logistic regression.

Furthermore, there are four client behavior assessment scorecards after the termination, which aim to increase collectability/recoverability (180+dpd) (recovery models).

In addition, Piraeus Bank has used the credit bureau scoring model of Teiresias S.A., which takes into account the total exposure of borrowers in the Greek market. The usage of this particular model has improved the performance of the existing models.

Despite the fact that there are differences in the credit policy between collateralized and non-collateralized retail loans, the policy is nevertheless based on a range of credit criteria (apart from the aforementioned credit scoring models), such as:

- minimum income level,
- levels of indebtedness,
- credit history of the customer,
- kind, amount and significance of unfavorable factors,
- maximum levels of loan-to-value (LTV) (for collateralized loans) combined with the purpose of the loan.

The aforementioned internal models comprise the basic factors which are used as parameters in PB's risk models (PD model and LGD model) for the total retail banking portfolio and for the business banking portfolio as well. These models are validated at least annually for:

- The Stability of the Population Rating between the Development and the Recent Period,
- Whether the changes in the PD/LGD parameters are statistically significant,
- Whether the models retain their discrimination power.

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

Along with the assessment of the counterparties' creditworthiness, rating evaluation and during the process of setting/reviewing credit limits, the Bank estimates 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 as well as the 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

The Group holds a portfolio of sovereign, bank and corporate debt, including Greek and international issues, as well as bonds issued from EFSF. For the proper management and monitoring of risks, all positions in securities are subject to approved limits, according to the Bank's policies and procedures.

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 for each portfolio category, according to the relevant IFRS provisions.

3.1.3 Risk based pricing

The credit rating models that have been developed and applied in the credit process, played an important role in the development of the relevant methodology of risk based pricing for the business as well as for the retail portfolio.

Piraeus Bank, through Risk Adjusted Pricing, aims to generate revenue to cover expected and unexpected risks as well as at a complete and correct depiction of profitability for its products and services. Furthermore Piraeus Bank aims at establishing a culture within all levels of the bank, in the identification of risk management.

The methodology of Risk Based Pricing was adopted by foreign subsidiaries, whereby a common pricing model was designed, in order to be implemented by all foreign subsidiary units in 2015.

3.1.4 Concentration risk

The concentration of exposure to credit risk can arise from two types of inadequate risk diversification within a portfolio: (a) name concentration and (b) sector concentration. Name concentration is associated with inadequate risk diversification arising from large exposure to individual counterparties or groups of connected counterparties. The sector concentration arises from large exposures to customer groups affected by common factors such as the macroeconomic environment, geographic location, industry activity, currency etc.

In Piraeus Bank, concentration risk is monitored both at a) level of industrial sector of the corporate portfolio (on and off balance sheet exposures) under primary NACE II classification and b) individual level by assessing the largest exposures. For the assessment of concentration risk, the index Herfindahl-Hirschman (HHI) was used.

Moreover, there exists a system of maximum limits (ceilings) per counterparty's credit quality/rating, which enhance risk monitoring, along with already established individual counterparty credit limits. This supports centralized monitoring/management of counterparty risk while maintaining existing business relations.

In addition to compliance with the regulatory limits, the Group sets specific limits for concentration risk, which are reviewed regularly, depending on economic events that take place and alters its structure (Assets, Own Funds etc). These limits are set in absolute terms (absolute height position) and/or in relative terms (in relation to capital).

In order to address high concentration risk, the actions are related to:

- Reduction of maximum limits (ceilings).
- Reduction of exposure to specific industries/clients.
- Transfer of risk via purchasing credit insurance (credit derivatives, guarantees etc.).
- Re-setting the internal capital.

3.1.5 Country risk

Country risk summarizes and reflects (a) sovereign risk: this refers to the risk that a sovereign entity will fail to honor its debt obligations and (b) transfer risk: this refers to the risk that a government will be unable or unwilling to make foreign currency available for remittance out of the country. The bank's cross-border activities expose the entity to country risk, which is highly related to a volatile domestic economic and socio-political environment. For timely and effective monitoring of country risk, the Bank has established a framework for evaluation and management according to which specific country limits are established, monitored and evaluated on a regular basis (at least annually). For country risk assessesment, both quantitative and qualitative criteria are used, which take into account the evolution of risk parameters and the volume/structure of the Group's country exposures.

3.1.6 Counterparty credit risk

Counterparty credit risk (CCR) monitoring constitutes a significant pillar of Risk Management. It is defined as the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. It arises from the Group's operations in OTC derivatives as well as in interbank financing transactions.

In order to implement effective CCR management, the Bank has adopted and follows procedures and guidelines for defining, reviewing and monitoring credit limits as well as concentration limits set on a counterparty rating basis. CCR limits cover the full range of financial products, in which the Bank transacts with Financial Institutions and corporate entities. Limits are set either in nominal amounts or risk units (credit equivalent), depending on the transaction and their utilization is monitored with daily frequency. For further enhancement of the CCR monitoring framework, the Group has set and strictly follows a procedure for immediate limit cancelation or immediate restriction in limits, when certain conditions are met regarding counterparty's credit rating downgrade.

Also, the Bank in order to limit its maximum potential risk and monitor its concentration risk, it has in place a system of maximum credit exposure limits (ceilings) arranged by counterparty credit rating. The review of these ceilings is performed at regular intervals (six months).

For optimal CCR management and regarding credit risk mitigation techniques, the Group has in place comprehensive and enforceable legal contracts with its Counterparties such as International Swap Derivatives Association Agreement (ISDA), Credit Support Annex (CSA) and Global Master Repurchase Agreement (GMRA). A master agreement permits the netting of both rights and obligations that arise from derivative transactions that have been performed under such a master agreement upon the counterparty's default, resulting in a single net claim. Moreover, in order to mitigate settlement risk and under specific transactions and conditions covered within master agreements, payment netting is performed. In order to monitor settlement exposures, the bank has set Daily Settlement Limits per counterparty.

3.1.7 Credit limits management and risk mitigation techniques

Piraeus Group sets credit limits in order to manage and control its credit risk exposures and concentration risk. Credit limits define the maximum acceptable level of undertaken 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 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 provided, which reduce the level of risk assumed. The Group categorizes the risk of credits into risk classes, based on the type of collateral/security associated and their liquidation potentiality. The maximum credit limits that may be approved per risk class are determined by the Board of Directors. In Piraeus 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, with the prerequisite that all criteria set in 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 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 Group for credit risk control and mitigation.

α) Collateral / Security

Along with the evaluation of the creditworthiness of counterparties, the Group estimates the recovery rate against exposures, when limits are set or reviewed. This estimation is based on the type of debt claim and the existence of any connected collaterals or/and guarantees.

According to standard practice, when a borrower's credit rating is low, then even stronger collaterals/guarantees are requested, in order to secure a higher recovery rate to account for the borrowers default probability.

The Group receives collateral/security against its credit to customers, minimizing thus the overall credit risk and ensuring the timely repayment of its debt claims. For this scope, the Bank has defined categories of acceptable collateral and has incorporated them in its credit policy. The Group regards collaterals as liquid assets, which are pledged to secure timely repayment of its debt claims, while on the other hand, the Group considers guarantees as assets that are not easily liquidated. Main types of acceptable collateral are the following:

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

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

For the management and monitoring of collaterals and guarantees, the Bank uses a software platform which provides the ability to retrieve data at various levels. No such guarantees or securities are generally received against exposures to financial institutions.

b) Credit - related commitments

The Group uses credit-related commitments to provide customers with funds when requested. 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.

3.1.8 Impairment policy for provisions

The Group assesses on a regular basis whether there is any objective evidence that a financial asset or group of financial assets is impaired. To this extent and in every financial statements reporting period, the bank uses a very analytical method of calculating the impairment loss of its loans portfolio (impairment test) for the purpose of creating adequate provisions coverage for this portfolio, according to International Financial Reporting Standards.

An asset is impaired when its current book value is greater than its expected future recoverable proceeds. The loan's expected future recoverable proceeds consist of a) the present value of the estimated future cash flows of the financial asset or group of financial assets and b) the present value of any liquidated collateral, in the cases of the obligor's inability to fulfill its commitments. In the case of significant and material evidence that the Group won't be in a position to collect all due amounts according to the contractual terms of any agreement, a provision amount is calculated in order to reduce the asset's carrying value. The provision amount is the difference between the assets current book value and the recovered asset's proceeds.

The criteria that the Group, according to IAS 39, considers as objective evidence of impairment for any financial asset or group of financial assets are described in section 2.13.

Impairment assessment and provisioning is conducted individually at loan level for all loans that the Group considers significant, and collectively on a loan group level for all other cases. Bank's significant loans, are considered those loans which in a borrower level exceed € 1 million, while for the Group the significance depends on the size of the loan portfolios of each subsidiary company. The assessment of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics that individually are not considered significant. Also, collective assessment includes loans that are not individually impaired.

3.1.9. Collective assessment for business loan portfolio

All loans that are not individually assessed for impairment as well as those assessed but not impaired, are assessed on a collective basis.

For the scope of collective provision assessment, loans are grouped according to similar credit risk characteristics. These common characteristics are:

- Arrears bucket,
- Industry sector,
- Customer Segment,
- Collateral type.

These characteristics are related to the projection of future cash flows generated from the underlying assets, while trying to establish a link with the obligor's ability to fulfill its contractual obligations.

The future cash flows connected to group of assets that are collectively assessed are estimated based upon historic data loss estimates for the Group. Historic loss estimates are adjusted to current observations in order to reflect current economic conditions as well as to remove any distortions caused by previous conditions that are not in place when conducting the assessment.

It is noted that during 2014 advanced credit risk statistical models were used in order to estimate the probability of default of the future cash flows and impairment losses, taking into account macroeconomic factors (i.e. GDP, unemployment rate, etc).

3.1.10. Collective assessment for retail loan portfolio

In order to determine the necessary collective impairment loss for Piraeus Bank retail loan portfolio, according to the International Financial Reporting Standards (IFRS), loans which are individually assessed for impairment, excluding those for which no impairment loss resulted, are deducted from the whole retail loan portfolio.

Thereafter, the remaining portfolio is categorized into segments, so as loans, in each segment show the greatest possible homogeneity and uniformity in terms of their characteristics. Basic parameters, used in portfolio segmentation procedure, are the followings:

- product (Mortgage, consumer, Cards),
- Arrears bucket,
- loans characterization as forborne,
- type of loan collaterals,
- loan currency.

In order to determinate the impairment amount for each segment, not only idiosygratic elements are quantified, but also the effect of basic macroeconomic parameters, such as GDP variation and unemployment levels.

If, in a subsequent period, the amount of the impairment loss decreases (both in business and in retail loan portfolio) and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced and the difference is recognized in the Income Statement.

3.1.11 EU-wide comprehensive assessment exercise (AQR & Stress Test)

Piraeus Bank successfully participated in of the 128 systemically important Banks of the Eurozone, performed in preparation of the ECB's undertaking their direct supervision. The results of the exercise were published on 26/10/2014.

The EU-wide comprehensive assessment exercise comprised of the Asset Quality Review (AQR) and the Stress Test (ST), which was performed in the basis of a Basic (expected) and an Adverse (stressed) scenario. The purpose of the exercise was to test the resilience in terms of capital adequacy of the banking sector in Europe, under the possibility of further deepening of the economic crisis and to determine the capital required to restore Tier 1 Capital levels to 6%, taking into account the Basic and Adverse scenario.

The Adverse scenario Stress Test was performed under a 'Static Balance-Sheet' assumption with reference point the 31st December of 2013 and under a 'Dynamic Balance-Sheet' assumption which also took into account the restructuring plan of Piraeus Bank. The Stress Test results were adjusted taking into account the Asset Quality Review results as well as actions which were performed within 2014.

Under the 'Dynamic Balance sheet' assumption, Piraeus Bank resulted in 11.4% for the 'Basic' and 6.7% for the 'Adverse' scenario Common Equity Tier 1 ("CET1") ratio, with respect to the minimum required ratios of 8.0% and 5.5% respectively.

Amounts in thousand euros (Unless otherwise stated)

The 'Static Balance sheet' assumption, taking into account the € 1.75 billion share capital increase performed on April 2014, after the repayment of the € 0.75 billion of Greek Government preference shares on May 2014, resulted in 10.7% and 6.1% CET1 ratio for the Bank under the 'Basic' and 'Adverse' scenarios respectively. These ratios do not take into account the benefit from the conversion of deferred tax assets (DTA) to a definite and cleared tax credit (DTC), (Law 4302/2014 as amended on 16th October 2014).

Taking into account the effect of the deferred tax on the calculations, the CET1 ratio increases to 11.8% for the 'Basic' and 7.7% for the 'Adverse' scenario, providing Piraeus Bank with additional capital buffers over the required 8.0% and 5.5% limits for the Basic' and 'Adverse' scenario respectively.

	Static Balance-Sheet	Dynamic Balance-Sheet
Basic Scenario (limit 8%)	10.7%	11.4%
Adverse Scenario (limit 5,5%)	6.1%	6.7%
After conversion of DTA to DTC :		
Basic Scenario (limit 8%)	11.8%	12.4%
Adverse Scenario (limit 5,5%)	7.7%	8.0%

3.1.12 Forbearance

During 2014, the Bank adopted the "Implementing Technical Standards" (ITS) of the European Banking Authority (EBA) relating to forborne loans, in alignment with the Bank of Greece Executive Committee Act No. 42/30.5.14 for the "Supervisory framework for the management of loans in arrears and non-performing loans". For this reason, the method and the procedures for monitoring forborne loans were changed and the perimeter of forborne loans for the year 2014 was redefined according to the new standards and framework. As the retrospective application of the above mentioned requirements is impracticable, the non comparable balances of forborne loans of the year 2013, as well as the reconciliation of forborne loans are not disclosed in the financial statements of the Group for the year 2014.

The alignment of the Restructuring Policy of the Bank with the relevant EBA definitions and Bank of Greece guidelines, was backed up with the creation of new structures and procedures, development of new information systems and modifications on existing applications, in order to achieve effective and reliable management of past due loans, by performing viable restructurings and monitoring the effectiveness of various types of forbearance.

All loans having their terms and conditions modified or loans favorably refinanced, with terms that would not be granted to other customers of similar risk profile and due to current or expected financial difficulty of the customer, are considered as Forborne.

In order for a forborne loan to lose its forbearance status, it has to be at least for two years in non - past due status, there should no longer exist concern on full repayment, no provisions, no re-forbearance and significant payments should have taken place within the last twelve months.

Loans in forbearance status are assessed for provisions either on individual or collective basis, according to the provisioning policy, with no differentiation compared to non-forborne loans.

The Restructuring Business Unit (RBU) manages the past due loans, aiming to apply the appropriate viable restructuring solution for each customer, assuring fair treatment between customers and maximizing value for the Bank. Towards this goal, special tools are utilized by type of customer, like ‘decision trees’, pilot measurements and results evaluations on selected parts of the portfolios and appropriate procedures and types of restructurings are applied according to the number of days past due and the risk undertaken.

The Supervisory and Delinquencies Committee, which among other things, is responsible for the strategy of past due loans management, collaborates with the Risk Management for the achievement of a common understanding and the development of appropriate methodologies to assess the risk of the RBU portfolio. The Risk Management monitors the forbearance process and assesses the relative risks by portfolio and forbearance type. The Chief Risk Officer is informed at least on a quarterly basis on the developments of the RBU portfolio and communicates his view to the Risk Committee.

3.1.13 Write-offs

The Bank and its subsidiaries write-off loans against their respective provisions, either in the case that it is highly probable that these will not be collected and given that all potential collection efforts have been exhausted, or as part of a forbearance solution or a cash settlement agreement, provided that such action is in the Bank and its subsidiaries interests. Loan write-offs are approved by the Bank and its subsidiaries Board of Directors or by its authorized committees. With the exception of the cash settlement agreements, the Bank and its subsidiaries continue monitoring written-off loans, in case that they may become collectable in the future. Any subsequent recovery is credited in Profit & Loss.

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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 2014			31 December 2013		
	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	297,109	64,299	14,395,269	293,035	7,124	15,623,686
B) Loans and advances Past due but not impaired	-	-	5,152	-	-	4,535
C) Impaired loans and advances	-	-	23,846	-	-	23,846
Total	**297,109**	**64,299**	**14,424,266**	**293,035**	**7,124**	**15,652,066**

Loans and advances to credit institutions		
Grades	31 December 2014	31 December 2013
Investment grade	46,753	1,961
Standard monitoring	216,328	289,911
Special monitoring	34,028	1,163
Total	**297,109**	**293,035**

Reverse repos with customers		
Grades	31 December 2014	31 December 2013
Standard monitoring	64,299	7,124
Total	**64,299**	**7,124**

	31 December 2014	31 December 2013
Debt securities-receivables	14,424,266	15,652,066
Less: Allowance for impairment on debt securities receivables	(23,846)	(23,846)
Net	**14,400,421**	**15,628,221**

Related to the debt securities - receivables rating is note 3.5.

In regards to Debt securities – receivables, the Group has raised a provision for titles of equal value both as at 31/12/2014 and as at 31/12/2013.

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to Customers are summarized as follows:

	31 December 2014			
	Loans and advances to customers before provisions and adjustments	Individually impaired allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Net Loans and advances to customers after provisions and adjustments
A) Loans and advances neither past due or impaired	33,939,568	-	(286,907)	**33,652,661**
B) Loans and advances Past due but not impaired	9,480,064	-	(283,887)	**9,196,176**
C) Impaired loans and advances	29,563,790	(11,523,160)	(3,746,446)	**14,294,185**
Total	**72,983,422**	**(11,523,160)**	**(4,317,240)**	**57,143,022**

	31 December 2013			
	Loans and advances to customers before provisions and adjustments	Individually impaired allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Net Loans and advances to customers after provisions and adjustments
A) Loans and advances neither past due or impaired	32,497,265	-	(300,347)	**32,196,918**
B) Loans and advances Past due but not impaired	20,264,169	-	(1,196,534)	**19,067,635**
C) Impaired loans and advances	23,352,193	(9,525,502)	(2,725,470)	**11,101,221**
Total	**76,113,627**	**(9,525,502)**	**(4,222,351)**	**62,365,774**

It is noted that the allowance for impairment of loans of the Group of former ATEbank, Geniki Bank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank) and Millennium Bank SA at their acquisition date by Piraeus Group, has decreased the gross balance of loans in note 23 , as under IFRS 3 it has been included in the adjustment of loans to fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the provision.

Amounts in thousand euros (Unless otherwise stated)

3.2.1. Loans and advances to customers by asset quality (impaired or non – impaired - value of collateral)

31/12/2014	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	**13,246,743**	**3,842,574**	**475,078**	**7,310,801**	**24,875,195**	**(302,186)**	**(3,602,735)**	**20,970,274**	**16,012,714**
Mortgage	10,267,174	3,080,078	298,768	3,764,171	17,410,191	(160,051)	(1,010,892)	16,239,248	14,459,796
Consumer	2,316,544	699,815	170,612	2,774,748	5,961,719	(137,565)	(1,982,628)	3,841,527	1,547,881
Credit cards	656,717	59,907	3,909	767,833	1,488,366	(3,890)	(607,616)	876,860	1,069
Other	6,307	2,773	1,790	4,049	14,919	(680)	(1,599)	12,640	3,967
Corporate Lending	**18,469,861**	**5,601,751**	**20,106,704**	**1,646,860**	**45,825,176**	**(11,212,627)**	**(713,309)**	**33,899,240**	**22,769,986**
Large	8,953,342	1,801,831	6,787,591	41,056	17,583,820	(3,489,547)	(65,661)	14,028,613	7,432,756
SMEs	9,516,519	3,799,920	13,319,112	1,605,804	28,241,356	(7,723,080)	(647,649)	19,870,627	15,337,230
Public Sector	**2,222,964**	**35,739**	**20,895**	**3,453**	**2,283,050**	**(8,347)**	**(1,196)**	**2,273,508**	**2,069,619**
Greece	2,160,748	35,520	20,729	3,453	2,220,450	(8,345)	(611)	2,211,493	2,059,200
Other countries	62,216	219	166	0	62,601	(1)	(585)	62,015	10,419
Total	**33,939,568**	**9,480,064**	**20,602,677**	**8,961,113**	**72,983,422**	**(11,523,160)**	**(4,317,240)**	**57,143,022**	**40,852,318**

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	**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**	**22,368,243**
Large	7,843,792	5,291,909	7,927,540	-	21,063,241	(4,231,635)	(108,696)	16,722,910	8,424,896
SMEs	9,285,013	7,560,185	9,995,741	-	26,840,939	(5,114,217)	(719,402)	21,007,320	13,943,347
Public Sector	**2,131,186**	**101,862**	**30,224**	**0**	**2,263,272**	**(18,654)**	**(1,558)**	**2,243,060**	**1,971,097**
Greece	2,090,953	83,570	30,224	-	2,204,747	(18,654)	(1,216)	2,184,877	1,961,396
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**	**41,652,312**

Some figures have been restated for comparability purposes. Additionally, during 2014 the classification of the loans, that were acquired in the end of 2013 in the context of the banking activities acquisition, was completed, according to the criteria and organizational structures of Piraeus Bank, resulting in the transfer of some loans between SMEs and Large Corporate categories.

Credit Cards and Consumer Loans more than 90 days in past due (denounced loans are included) are classified in the category of impaired loans. Mortgage loans which are considered denounced and more than 90 days in past due with LTV>80% are added to the category of impaired loans. Additionally every loan which is has individual impairment is added to the category of impaired loans. 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:

31/12/2014	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired Loans and Advances to Customers	Value of collateral
Retail lending	**13,246,743**	**0**	**13,246,743**	**9,569,757**
Mortgage	10,267,174	-	10,267,174	8,805,287
Consumer	2,316,544	-	2,316,544	761,459
Credit cards	656,717	-	656,717	884
Other	6,307	-	6,307	2,126
Corporate Lending	**15,748,522**	**2,721,339**	**18,469,861**	**9,370,316**
Large	7,939,704	1,013,639	8,953,342	3,765,506
SMEs	7,808,819	1,707,700	9,516,519	5,604,809
Public Sector	**2,186,396**	**36,567**	**2,222,964**	**2,049,745**
Greece	2,160,179	568	2,160,748	2,039,689
Other countries	26,217	35,999	62,216	10,056
Total	**31,181,661**	**2,757,907**	**33,939,568**	**20,989,817**

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 card	727,208	-	727,208	711
Other	14,562	-	14,562	3,873
Corporate Lending	**13,861,836**	**3,266,968**	**17,128,805**	**8,458,820**
Large	6,504,772	1,339,020	7,843,792	3,409,930
SMEs	7,357,064	1,927,948	9,285,013	5,048,890
Public Sector	**2,125,452**	**5,734**	**2,131,186**	**1,956,592**
Greece	2,090,586	367	2,090,953	1,949,257
Other countries	34,866	5,367	40,233	7,335
Total	**29,224,563**	**3,272,702**	**32,497,265**	**20,083,954**

Some figures of 2013 have been restated for comparability purposes.

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:

31/12/2014	Retail Lending				Corporate Lending		Public Sector		Total Past due but not impaired Loans and Advances to Customers
	Mortgage	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
1-29 days	1,263,161	378,038	33,007	1,835	469,509	1,203,411	7,369	172	3,356,503
30-59 days	724,791	182,333	15,922	387	258,358	542,436	13,367	45	1,737,639
60-89 days	460,360	139,444	10,978	248	325,545	676,085	9,207	2	1,621,868
90-179 days	213,441	-	-	303	118,711	182,248	1,657	-	516,360
180-360 days	204,172	-	-	-	152,692	256,857	-	-	613,720
>360 days	214,154	-	-	-	412,241	655,413	181	-	1,281,989
Denounced	-	-	-	-	64,775	283,470	3,739	-	351,985
Total	**3,080,078**	**699,815**	**59,907**	**2,773**	**1,801,831**	**3,799,920**	**35,520**	**219**	**9,480,064**
Value of collateral	2,678,237	257,230	40	1,246	1,275,886	2,907,723	5,154	213	7,125,728

31/12/2013	Retail Lending				Corporate Lending		Public Sector		Total Past due but not impaired Loans and Advances to Customers
	Mortgage	Consumer	Credit card	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	2,492,129	4,528,303	11,660	2,366	12,858,415

Some figures of 2013 have been restated for comparability purposes.

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	Other Countries	
Gross opening balance 1.1.2014	1,828,886	2,807,769	751,096	10,936	7,927,540	9,995,742	30,224	-	**23,352,192**
New impaired L&As	2,496,646	672,190	104,131	3,532	1,612,283	5,186,785	7,742	168	**10,083,477**
Transferred to non-impaired	(184,328)	(143,724)	(6,883)	(4,182)	(274,261)	(485,340)	(1,883)	-	**(1,100,601)**
Repayment	(74,524)	(158,889)	(39,839)	(394)	(479,749)	(704,421)	(462)	-	**(1,458,278)**
Impaired L&As written-off	(5,909)	(234,531)	(37,087)	(14)	(517,860)	(306,560)	-	(1)	**(1,101,961)**
Reclassification of impaired loans	1,415	2,627	-	(4,043)	(1,318,796)	1,330,234	(11,439)	-	**0**
Foreign exchange differences and other movements	750	(82)	324	3	(120,510)	(91,523)	-	(1)	**(211,039)**
Gross balance as at 31.12.2014	**4,062,938**	**2,945,360**	**771,742**	**5,838**	**6,828,647**	**14,924,917**	**24,182**	**166**	**29,563,790**
Impairment allowance	(1,116,917)	(1,873,908)	(607,858)	(2,183)	(3,493,211)	(8,166,703)	(8,824)	(1)	(15,269,605)
Net balance as at 31.12.2014	**2,946,021**	**1,071,452**	**163,883**	**3,656**	**3,335,436**	**6,758,214**	**15,358**	**165**	**14,294,185**

	Retail Lending				Corporate Lending		Public Sector		Total
	Mortgage	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
Gross opening balance 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 loans and advances 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 other 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**	**-**	**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**	**-**	**11,101,220**

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
31/12/2014	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
Not past due	5,122	3,388	-	91	1,034,490	1,033,745	87	-	**2,076,923**
1-29 days	1,412	3,267	2	-	188,128	199,321	-	74	**392,203**
30-59 days	834	1,810	-	3	20,580	78,173	-	1	**101,401**
60-89 days	2,926	3,227	2	-	72,540	267,452	-	-	**346,146**
90-179 days	174,425	77,467	9,228	65	211,618	404,644	1,274	90	**878,810**
180-360 days	182,254	85,779	8,533	862	461,019	454,688	77	-	**1,193,213**
>360 days	219,659	152,857	21,793	1,384	1,011,234	1,948,538	1,612	-	**3,357,075**
Denounced	2,359,390	743,657	124,327	1,252	335,826	2,371,653	12,309	-	**5,948,414**
Total net amount	**2,946,021**	**1,071,451**	**163,884**	**3,656**	**3,335,436**	**6,758,213**	**15,358**	**165**	**14,294,185**
Value of collateral	2,976,272	529,193	145	594	2,391,364	6,824,697	14,357	150	**12,736,772**

	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	-	-	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	2,522,837	4,366,154	479	-	**8,709,943**

Some figures of 2013 have been restated for comparability purposes.

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.

31/12/2014	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	4,464,443	544,808
50%-70%	3,398,198	560,199
71%-80%	1,831,248	141,708
81%-90%	1,692,861	261,345
91%-100%	1,513,796	103,723
101%-120%	2,184,234	214,206
121%-150%	1,489,854	271,674
Greater than 150%	835,556	579,017
Total exposure	**17,410,191**	**2,676,680**
Avg LTV	80%	119%

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%

Amounts in thousand euros (Unless otherwise stated)

3.2.6 Repossessed collaterals

31/12/2014	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	**837,388**	**179,197**	**(89,967)**	**(7,322)**	**747,421**	**13,866**	**(197)**
-Residential	412,458	98,897	(23,263)	(4,824)	389,195	9,343	(174)
-Commercial	424,930	80,300	(66,704)	(2,497)	358,226	4,523	(24)
Other collateral	**46,453**	**8,650**	**(9,673)**	**(5,905)**	**36,780**	**11,881**	**(972)**

Apart from the property above, within 2014 the Bank acquired under the same scope property of total amount € 13 million (2013: € 2.8 million), but due to their different characteristics classified, according to the IFRS, as "Investment Property".”

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**	**90,740**	**(70,968)**	**(34,832)**	**560,920**	**8,104**	**(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)**

3.2.7. Breakdown of collateral and guarantees

31/12/2014	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	15,502,412	327,517	182,784	16,012,714	15,051
Corporate Lending	18,867,343	1,474,665	2,427,978	22,769,986	9,973,840
Public Sector	10,642	8,394	2,050,583	2,069,619	2,662
Total	**34,380,397**	**1,810,575**	**4,661,345**	**40,852,318**	**9,991,553**

31/12/2013	Value of collateral received				Guarantees received
	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	18,632,450	1,336,105	2,399,688	22,368,243	10,455,640
Public Sector	12,054	9,771	1,949,272	1,971,097	412,459
Total	**35,573,476**	**1,670,006**	**4,408,830**	**41,652,312**	**10,871,660**

Some figures of 2013 have been restated for comparability purposes.

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 (including adjustments)

	Mortgage	Consumer	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2014	735,991	2,194,833	622,867	3,553,691	10,173,949	20,212	13,747,853
Impairment loss for the period	788,357	445,268	149,623	1,383,248	3,715,720	8,245	5,107,213
Reversal of impairment allowances no longer required	(266,134)	(226,481)	(115,090)	(607,706)	(723,683)	(18,953)	(1,350,343)
Total impairment loss on L&As	**522,222**	**218,786**	**34,533**	**775,542**	**2,992,037**	**(10,708)**	**3,756,870**
Amounts written off	(22,403)	(236,556)	(37,188)	(296,147)	(824,000)	(1)	(1,120,148)
Foreign exchange differences and other movements	(64,867)	(54,592)	(8,706)	(128,165)	(416,049)	39	(544,175)
Closing balance as at 31.12.2014	**1,170,942**	**2,122,472**	**611,506**	**3,904,920**	**11,925,936**	**9,543**	**15,840,399**

	Mortgage	Consumer	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2013	432,231	1,065,352	377,787	1,875,370	4,062,139	23,114	5,960,623
Opening balance from acquisition of banking activities	184,534	882,586	161,773	1,228,893	4,677,864	-	5,906,757
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	(1,030)	(6,384)	(1,660)	(9,074)	(44,286)	(987)	(54,346)
Closing balance as at 31.12.2013	**735,991**	**2,194,833**	**622,867**	**3,553,691**	**10,173,949**	**20,212**	**13,747,853**

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

31.12.2014	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	**23,225,677**	**7,415,196**	**(3,594,135)**	**1,532,965**	**359,694**	**(299,087)**	**116,554**	**10,989**	**(11,699)**
Mortgage	16,731,308	3,940,116	(1,067,380)	677,081	122,822	(103,560)	1,802	-	(2)
Consumer	5,046,667	2,713,473	(1,926,121)	810,779	220,947	(182,487)	104,273	10,940	(11,585)
Credit cards	1,437,930	757,748	(599,100)	39,957	13,945	(12,295)	10,478	49	(111)
Other	9,772	3,860	(1,534)	5,147	1,979	(745)	-	-	-
Corporate Lending	**40,116,207**	**18,995,270**	**(10,555,283)**	**5,224,365**	**2,659,802**	**(1,285,801)**	**484,604**	**98,491**	**(84,852)**
Agriculture	1,271,654	354,493	(190,439)	124,390	56,202	(17,865)	4,536	0	(9)
Manufacturing	6,811,669	3,023,744	(1,578,688)	610,740	285,887	(127,927)	188,505	56,010	(52,895)
Energy	1,176,669	67,891	(33,286)	100,621	32,517	(12,122)	1,635	1,554	(1,555)
Commerce and services	6,174,008	3,249,927	(1,952,151)	912,418	408,176	(212,127)	37,227	3,423	(3,593)
Shipping	3,182,421	844,658	(399,124)	21,943	489	(177)	-	-	-
Coastline/ Ferries Companies	293,649	100,484	(38,350)	-	-	-	-	-	-
Construction	4,720,169	2,884,011	(1,530,885)	986,102	666,339	(301,337)	44,044	7,876	(5,098)
Transport & Logistics	1,057,394	525,827	(348,247)	240,193	59,985	(33,096)	61,448	1,045	(1,429)
Tourism	3,058,222	974,756	(385,344)	145,810	49,120	(20,775)	45,719	7,110	(5,082)
Financial Sector	2,892,727	2,214,299	(1,325,686)	147,764	69,966	(39,050)	49,428	8,821	(5,114)
Real Estate Companies	2,526,254	1,439,016	(637,370)	871,380	437,167	(220,359)	33,526	7,653	(5,622)
Project Finance	1,186,695	257,739	(191,353)	394,233	243,619	(126,662)	-	-	-
Other	5,764,677	3,058,425	(1,944,359)	668,770	350,334	(174,305)	18,535	4,998	(4,454)
Public Sector	**2,220,450**	**24,182**	**(8,956)**	**11,523**	**166**	**(153)**	**51,078**	**0**	**(434)**
Total	**65,562,334**	**26,434,648**	**(14,158,374)**	**6,768,853**	**3,019,662**	**(1,585,041)**	**652,236**	**109,480**	**(96,984)**

Amounts in thousand euros (Unless otherwise stated)

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	-	(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)

3.3.3. Interest income recognized by quality of loans and advances to customers and product line

2014	Interest income on non-impaired L&As	Interest income on impaired L&As	Total interest income
Retail lending	797,690	205,281	1,002,971
Corporate lending	1,578,484	562,722	2,141,206
Public sector	33,144	264	33,408
Total interest income	**2,409,317**	**768,268**	**3,177,585**

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**

3.4 Forbearance

Relevant to the restructuring policy is note 3.1.12.

During 2014, the Bank adopted the "Implementing Technical Standards" (ITS) of the European Banking Authority (EBA) relating to forborne loans, in alignment with the Bank of Greece Executive Committee Act No. 42/30.5.14 for the "Supervisory framework for the management of loans in arrears and non-performing loans". For this reason, the method and the procedures for monitoring forborne loans were changed. Therefore, the figures relating to forborne loans for the year 2014, which are now determined according to the new standards and framework, are not comparable to the respective figures for the year 2013. As the preparation of the comparative figures for the year 2013 is impracticable, the reconciliation of forborne loans will not be disclosed in the financial statements of the Bank

3.4.1. Forborne loans and advances to customers by type of forbearance measure

Forbearance measures:	Forborne L&As (net amounts) 31/12/2014
Interest only schedule	321,928
Reduced payment schedule	2,285,335
Payment moratorium/Holidays	1,058,444
Term extension	834,983
Arrears capitalization	886,871
Hybrid (i.e. term extension and interest only)	3,262,669
Other	1,250,300
Total net amount	**9,900,531**

3.4.2. Credit quality of forborne loans and advances to customers

31/12/2014	Total amount of L&As	Total amount of forborne L&As	% of forborne L&As
Neither past due nor impaired	33,939,568	4,308,410	12.69%
Past due but not impaired	9,480,064	2,669,556	28.16%
Impaired	29,563,790	5,107,988	17.28%
Total Gross Amount	**72,983,422**	**12,085,954**	**16.56%**
Individual Impairment Allowance	(11,523,160)	(1,909,705)	16.57%
Collective Impairment Allowance	(4,317,240)	(275,719)	6.39%
Total Net Amount	**57,143,022**	**9,900,531**	**17.33%**
Collateral received	40,852,318	7,133,613	17.46%
Total Net Amount less collateral value	**16,290,704**	**2,766,918**	**16.98%**

Amounts in thousand euros (Unless otherwise stated)

3.4.3. Forborne loans and advances to customers by product line

	31/12/2014
Retail Lending	**2,656,485**
Mortgage	2,038,349
Consumer	617,803
Credit cards	0
Other	333
Corporate Lending	**7,241,540**
Large	2,990,154
SMEs	4,251,387
Public Sector	**2,505**
Greece	370
Other countries	2,136
Total net amount	**9,900,531**

3.4.4. Forborne loans and advances to customers by geographical region

	31/12/2014
Greece	9,295,921
Rest of Europe	602,237
Other countries	2,373
Total net amount	**9,900,531**

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 2014, based on Standard & Poor's ratings or their equivalent:

31 December 2014	Bonds and Treasury Bills of Trading portfolio	Debt securities - receivables	Investment securities	Total
AAA	-	-	-	0
AA- to AA+	-	14,268,783	129,163	14,397,947
A- to A+	-	-	-	0
BBB- to BBB+	172,949	-	67,158	240,108
BB- to BB+	13,498	-	1,140	14,638
Lower than BB-	111,808	131,638	2,042,579	2,286,024
Unrated	-	-	335	335
Total	**298,255**	**14,400,421**	**2,240,375**	**16,939,051**

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 2014. The credit risk exposure is based on the country of domicile of the Group's companies.

	Greece	Rest of Europe	Other Countries	Total
Loans and advances to credit institutions	125,154	85,946	86,009	297,109
Derivative financial instruments - assets	506,881	2,047	-	508,928
Bonds & Treasury Bills of trading portfolio	110,173	188,082	-	298,255
Loans and advances to customers (net of provisions)	51,265,877	5,321,894	555,251	57,143,022
Loans to individuals	19,631,542	1,233,878	104,855	20,970,274
- Mortgages	15,663,928	573,521	1,800	16,239,248
- Consumer - personal loans	3,128,784	632,694	92,688	3,854,167
- Credit cards	838,830	27,663	10,367	876,860
Loans to corporate entities/ Public sector	31,634,335	4,088,017	450,396	36,172,748
Debt securities - receivables	14,268,783	5,152	126,486	14,400,421
Bonds & Treasury Bills of investment portfolio	1,774,854	417,362	48,159	2,240,375
Revesre repos with customers	63,632	667	-	64,299
Other assets	1,842,856	55,891	7,101	1,905,848
As at 31 December 2014	**69,958,210**	**6,077,041**	**823,006**	**76,858,257**
As at 31 December 2013	**73,801,004**	**7,290,165**	**650,383**	**81,741,552**

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 2014. 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	297,109	-	-	-	-	-	-	-	-	-	-	-	-	**297,109**
Derivative financial instruments - assets	10,733	1,445	-	1,039	47,531	229	393,286	8,124	-	-	16,226	30,315	-	**508,928**
Bonds and Treasury Bills of Trading portfolio	23	-	-	-	-	-	298,233	-	-	-	-	-	-	**298,255**
Loans and advances to customers (net of provisions)	1,720,069	5,851,405	3,912,995	2,567,808	1,262,913	4,955,781	2,273,508	3,060,362	2,838,550	1,192,267	2,208,226	4,328,864	20,970,274	**57,143,022**
Loans to individuals (retail customers)	-	-	-	-	-	-	-	-	-	-	-	-	20,970,274	**20,970,274**
- Mortgages													16,239,248	**16,239,248**
- Consumer - personal loans													3,854,167	**3,854,167**
- Credit cards													876,860	**876,860**
Loans to corporate entities	1,720,069	5,851,405	3,912,995	2,567,808	1,262,913	4,955,781	-	3,060,362	2,838,550	1,192,267	2,208,226	4,328,864	-	**33,899,240**
Public Sector loans	-	-	-	-	-	-	2,273,508	-	-	-	-	-	-	**2,273,508**
Debt securities-receivables	-	5,152	-	-	-	-	14,395,269	-	-	-	-	-	-	**14,400,421**
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	6,574	57,725	**64,299**
Bonds and Treasury Bills of Investment portfolio	1,010	-	-	106	-	-	2,239,259	-	-	-	-	-	-	**2,240,375**
Other assets	333,959	27,024	6,379	(62)	10	47,983	983,709	3,975	97	132	700	308,439	193,503	**1,905,848**
Balance at 31st December 2014	**2,362,902**	**5,885,026**	**3,919,374**	**2,568,891**	**1,310,455**	**5,003,993**	**20,583,263**	**3,072,461**	**2,838,648**	**1,192,398**	**2,225,152**	**4,674,192**	**21,221,502**	**76,858,257**
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**

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	388,338	510,635	1,201,262	40,412	96,706	247,576	12,321	-	98,435	16,363	159,095	369,583	1,295	**3,142,021**
Letters of Credit	156	28,704	1,799	-	-	10,567	-	-	-	-	-	9,484	-	**50,710**
Commitments to Extend Credit	30,304	303,334	47,620	7,098	5,477	216,308	586	158	7,868	30,901	135,530	115,187	1,242,674	**2,143,044**
Balance at 31st December 2014	**418,798**	**842,673**	**1,250,682**	**47,510**	**102,184**	**474,450**	**12,907**	**158**	**106,302**	**47,264**	**294,626**	**494,253**	**1,243,969**	**5,335,775**
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**

On 31 December 2014, the gross book value of the Group's receivables deriving directly from the Greek Public Sector amounted to € 2.3 bn. (Treasury Bills, Greek Government Bonds and Central Government's receivables).

Furthermore, on 31 December 2014, the net book value of the receivables from the wider public sector (organizations, companies, municipalities, e.t.c.) amounted to € 3.3 bn, out of which an amount of € 1.8 bn was repaid in the first two months of 2015 (seasonal agri-loan to OPEKEPE), namely, without which the receivables amount to € 1.5 bn (pro-forma).

It is noted that the above mentioned receivables from the wider public sector are not directly influenced by the Hellenic State's perspectives, since their financial data and their cash inflows originate from independent revenue sources.

3.7 Offseting of financial assets and liabilities

According to the provisions of IFRS 7, the impact or the possible impact of enforceable master netting agreements for financial instruments to the financial position of the Group should be disclosed. More specifically, the disclosures should include the following:

i. The financial assets and liabilities, which are offset in accordance with the criteria of IAS 32 and the net amount that is presented in the statement of financial position of the Group, when there is a legally enforceable right and the intention to settle the net amounts or simultaneously collect the receivable and settle the obligation.
ii. The transactions which appertain to ISDA contracts and similar master netting agreements irrespectively of whether these are offset or not in the statement of financial position.

The Group has not offset any financial assets or liabilities on 31/12/2014 and 31/12/2013, given that the netting criteria mentioned in the first case (i) are not fulfilled.

The following tables, present the recognized on 31/12/2014 and 31/12/2013 financial instruments, for which ISDA and similar master netting agreements (case (ii)) exist, as well as the net effect on the statement of financial position of the Group from the exercise of netting rights ("net amount"). These tables include mainly the following financial instruments: a) interest rate swap contracts (IRSs) and cross currency interest rate swap contracts, for which there are ISDA contracts and b) interbank repos covered by GMRA.

31/12/2014				Related amounts not offset in the Statement of Financial Position		
	Recognized financial assets (amounts to be offset)	Financial liabilities (offset amounts)	Net amount of financial assets	Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	488,454	-	488,454	-	-	488,454
Total	**488,454**	**0**	**488,454**	**0**	**0**	**488,454**

31/12/2014	Recognized financial liabilities (amounts to be offset)	Financial assets (offset amounts)	Net amount of financial liabilities	Related amounts not offset in the Statement of Financial Position: Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	542,818	-	542,818	-	542,818	0
Repurchase agreements	8,627,546	-	8,627,546	-	1,660	8,625,887
Total	**9,170,364**	**0**	**9,170,364**	**0**	**544,477**	**8,625,887**

31/12/2013	Recognized financial assets (amounts to be offset)	Financial liabilities (offset amounts)	Net amount of financial assets	Related amounts not offset in the Statement of Financial Position: Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	321,772	-	321,772	-	5,320	316,452
Total	**321,772**	**0**	**321,772**	**0**	**5,320**	**316,452**

31/12/2013	Recognized financial liabilities (amounts to be offset)	Financial assets (offset amounts)	Net amount of financial liabilities	Related amounts not offset in the Statement of Financial Position: Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	326,531	-	326,531	-	326,531	0
Repurchase agreements	7,498,430	-	7,498,430	-	3,200	7,495,230
Total	**7,824,961**	**0**	**7,824,961**	**0**	**329,731**	**7,495,230**

3.8 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 31/12/2014, was € 4.15 million. This estimate consists of € 3.33 million for interest rate risk, € 0 million for equity risk, € 2.64 million for foreign exchange risk and € 0.07 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 1.88 million due to the diversification effect in the

Amounts in thousand euros (Unless otherwise stated)

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 VaR of the Group's trading book increased due to the increase in Greek Government Bonds and due to a substantial increase in foreign exchange volatility.

million €	Piraeus Bank Trading Book Group - Total VaR	VaR Interest Rate Risk	VaR Equity Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
2014	**4.15**	**3.33**	**0.00**	**2.64**	**0.07**	**-1.88**
2013	**1.27**	**0.42**	**0.01**	**1.14**	**0.05**	**-0.34**

3.9 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 31/12/2014. 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 2014	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with central Banks	3,230,977	123,458	32,042	8,124	19,208	423,733	3,837,541
Loans and advances to credit institutions	143,857	67,738	3,212	(0)	33,960	48,342	297,109
Derivative financial instruments - assets	453,530	5,457	-	47,987	-	1,955	508,928
Financial instruments at fair value through profit or loss	139,430	2,357	-	-	-	157,776	299,562
Reverse repos with customers	63,632	-	-	-	-	667	64,299
Loans and advances to customers (net of provisions)	49,681,502	3,449,479	92,223	110,595	2,530,321	1,278,901	57,143,022
Debt securities - receivables	14,268,783	5,152	-	-	-	126,486	14,400,421
Investment securities	2,338,682	17,951	-	-	-	204,134	2,560,767
Other assets	1,731,392	134,021	12	(1,399)	(102)	41,923	1,905,848
Total financial assets	**72,051,786**	**3,805,612**	**127,489**	**165,307**	**2,583,387**	**2,283,916**	**81,017,497**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2014	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of liabilities							
Due to credit institutions	23,513,831	70,349	1,736	-	27,330	77,084	23,690,330
Liabilities at fair value through profit or loss	1,853	-	-	-	-	-	1,853
Derivative financial instruments - liabilities	402,406	131,386	30	-	5,050	5,154	544,026
Due to customers	49,344,819	2,413,237	167,832	3,795	24,922	2,778,230	54,732,834
Debt securities in issue	661,350	-	-	-	-	-	661,350
Hybrid capital and other borrowed funds	232,381	-	-	-	-	-	232,381
Other liabilities	1,093,054	21,235	418	(28)	(555)	161,788	1,275,911
Total financial liabilities	**75,249,694**	**2,636,208**	**170,016**	**3,767**	**56,747**	**3,022,254**	**81,138,685**
Net on-balance sheet financial position	**(3,197,908)**	**1,169,405**	**(42,527)**	**161,540**	**2,526,639**	**(738,338)**	**(121,188)**
Net position of non financial assets - liabilities	**(416,812)**	**144,119**	**712**	**(46,536)**	**5,052**	**577,474**	**264,009**
Net Off balance sheet items	**3,596,675**	**(1,365,156)**	**19,389**	**(107,852)**	**(2,472,713)**	**221,066**	**(108,592)**
Currency position	**(18,045)**	**(51,633)**	**(22,426)**	**7,152**	**58,978**	**60,202**	**34,229**

It is noted that in category "other currencies" no single currency significantly affects the Group's currency position as at 31/12/2014.

At 31 December 2013	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	75,354,120	4,394,189	109,466	178,083	3,058,314	2,029,444	85,123,616
Total financial liabiities	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**

Amounts in thousand euros (Unless otherwise stated)

3.10 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.

At 31 December 2014	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	3,568,578	59,462	85	12,907	-	196,509	3,837,541
Loans and advances to credit institutions	495,427	45,256	6,228	9,323	2,002	(261,127)	297,109
Reverse repos with customers	19,084	30,828	14,388	-	-	0	64,299
Financial instruments at fair value through profit or loss	17,743	743	3,359	192,117	84,294	1,307	299,562
Loans and advances to customers (net of provisions)	43,847,204	7,764,739	3,728,569	1,091,597	448,935	261,977	57,143,022
Debt securities - receivables	-	62,814	14,332,455	5,152	-	-	14,400,421
Investment securities	15,264	833,389	917,692	394,248	79,783	320,392	2,560,767
Other assets	10,380	1,615	34	501	-	1,893,317	1,905,848
Total financial assets	**47,973,680**	**8,798,846**	**19,002,808**	**1,705,846**	**615,013**	**2,412,376**	**80,508,569**
Liabilities							
Due to credit institutions	20,938,497	33,122	6,819	2,711,282	238	371	23,690,330
Due to customers	33,896,200	9,556,365	10,520,884	510,680	1,495	247,210	54,732,834
Liabilities at fair value through profit or loss	-	-	-	-	1,853	-	1,853
Debt securities in issue	153,620	59,925	-	447,805	-	-	661,350
Hybrid capital and other borrowed funds	232,381	-	-	-	-	-	232,381
Other liabilities	8,927	22,978	25,713	50,013	242,413	925,867	1,275,911
Total financial liabilities	**55,229,626**	**9,672,391**	**10,553,415**	**3,719,780**	**245,998**	**1,173,448**	**80,594,659**
Net notional amount of derivative financial instruments	**(73,846)**	**109,341**	**53,914**	**5,955**	**(70,000)**	**-**	**25,364**
Total interest rate gap	**(7,329,792)**	**(764,204)**	**8,503,307**	**(2,007,980)**	**299,015**	**1,238,928**	**(60,727)**

Amounts in thousand euros (Unless otherwise stated)

The following table includes figures of the comparative year :

At 31 December 2013	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	52,709,689	7,077,948	20,239,326	1,398,097	600,137	2,773,387	84,798,585
Total financial liabiities	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)	-	-	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**

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.

3.11 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.

Since 31/3/2014, Piraeus Group calculates the Liquidity Coverage Ratio and Net Stable Funding Ratio, monthly and quarterly respectively, according to Regulation (EU) 575/2013 that implements Basel III in the European regulatory framework (Single Rulebook). Since, November 2014 the Group is regulated by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB) in joint effort by the Bank of Greece. Moreover, 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 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.

In 2014, particularly December when political risk increased significantly, the monitoring and management of liquidity risk focused in:

- Daily and intra-day monitoring of deposits
- Evolution of term deposit breaks
- Funding cost and funding concentration
- Liquid assets analysis

In addition, Piraeus Group applies liquidity crisis scenarios (Stress Testing) and estimates their impact on the Liquidity Ratios.

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

At 31 December 2014, total funding received from the Eurosystem – European Central Bank (ECB) and Bank of Greece (BOG), through use of eligible collateral, added up to € 14,000 million. (2013: € 17,700 million). The reduction of funding received, through the Eurosystem, is largely due to the improvement of the Group liquidity profile by increasing repurchase agreements through the interbank market, increasing customer deposits and issuing EMTN of € 500 million. Additionally, the Group completed a successful share capital increase in March 2014, which provided additional funding amounting to € 1,750 million. It is noted that the Group did not use the Emergency Liquidity Assistance (ELA) mechanism in 2014, in contrast to 2013 where it received € 750 million at 31/12/2013.

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", decreasing however the funding received from € 12,200 million to € 6,800 million, since in May 2014 the Bank bought back preferred stocks and repayed Pillar I bond. Moreover, it decreased use of Guarantees (Pillar II) from € 7,600 million to € 5,100 million and issued additional Special Bonds (Pillar III).

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 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 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	20,964,384	27,912	4,950	2,736,183	3,881	23,737,311
Due to customers	33,896,217	9,630,887	10,722,590	767,920	2,283	55,019,897
Liabilities at fair value through profit or loss	-	-	-	1,853	-	1,853
Debt securities in issue	9,185	25,747	215,248	497,921	-	748,101
Other borrowed funds	8,926	-	3,553	219,373	-	231,852
Hybrid capital	867	-	191	1,097	23,595	25,750
Other liabilities	47,310	86,563	74,779	99,932	985,875	1,294,460
Total liabilities (contractual maturity dates)	**54,926,888**	**9,771,109**	**11,021,312**	**4,324,280**	**1,015,635**	**81,059,223**
Total assets (expected maturity dates)	**14,630,955**	**3,227,228**	**7,515,035**	**26,396,573**	**38,885,404**	**90,655,195**

Amounts in thousand euros (Unless otherwise stated)

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**

b) Derivative cash flows

bi) Derivatives settled on a net basis

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

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

At 31 December 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	14	(5)	(135)	-	-	(126)
-Interest rate derivatives	826	1,618	(1,277)	9,600	9,401	20,168
-Other derivatives	-	2	-	-	-	2
Derivatives held for fair value hedging						
-Foreign exchange derivatives	-	-	-	-	-	0
-Interest rate derivatives	-	-	-	-	-	0
Total	**840**	**1,615**	**(1,412)**	**9,600**	**9,401**	**20,044**

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**

Amounts in thousand euros (Unless otherwise stated)

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 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(1,999,470)	(582,767)	(397,951)	(2,530,225)	(220,205)	(5,730,619)
Inflow	1,995,215	581,504	378,828	2,430,496	199,112	5,585,154

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

biii) Off Balance Sheet Items

At 31 December 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	122,663	160,310	799,124	2,024,479	35,444	**3,142,020**
Letters of Credit	16,130	29,307	3,568	1,706	-	**50,710**
Commitments to Extend Credit	546,174	36,552	1,204,728	144,871	210,720	**2,143,044**

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**

Amounts in thousand euros (Unless otherwise stated)

3.12 Fair values of assets and liabilities

a) Assets and liabilities not measured at fair value

The following table summarises the fair values and the carrying amounts of those assets and liabilities not presented in

Assets	Carrying Value		Fair Value	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Loans and advances to credit institutions	297,109	293,035	297,109	293,035
Loans and advances to customers (net of provisions)	57,143,022	62,365,774	56,297,826	62,255,628
-Loans to individuals	20,970,274	22,392,484	20,838,404	21,895,956
-Loans to corporate entities	33,899,240	37,730,230	33,185,914	38,050,676
-Loans to public sector	2,273,508	2,243,060	2,273,508	2,308,996
Debt securities - receivables	14,400,421	15,628,221	14,767,831	15,860,534
Reverse repos with customers	64,299	7,124	64,299	7,115
Held to maturity investment securities	27,180	58,041	27,180	58,041

Liabilities	Carrying Value		Fair Value	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Due to credit institutions	23,690,330	26,274,952	23,690,330	26,274,952
Due to customers	54,732,834	54,279,320	54,732,834	54,279,320
Debt securities in issue	661,350	305,361	532,149	175,825
Hybrid capital and other borrowed funds	232,381	256,004	193,378	137,559
Obligations under finance leases	326,117	311,702	326,117	311,702

The fair values as at 31/12/2014 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 repriced 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 investment 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.

Amounts in thousand euros (Unless otherwise stated)

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 values in levels	Level 2	Level 3	Total
Assets			
Loans and advances to customers (net of provisions)	-	56,297,826	**56,297,826**
-Loans to individuals	-	20,838,404	**20,838,404**
-Loans to corporate entities	-	33,185,914	**33,185,914**
-Loans to public sector	-	2,273,508	**2,273,508**
Debt securities-receivables	14,767,831	-	**14,767,831**
Liabilities			
Debt Securities in Issue	532,149	-	**532,149**
Hybrid Capital and Other Borrowed funds	193,378	-	**193,378**

b) Assets and liabilities measured at fair value

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

Level 1

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed shares and bonds on exchanges as well as exchange traded derivatives like futures.

Level 2

Level 2 inputs are 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 and bonds. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).

Level 3

Level 3 inputs are unobservable inputs for the asset or liability. Level 3 includes shares categorized in the available for sale portfolio, derivative financial instruments and investment property. Shares, derivative financial instruments and investment property within level 3 are not traded in an active market or there are no available prices from external traders in order to determine their fair value.

Amounts in thousand euros (Unless otherwise stated)

Shares categorized in the available for sale portfolio

The valuation is carried out with variables that are not based on observable market data (unobservable inputs). For the determination of the fair value of the aforementioned shares, 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 fair value of the shares in level 3 is only taken into account in case that there is evidence of impairment, else these shares are recorded at cost.

Derivative financial instruments

The embedded derivative of the convertible bond issued by Marfin Investment Group ("MIG"), acquired by the Bank in the 2nd quarter of 2014, has been included in level 3 of derivative financial assets. The aforementioned derivative has been separated from the host contract (bond) according to the applicable IAS 39 rules and is being accounted for as a standalone derivative at fair value. The number of bonds of the Convertible Bond Loan (which originally were 251,835,900) was reduced during the 3rd quarter of 2014, due to the exercise of 90 million bonds as at 16/9/2014, under the original agreement between Piraeus Bank and MIG. The shares acquired correspond to 17.8% of MIG share capital.

In the fourth quarter of 2014, the valuation model used for the determination of the embedded derivative’s fair value has changed so as to take into account all the market factors that affect the fair value of the derivative. Consequently, the fair value of the embedded derivative as of 31/12/2014 was determined according to the Monte Carlo simulation with the following basic parameters: a) the relevant share price, b) the volatility of the relevant share price, c) the interest rates and d) the credit spreads.

Investment property

For the determination of the fair value of investment property, generally accepted valuation models are used by valuers that are presented in note 2.17 “Investment property” of the Group’s accounting policies. The Group did not conduct a sensitivity analysis for the investment property due to the significant number of property as well as their different characteristics. The movement of investment property within level 3 is presented in note 29.

The following table presents financial assets and liabilities measured at fair value, categorized in the three levels mentioned above:

Assets & Liabilities measured at fair value	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	490,440	18,488	**508,928**
Financial instruments at fair value through profit or loss				
- Trading bonds	111,808	172,949	-	**284,757**
- Trading treasury bills	13,498	-	-	**13,498**
- Shares & other variable income securities of trading portfolio	923	384	-	**1,307**
Available for Sale Securities				
- Bonds	493,355	90,789	-	**584,144**
- Shares & other variable income securities	133,204	2,415	184,773	**320,392**
- Treasury bills	1,527,670	101,381	-	**1,629,051**
Liabilities				
Derivative financial instruments - liabilities	2	544,024	-	**544,026**
Liabilities at fair value through profit or loss	1,853	-	-	**1,853**

The Group recognizes transfers between fair value hierarchy levels at the end of each reporting period.

During the year 2014, no transfer from level 2 to level 1 occurred and vice versa.

The following table presents the movement of derivative financial instruments-assets and shares of the available for sale

Reconciliation of level 3 items	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening balance 1/1/2014	-	194,427
Profit/ (loss) for the year	2,448	(255)
Shares purchases	35,000	(240)
Impairment	-	(9,904)
Disposals	(18,960)	(151)
FX differences	-	859
Other income	-	36
Total 31/12/2014	**18,488**	**184,772**

The following table presents the sensitivity analysis of Level 3 available for sale securities and derivative financial instruments - assets :

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(21)
Derivative financial instruments - assets	4	(5)
Equity Statement		
Available for sale shares & other variable income securities	25	(5)

Considering changes in the underlying share price by +/- 5%, in the volatility of the share price by +/- 10%, in interest rates by +/- 10 basis points and in credit spreads by +/- 100 basis points, the change in the fair value of the embedded derivative as compared to its fair value as at 31.12.2014, will range between about +23% in the scenarios of favourable changes and -27% in the scenarios of unfavourable changes.

The estimation of the change in the fair value of the shares within 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.

3.13 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.

3.14 Capital adequacy

From January 2014 onwards Piraeus Bank Group applies the new regulatory framework CRDIV (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU and Regulation (EU) No. 575/2013.

The new regulatory framework requires financial institutions to maintain a minimum level of regulatory capital related to the undertaken risks. The minimum capital adequacy ratios, as per article 92 of the CRR, are as follows:

- Common Equity Tier 1 Ratio (CET1): 4.5%
- Tier 1 Ratio (T1): 6%
- Total Capital Ratio (TC): 8%

Following the activation of the Single Supervisory Mechanism on November 4th 2014, Piraeus Bank Group came under the direct supervision of the European Central Bank.

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.
- To preserve the Group's ability to continue unhindered its operations, thus to continue providing returns and benefits to its shareholders, and ensure the confidence of its customers.
- To retain a sound and stable capital base in order to support the Bank's management business plans

Amounts in thousand euros (Unless otherwise stated)

Presented below, are the year-end capital adequacy ratios of 2013 and 2014. The 2013 figures were calculated under the prevailing at that time regulatory framework, taking into account all applicable regulation active at the time. The 2014 figures have been calculated using CRD IV rules, taking into account the transitional period provisions as applicable under Regulation (EU) No. 575/2013.

Tier I capital	31 December 2014	31 December 2013
Ordinary shares	1,830,594	1,521,770
Share premium	11,393,315	10,008,734
Preference shares	0	750,000
Less: treasury shares	0	(113)
Minority Interest	112,081	118,990
Available for sale reserve	(38,384)	112,423
Legal reserve and other reserves	(54,069)	(11,714)
Retained earnings	(5,921,295)	(3,957,192)
Less: intangible assets	(313,873)	(301,241)
Total regulatory adjustments on Core Tier I capital	(123,647)	(50,259)
Total Core Tier I capital	**6,884,722**	**8,191,398**
Hybrid capital	16,373	18,500
Total regulatory adjustments on Tier I capital	(16,373)	-
Total Tier I capital	**6,884,722**	**8,209,898**

Tier II Capital	31 December 2014	31 December 2013
Subordinated debt	216,008	130,627
Total regulatory adjustments on Tier II capital	(140,405)	(48,175)
Total Tier II Capital	**75,603**	**82,452**
Regulatory capital	**6,960,325**	**8,292,350**
Total risk weighted assets (on and off- balance sheet items)	**55,719,654**	**59,035,671**
Core Tier I ratio	**-**	**13.9%**
Common Equity Tier 1 ratio	**12.4%**	**-**
Tier I ratio	**12.4%**	**13.9%**
CAD ratio	**12.5%**	**14.0%**

In mid April 2014, Piraeus Bank Group concluded its share capital increase of €1.75 bn. from the private sector, thus achieving the redemption of preference shares amounting to €0.75 bn., further strengthening its capital position.

It should be noted that Piraeus Bank Group was one of the 128 financial institutions across Europe to participate in the European Central Bank’s Comprehensive Assessment. The review was conducted by the ECB in close cooperation with all relevant European and national competent authorities and was completed in October 2014. The result of the assessment was successful for Piraeus Bank Group, as it maintained adequate regulatory capital levels under both basic and adverse scenarios.

Relevant to the results of the Comprehensive Assessment conducted by ECB, according to which no additional capital needs arise for Piraeus Bank, is note 2.1 of the financial statements.

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

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:

4.1. 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.

Changes of management's estimates regarding the level of impairment of the Group's loan portfolio

During the 3rd quarter of 2014, the management of the Bank taking into account new information and available evidence, which occurred in 2014, revised some of its estimates regarding the determination of future cash flows of its loan portfolio, which are used as inputs in both the collective and the individual impairment assessment models. According to management, these revised estimates, reflect better the current market conditions, as they encompass more recent information for the macroeconomic environment, as well as the recent legislative developments. The management's revision of estimates in 2014, which was finalized in the 4th quarter, considered the recent events and current political developments, which affect the economic conditions of the country and create significant uncertainty regarding the future of the Greek economy.

The main information that management took into account when revising its estimates over certain inputs of the methodology applied for measuring the recoverability of its loan portfolio, are presented below. Moreover, Note 2.1 refers to the macroeconomic environment and the economic and political developments that affect credit risk.

Macroeconomic environment and real estate values

The macroeconomic environment and especially the ongoing decline in the real estate values in Greece, as well as in some other countries where the Bank operates, coupled with the expected continuance of the moratorium in auctions, have led the Bank's management to revise its estimates regarding the value of tangible collateral held and the estimated loss upon liquidation.

According to the recent estimates of the Bank of Greece (BoG), the prices of residential real estate properties have declined by 7% in the third quarter of 2014 on an annual basis (respectively, decline of 5.8% in the fourth quarter of 2014 on an annual basis) (source Bank of Greece: Residential Property Price Index), as opposed to previous estimates made in early 2014. In addition to this, the foreseen extension of the auction moratorium contributes to the extension of the liquidation period for the properties and therefore to the decline in the present value of expected cash flows. Lastly, there is a continuing declining trend in the commercial real estate market in certain Eastern European countries where the Bank operates, for which the Group's strategy entails gradual reduction of credit risk exposure, in accordance with the restructuring plan that was approved in July 2014 by DGComp.

Recent legislature changes

Law 4307/2014 sets out the legal framework under which certain past due business loans will be restructured. This framework will, inter alia, provide incentives to both lenders and borrowers to work out solutions entailing restructuring and / or partial write off of past due capital and interest. Borrowers with past due corporate loans for more than 90 days as of 30 June 2014, will be eligible for consideration under the new law.

It is expected that the above mentioned law will have a significant impact on the estimated future cash flows of SBLs and of a significant number of the SMEs. The relevant banking units have assessed the provisions of this law and have made an initial estimate of the eligible borrowers and have adjusted the relevant inputs of the collective assessment model. In addition, management has evaluated the possible effects of the aforementioned law on the rest of the portfolio.

The management has taken into account the above mentioned developments and changed its estimate regarding the expected loss from restructured loans, mainly to small businesses and professionals and has adjusted the relevant parameter of the collective impairment assessment model.

Evaluation of the results regarding the companies' organizational restructurings

The success of the organizational restructuring of Greek companies is highly affected by the macroeconomic environment and is, therefore, hindered even more by the prolonged uncertainty, which continued in the 1st quarter of 2015. The management monitors closely the developments and adjusts its evaluations for every period, in order to properly evaluate and depict all of the above in the financial statements.

Towards this effort, RBU's contribution is significant. The RBU was established in 2014. This specialized internal unit has been developed in order to manage non-performing loans efficiently and effectively, by using a specific framework of actions that includes client - specific solutions, either through restructuring and / or partial debt relief.

The Management of the Bank, in the third quarter of 2014, evaluated evidence produced from the management of non-performing loans by the RBU. The assessment of these portfolios, was based on the past experience of the above mentioned unit, which after taking into consideration the macroeconomic environment, resulted, among other things in the revision of the Management's estimate regarding the financial ability of specific corporate clients to wholly or partially recover and therefore to meet their debt obligations.

Finally, based on the updated information in 2014, the management of the Bank proceeded with the adjustment of certain parameters, on which the credit risk collective measurement methodologies are based, such as the probability of default and the loss given default rate used in the context of the collective assessment of corporate loans.

The management of the Bank, evaluating the above data, estimates that this change qualifies as a “change in accounting estimates” under IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” as the measurement basis of loans has not changed but the Management’s estimates regarding parameters which are part of the measurement methodology of the recoverable amount, have been updated based on new facts and events that took place during 2014. Consequently, the result of the above re - evaluation, only affects the financial statements of the current period, as defined by paragraph 5 of IAS 8.

Impact on impairment losses on loans and advances to customers

The above information has led to the change of the Bank’s Management estimate in relation to the parameters of estimated collectability and the probability of default of the collective and individual impairment assessment models and as a result:

- The total impairment loss on mortgage loans for the year 2014 amounts to € 522 million and as a result the stock of provisions and adjustments for mortgage loans amounts to € 1,171 million as at 31/12/2014.
- The total impairment loss on corporate loans for the year 2014 amounts to € 2,981 million and as a result the stock of provisions and adjustments for corporate loans amounts to € 11,906 million as at 31/12/2014.

The change in management’s estimates regarding the loan book has resulted to total loan loss provisions of 3,757 million and a stock of provisions and adjustments of € 15,811 million. The movement of the impairment losses on loans and advances to customers is presented in note 23.

4.2. 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 and when market conditions change significantly.

The valuation models for derivative financial instruments are based on best market practice and take into account the effect of credit risk (CVA/ DVA) in determining fair value. The calculation of credit adjustments take into account the future expected credit exposure, which is estimated using simulation techniques for the derivatives’ future fair values, in combination with the currently in force netting agreements and collateral held.

The calculation of credit adjustments is also based on loss given default (LGD) rates as well probability of default (PD) curves, as these are derived from the purchase prices of the credit default swap market. In case that the aforementioned prices are not available from the CDS market, or the available market prices are not reliable due to very low liquidity, the relevant calculation is based on proxy credit curves and LGD rates, approved by the Bank's management.

Concerning the effect of own credit risk for the valuation of derivative financial instruments, the Group applies symmetrically the same methodology used for the calculation of CVA.

Fair value models are applied consistently from one accounting period to the other, ensuring comparability and consistency of information over time.

4.3. 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 is accounted for 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.

Significant or prolonged decline of the fair value is defined as: (a) the decline in fair value below the cost of the investment for more than 40% or (b) the twelve month period decline in fair value for more than 25% of acquisition cost.

Judgement is 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.

4.4. Investment property

Investment property is measured at fair value, which is determined in cooperation with 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 applying the aforementioned valuation methods or by extrapolating the results of the valuations, to groups of investment property, with similar characteristics.

4.5. Defined benefits obligation

The determination of the present value of defined benefits obligation is based on actuarial analysis conducted by independent actuaries at the end of each year. The basic estimates and assumptions made in the context of the actuarial analysis are the discount rate, the pay increase rate as well as the inflation rate. The determination of the appropriate discount rate takes into account the rates of high quality corporate bonds, of the same currency and of similar maturities to that of the defined benefits obligation.

4.6. Provisions and contingent liabilities

The Group recognises provisions when there is a present legal or constructive obligation which has been caused by events that took place in the past, and it is almost certain that an outflow of resources which can be measured reliably would be required for its settlement. On the contrary, in case that the probability for settling the obligation through an outflow of resources is remote or the amount of the outflow cannot be measured reliably, no provision is recognized but the relevant event is disclosed in the consolidated financial statements.

At each reporting date, the Group proceeds to significant estimates and assumptions concerning the assessment of the probability for the settlement of the obligation, the ability to estimate reliably the amount of the outflow required for the settlement of the aforementioned obligation as well as the timing of such settlement.

Specifically, for the material cases where the settlement of the obligation is estimated to take place at a significantly later time as compared to the reporting date, so that the effect from the time value of money is material, the relevant provision is calculated as the present value of the outflows that are expected to be required for the settlement of the obligations. The estimation of the discount rate takes into account the current market conditions for the time value of money, as well as the risks associated with the obligation. Furthermore, the discount rate used does not take into account any taxes.

Furthermore, in case of pending litigations, the Group has adopted an analytical assessment at each reporting date, by taking into consideration the best estimates of the Legal Division of the Bank or even independent legal advisors where the amount under assessment is material.

4.7. Recoverability of Deferred Tax Assets

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 for the future tax results of the Group, taking into account the Restructuring Plan approved as of 23 July 2014, by the European Commission (Directorate-General for Competition), 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 the temporary differences and tax losses, as well as 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 with other specific tax regulations, as for example the regulations set by the Greek tax legislation which allow the optional conversion of deferred tax assets on specific temporary differences, into final and settled claims against the Greek Government, under certain terms and conditions. More details for the estimates concerning the recoverability of deferred tax assets are included in note 15.

4.8. Goodwill/negative goodwill

The acquisition method is used by the Group to account for the acquisitions. The Group, for the estimation of the fair values of identifiable assets and liabilities and contingent liabilities of the newly acquired operations, 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.

4.9. Greek public

Piraeus Bank's management makes significant estimates and assumptions regarding the progress of the Greek economy. The economic situation in Greece, such as the four-month extension of the existing loan agreement in order to assess the current program, create uncertainties that may affect the creditworthiness of the Greek public. Management's estimates concerning the economic developments as well as the exposure to Greek public are referred in Notes 2.1 and 3.6b respectively.

5 Segment analysis

a) By business segment

Piraeus Bank Group has defined the following business segments:

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

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

Investment Banking - This segment includes activities related to investment banking facilities of the Bank and its subsidiaries (investment and advisory 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 segments – Other segments include 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.

The presentation of the business segments for the year 2014 is more detailed, with no changes in their structure. Furthermore, eliminations have been allocated to the relevant business segments and the analysis of the profit or loss relates to the continuing operations. The presentation of the disclosure for the comparative year 2013 has been changed accordingly.

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

Amounts in thousand euros (Unless otherwise stated)

1/1-31/12/2014	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	1,381,902	725,245	1,433	95,224	(203,359)	**2,000,446**
Net fee and commision income	258,216	51,473	8,116	13,616	1,874	**333,294**
Other income	56,363	164,781	1,819	(49,450)	16,650	**190,164**
Net Income	**1,696,481**	**941,500**	**11,368**	**59,389**	**(184,834)**	**2,523,904**
Depreciation and amortisation	(83,851)	(4,758)	(393)	(1,458)	(66,499)	**(156,959)**
Administrative expenses	(1,148,007)	(102,231)	(11,601)	(63,730)	(50,448)	**(1,376,018)**
Impairment losses on loans	(2,943,459)	(811,177)	(2,234)	-	-	**(3,756,870)**
Impairment on other receivables	(7,098)	(4,732)	-	-	(153,550)	**(165,380)**
Impairment on participation and investment securities	-	-	-	-	(90,061)	**(90,061)**
Impairment of tangible and intangible assets	(6,459)	-	-	-	(12,756)	**(19,214)**
Impairment on assets held for sale	(1,460)	(710)	-	-	-	**(2,170)**
Provisions for outstanding litigations	(520)	(348)	-	-	-	**(868)**
Other provisions	(2,713)	(7)	-	-	(5,764)	**(8,484)**
Share of profit of associates	-	-	-	-	5,021	**5,021**
Results before tax	**(2,497,085)**	**17,536**	**(2,859)**	**(5,799)**	**(558,891)**	**(3,047,098)**
Income tax						1,068,254
Results after tax from continuing operations						**(1,978,845)**
Results after income tax from discontinued operations						6,851
Results after tax for the period						**(1,971,994)**
As at 31 December 2014						
Total assets	45,906,984	14,001,730	43,403	18,838,195	10,499,383	**89,289,696**
Total liabilities	49,893,731	2,469,649	59,440	26,063,068	3,481,565	**81,967,454**
Capital expenditure	186,835	24,296	158	40,316	108,498	**360,103**

Amounts in thousand euros (Unless otherwise stated)

1/1-31/12/2013	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	1,062,490	613,141	1,093	118,463	(133,033)	**1,662,154**
Net fee and commision income	211,044	43,066	9,679	6,762	16,132	**286,683**
Other income	25,517	6,013	2,231	67,135	3,895,725	**3,996,622**
Net Income	**1,299,052**	**662,219**	**13,003**	**192,360**	**3,778,825**	**5,945,459**
Depreciation and amortisation	(59,564)	(7,692)	(378)	(1,361)	(57,831)	**(126,826)**
Administrative expenses	(1,291,461)	(129,749)	(11,541)	(43,738)	(34,007)	**(1,510,497)**
Impairment losses on loans	(1,723,009)	(489,218)	(4)	-	(5,647)	**(2,217,879)**
Impairment on other receivables	(114,641)	(28,074)	(382)	-	(2,825)	**(145,923)**
Impairment on participation and investment securities	-	-	(13)	-	(67,204)	**(67,217)**
Impairment of tangible and intangible assets	-	-	-	-	(88,819)	**(88,819)**
Impairment on assets held for sale	-	-	-	-	(1,911)	**(1,911)**
Provisions for outstanding litigations	(2,241)	(560)	-	-	(1,057)	**(3,859)**
Other provisions	(5,659)	-	-	-	(388)	**(6,047)**
Share of profit of associates	-	-	-	-	(28,770)	**(28,770)**
Results before tax	**(1,897,523)**	**6,925**	**685**	**147,261**	**3,490,365**	**1,747,712**
Income tax						768,535
Results after tax from continuing operations						**2,516,247**
Results after income tax from discontinued operations						29,912
Results after tax for the period						**2,546,159**
As at 31 December 2013						
Total assets	47,484,570	17,669,581	72,248	18,602,766	8,180,427	**92,009,592**
Total liabilities	48,773,183	2,806,125	909,817	27,506,067	3,471,502	**83,466,694**
Capital expenditure	180,111	11,444	340	1,077	90,375	**283,347**

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 revenues to assess the performance of each segment.

During 2013, 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. is included in lines "Other operating income", "Net Income" and "Results before tax" of other business segments.

Capital expenditure includes additions of intangible and tangible assets that took place during the years by each business segment. The intercompany transactions among the business segments are realised under normal commercial terms.

Assets of business segments «Retail Banking» and «Corporate Banking» include the following loans.

These loans are managed by the Bank's Recovery Business Unit (RBU) that was established during 2014.

	Balance	Allowance for impairment	Balance net of impairment
Corporate	17,516,163	(8,380,185)	9,135,978
Mortgages	4,585,295	(1,030,602)	3,554,693
Consumer	3,373,641	(2,131,069)	1,242,572
Total	**25,475,099**	**(11,541,856)**	**13,933,243**

Total liabilities include deposits of customers of RBU of amount € 430.828 thousands.

b) By geographical segment

The Group operates 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, Germany. Other countries in which the Group operates are mainly Egypt with minor presence in U.S.A.

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

31 December 2014	Net Revenues	Non current assets
Greece	2,148,874	2,253,549
Rest of Europe	336,674	401,535
Other countries	38,356	83,435
Continuing Operations	**2,523,904**	**2,738,518**
Discontinued Operations	**38,489**	**45,630**

31 December 2013	Net Revenues	Non current assets
Greece	5,544,256	2,160,158
Rest of Europe	370,979	381,432
Other countries	30,223	78,018
Continuing Operations	**5,945,459**	**2,619,608**
Discontinued Operations	**69,895**	**51,037**

Amounts in thousand euros (Unless otherwise stated)

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 2014 include the results and the non current assets of ATE Insurance S.A. and ATE Insurance Romania S.A..

6 Net interest income

	1/1-31/12/2014	1/1-31/12/2013
Interest income		
Interest on fixed income securities	190,866	331,450
Interest income on loans and advances to customers and repos	3,179,052	3,108,398
Interest on loans and advances to credit institutions	89,227	75,252
Other interest income	16,949	51,397
Total interest income	**3,476,093**	**3,566,497**
Interest expense		
Interest on customer deposits and repos	(1,077,804)	(1,381,422)
Interest on debt securities in issue and on other borrowed funds	(25,930)	(7,380)
Interest on due to credit institutions	(209,048)	(381,663)
Contribution of Law 128	(156,434)	(132,044)
Other interest expense	(6,431)	(1,834)
Total interest expense	**(1,475,647)**	**(1,904,344)**
Net interest income	**2,000,446**	**1,662,154**

Net interest income increase in 2014 is mainly due to the decrease of interest expenses on customer deposits, as a result of the decrease on interest rates.

7 Net fee and commission income

	1/1-31/12/2014	1/1-31/12/2013
Fee and commission income		
Commercial banking	329,349	292,847
Investment banking	23,826	18,469
Asset management	21,745	18,489
Total fee and commission income	**374,919**	**329,806**
Fee and commission expense		
Commercial banking	(36,096)	(36,804)
Investment banking	(3,965)	(4,768)
Asset management	(1,564)	(1,551)
Total fee and commission expense	**(41,625)**	**(43,122)**
Net fee and commission income	**333,294**	**286,683**

8 Dividend income

	1/1-31/12/2014	1/1-31/12/2013
Dividend from AFS securities	15,379	15,298
Dividend from trading securities	11	70
	15,390	**15,368**

Amounts in thousand euros (Unless otherwise stated)

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

	1/1-31/12/2014	1/1-31/12/2013
Gains less losses on FX	(58,341)	(23,184)
Gains less losses on shares and mutual funds	(10)	1,392
Gains less losses on derivatives	(46,770)	6,761
Gains less losses on bonds and treasury bills	2,069	98,101
Net trading income (A)	**(103,052)**	**83,070**
Net income from other financial instruments designated at fair value through profit or loss (B)	**(1,269)**	**9,285**
Total (A) + (B)	**(104,321)**	**92,356**

Net income from other financial instruments designated at fair value through profit or loss amounts to a loss of € 104.3 million for the year 2014, mainly due to the loss from derivatives and foreign exchange losses.

10 Results from investment securities

	1/1-31/12/2014	1/1-31/12/2013
Gains less losses on AFS - shares and mutual funds	62,898	7,109
Gains less losses on AFS - bonds	11,892	41,160
Gains less losses on sale of subsidiaries and associates	160	6,060
Total	**74,950**	**54,329**

Results from investment securities amount to a gain of € 75 million for the year 2014, mainly due to the sale of listed shares of the available for sale portfolio.

Impairment of investment securities is included in “Impairment on investment securities” in the consolidated income statement (note 24).

11 Other operating income

	1/1-31/12/2014	1/1-31/12/2013
Income/ expense from real estate (rental income and result from the valuation of investment property)	(43,378)	(92,019)
Income from the operations of ETVA Industrial Parks S.A.	5,880	4,138
Income from operating leasing	24,199	19,896
Other income from banking activities	1,337	10,428
Other operating income	216,107	81,789
Total	**204,145**	**24,232**

In the year 2014, “Other operating income” was affected mainly by: a) the gain of € 144 million resulting from the replacement of one of the two acquired loans of MIG companies, for a total consideration of € 165 million, with a convertible bond issued by MIG and b) the amount of € 39 million approximately, resulting from the recognition of an additional value on acquired loans due to additional collateral.

“Income/ Expense from real estate” also includes the valuation results of investment property which amount to a loss of € 41.5 million for the year 2014.

Amounts in thousand euros (Unless otherwise stated)

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2014	31 December 2013
Up to 1 year	25,055	26,718
From 1 to 5 years	69,556	94,341
More than 5 years	1,059,846	1,087,809
	1,154,458	**1,208,869**

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

12 Staff costs

	1/1-31/12/2014	1/1-31/12/2013
Wages & salaries	(530,886)	(573,965)
Social insurance contributions	(132,930)	(146,305)
Other staff costs	(28,247)	(27,884)
Voluntary Redundancy Costs (note 40)	(64,761)	(126,418)
Retirement benefit charges (note 40)	(15,103)	(10,268)
Total	**(771,927)**	**(884,841)**

The number of persons employed by the Group as at 31/12/2014 was 22,372 (2013: 22,718), of which 199 people refer to discontinued operations (ATE Insurance S.A., ATE Insurance Romania S.A.).

The staff (930 people) of the nursing unit "ERRIKOS DUNANT Hospital Center", the business operations of which were acquired by the subsidiary “IMITHEA S.A.”, is included in the total staff of the Group in Greece.

In the context of the Restructuring Plan, the Group implemented a new voluntary exit scheme (VES) in Greece in Q4.2014, with 978 employees participating. The above mentioned voluntary exit scheme contributed to the Bank’s total operating expenses of the year 2014, for the amount of € 61.6 million, from which the amount of €56.9 million relates to the “Voluntary Redundancy Costs” and the amount of € 4.7 million relates to the “Other staff costs”. It is noticed that the amount of € 4.7 million relates to the servicing cost of banking products of employees that participated in the voluntary redundancy scheme that took place during 2014.

13 Administrative expenses

	1/1-31/12/2014	1/1-31/12/2013
Rental expense	(81,599)	(94,632)
Taxes and duties	(97,978)	(90,382)
Promotion and advertising expenses	(49,095)	(40,067)
Servicing - promotion of banking products	(48,945)	(57,253)
Fees and third parties expenses	(97,593)	(99,495)
Security and maintenance of fixed assets	(55,339)	(54,159)
Telecommunication and electricity expenses	(38,405)	(48,126)
Contribution expense in state controlled deposit guarantee scheme	(48,060)	(59,672)
Other administrative expenses	(87,077)	(81,870)
Total	**(604,091)**	**(625,656)**

The total amount of contribution of € 48,060 thousand in year 2014 includes the contribution for the Restructuring Scheme of the Bank, amounting to € 36,082 thousand, and of Geniki Bank, amounting to € 1,137 thousand. In addition, the above item includes an amount of € 129 thousand of contribution to the Deposit Guarantee Scheme for Geniki Bank. Lastly, an amount of € 10,711 thousand is also included, relating to the contributions of foreign subsidiary companies.

Amounts in thousand euros (Unless otherwise stated)

14 Profit/ (loss) and balance sheet from discontinued operations

The results of companies ATE Insurance S.A. and ATE Insurance Romania S.A. are included in fiscal years 2014 and 2013. Relative reference to the sale procedure of ATE Insurance S.A. is made in note 26C.

	1/1-31/12/2014	1/1-31/12/2013
Net interest income	1,795	1,932
Net fee and commission income	-	(49)
Dividend Income	59	64
Net income from financial instruments designated at fair value through profit or loss	(103)	3,107
Results from investment securities	44	-
Other operating income	36,695	64,842
Total net income	**38,489**	**69,895**
Staff costs	(13,408)	(29,377)
Administrative expenses	(9,934)	(11,533)
Depreciation and amortization	(1,493)	(1,861)
Total operating expenses before provisions	**(24,835)**	**(42,772)**
Other provisions and impairment	(4,001)	(4,730)
Profit/ (loss) before income tax	**9,653**	**22,394**
Income tax	(2,802)	7,518
Profit/ (loss) after income tax from discontinued operations	**6,851**	**29,912**

The following assets and liabilities as at 31/12/2014 and 31/12/2013 relate to the companies ATE Insurance S.A and ATE Insurance Romania S.A.:

	31 December 2014	31 December 2013
ASSETS		
Cash and balances with Central Banks	304	817
Loans and advances to credit institutions	4,086	1,989
Financial instruments at fair value through profit or loss	5,687	9,569
Available for sale securities	65,243	90,813
Held to maturity	21,971	19,976
Investment property	1,848	2,246
Property, plant and equipment	42,981	47,894
Intangible assets	800	898
Deferred tax assets	63,922	64,263
Other assets	98,083	119,192
Total Assets	**304,925**	**357,657**
LIABILITIES		
Deferred tax liabilities	22	17
Current income tax liabilities	4,302	-
Retirement benefit obligations	5,595	7,376
Other provisions	473,266	505,976
Other liabilities	20,570	43,205
Total Liabilities	**503,753**	**556,574**

Amounts in thousand euros (Unless otherwise stated)

15 Income tax

	1/1-31/12/2014	1/1-31/12/2013
Current Tax	(25,155)	(31,442)
Deferred tax (Note 39)	1,093,783	803,714
Provisions for tax differences	(374)	(3,737)
Total	**1,068,254**	**768,535**

In accordance with the provisions of the enacted Greek Tax Law (L.4172/2013), the income tax rate for Greek legal entities is set at 26% for the years from 1/1/2014 and thereon and at 10% for dividends distribution, which will be approved from 1/1/2014 and thereon.

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the years of 2013 and 2014 (Bulgaria: 10%, Romania: 16%, Egypt: 25% for 2014 and 20% for net income not exceeding 10,000,000 EGP and 25% for net income exceeding the above amount for 2013, Serbia: 15% , Ukraine: 18% for 2014 and 19% for 2013, Cyprus: 12.5%, Albania: 15% for 2014 and 10% for 2013 and United Kingdom: 21% from 01/04/2014 and 23% from 01/04/2013 until 31/03/2014 and 24% until 31/03/2013).

The income tax revenue for 2014 amounts to € 1.1 bn and was mainly affected from the recognition of deferred tax asset on provisions for loan impairments (€ 741 million , of which 166 million correspond to Geniki Bank S.A. after the acquisition in 2014), recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes, as well as, from the recognition of deferred tax asset (€ 236 million) on the Group's negative tax-free reserve in accordance with the capability, provided by the Law 4172/2013.

Piraeus Bank Group has recognized deferred tax assets amounting to € 4.0 bn, based on the best estimates of the Management for the future evolution of the Group's tax results, and especially for the Bank, taking into account the approved restructuring plan by the European Commission (DG Competition) on July 23 2014, and assessing the recoverability of other relevant factors (such as the nature of the temporary tax differences, the time limitations for offsetting losses, etc).

The measures already implemented (Voluntary Exit Scheme, integration of acquired Geniki Bank S.A. and a number of additional measures which lead to synergies and further cost cutting) ,as well as, those included in the restructuring plan are reliably expected to enforce the Bank's future profitability and to allow the Bank to overcome the effects of the extended Greek recession.

Under the provisions of Law 4172/2013, article 27A, as replaced by Law 4303/2014, article 5 "Ratification of the Legislative Act "Emergency legislation to replenish the General Secretary of Revenue upon early termination of office" (A 136) and other provisions", deferred tax assets, on specific temporary differences, can be converted into directly enforceable claims against the Greek State, under certain conditions and terms as follows:

Amounts in thousand euros (Unless otherwise stated)

-Deferred tax assets arising from the debit difference from the Bank's participation in the Bond Exchange Program (PSI) and the accumulated provisions and other general losses due to credit risk with respect to existing claims at December 31, 2014, for which a deferred tax asset, has or will be recognized are converted into directly enforceable claims against the Greek State, if the accounting result after taxes is loss, according to the audited and approved financial statements by the Annual General Meeting of Shareholders.

-The amount of the directly enforceable claims is determined by multiplying the abovementioned deferred tax asset with a ratio that represents the accounting loss after tax of the period as a percentage of total equity as shown in the annual financial statements, excluding the accounting loss for the period, based on the following calculation: [(Deferred Tax Claim=eligible accumulated Deferred Tax Asset x (net loss of the year/equity excl. net loss of the year)].

-This claim arises at the time that the financial statements are approved and is set off against the relevant income tax. When the amount of income tax is not sufficient to cover the tax credit, then, a tax receivable is created. In addition, a special reserve equal to 110% of the above tax credit is recorded as well as (free) offer warrant to the State that will result from the capitalization of the abovementioned reserve. These securities are freely transferable and within reasonable period from the date of issue, the shareholders have a call option right based on the proportions of their participation in the share capital at the time of issue of the securities.

-Abovementioned regulations refer to tax claims arising from the tax year 2016 onwards and relate to the fiscal year 2015 onwards.

The Extraordinary General Meeting of the Bank's Shareholders, held on December 19th 2014, resolved the following (a) approved the Bank's opting into the special regime enacted by article 27A of the Law 4172/2013, as in force, regarding the voluntary conversion of deferred tax assets arising from temporary differences into final and settled claims against the Greek State through the creation of a special reserve and the free issuance and allocation to the Greek State of securities (conversion rights) representing the right to acquire ordinary shares, and (b) authorized the Board of Directors of the Bank to proceed with all actions required for the implementation of the provisions of article 27A of Law 4172/2013.

As at 31/12/2014, deferred tax assets of the Group meeting the provisions of Law, rise up to € 3.6 bn, of which € 1.3 bn regards the remaining unamortized amount of debit difference from the participation on the Private Sector Involvement program PSI and € 2.3 bn regards accumulated provisions for loan impairments.

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:

	2014	2013
Results before tax	(3,047,098)	1,747,712
Tax calculated	792,246	(454,405)
Income not subject to tax (corresponding tax)	6,936	1,005,584
Non deductible expenses and provisions (corresponding tax)	(214,332)	(125,940)
Effect of different tax rates applied abroad	849	1,191
Impact on deferred tax from the future legally approved change of tax rate	1,870	523,879
Effect of results of investment in associates	1,305	(6,646)
Utilisation of previously unrecognised tax losses	490,765	-
Effect of deferred tax that is estimated not to be offset	(11,010)	(171,390)
Provisions for tax differences	(374)	(3,737)
Income Tax	**1,068,254**	**768,535**

Audit Tax Certificate

For the Group companies operating in Greece, upon completion of the tax audit for the fiscal year 2013, the statutory auditor or audit firm has issued to the entity a "Tax Compliance Report", which was subsequently submitted electronically to the Ministry of Finance. The Ministry of Finance has subsequently the right to select a sample of companies for tax auditing by its relevant auditors. The audit of the sample of companies 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.

For the fiscal years 2014 and 2015, 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 Article 65 A of L.4174/2013. 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. The issuance of the relevant Decision of the General Secretariat of Public Revenue in cooperation with the Accounting and Auditing Oversight Board for the determination of the time and the procedure of said certificate is still pending.

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 of 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, Piraeus Bank has received a Tax Compliance report with an emphasis of matters on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other countries members of the European Union, according to which the abovementioned transactions are not subject to tax. For the fiscal year of 2014, the tax audit is being performed by PricewaterhouseCoopers S.A. 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 2013 has been completed and the relevant Tax Compliance Reports have been issued.

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

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.

Amounts in thousand euros (Unless otherwise stated)

16 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	1/1-31/12/2014	1/1-31/12/2013
Profit/(loss) attributable to ordinary shareholders of the parent entity from continuing activities	(1,971,940)	2,532,176
Weighted average number of ordinary shares in issue	5,851,371,432	2,838,029,800
Basic and diluted earnings/(losses) per share (in €) from continuing operations	(0.3370)	0.8922

Basic and diluted earnings/ (losses) per share from discontinued operations	1/1-31/12/2014	1/1-31/12/2013
Profit/(loss) attributable to ordinary shareholders of the parent entity from discontinued activities	6,853	29,913
Weighted average number of ordinary shares in issue	5,851,371,432	2,838,029,800
Basic and diluted earnings/(losses) per share (in €) from discontinued operations	0.0012	0.0105

According to the requirements of IAS 33, the weighted average number of shares for the comparative year 2013 has been adjusted by 1.0297 factor, in order to adjust earnings/(losses) per share for the discount price of the rights issue of the share capital increase that took place in April 2014.

17 Analysis of other comprehensive income

A. Continuing operations

1/1-31/12/2014	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(204,793)	53,443	(151,350)
Change in currency translation reserve	362	-	362
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(41,068)	71	(40,997)
Other comprehensive income from continuing operations	**(245,500)**	**53,514**	**(191,986)**

1/1-31/12/2013	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	74,485	(22,070)	52,415
Change in currency translation reserve	16,668	-	16,668
Amounts that cannot 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**

Amounts in thousand euros (Unless otherwise stated)

B. Discontinued operations

1/1-31/12/2014	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	2,088	(1,598)	490
Change in currency translation reserve	192	-	192
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	-	0
Other comprehensive income from discontinued operations	**2,280**	**(1,598)**	**683**

1/1-31/12/2013	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	8,877	-	8,877
Change in currency translation reserve	(113)	-	(113)
Amounts that cannot 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**

18 Cash and balances with central banks

	31 December 2014	31 December 2013
Cash in hand	757,102	765,839
Nostros and sight accounts with other banks	331,838	416,691
Balances with Central Banks	1,107,012	246,221
Cheques clearing system - central banks	185,832	164,645
Included in cash and cash equivalents less than 90 days (Note 45)	**2,381,784**	**1,593,396**
Blocked deposits	1,028,484	873,743
Mandatory reserves with central banks	427,274	407,633
Total	**3,837,541**	**2,874,771**

Mandatory reserves with the Central Banks and blocked deposits are not available for daily banking operations by the Group. The amount of blocked deposits mainly contains guarantees granted to credit institutions. The interest rates for nostros and sight accounts are floating.

19 Loans and advances to credit institutions

	31 December 2014	31 December 2013
Placements with banks	168,067	199,750
Cheques receivables	6	156
Reverse repurchase agreements	94,226	85,279
Included in cash and cash equivalents less than 90 days (Note 45)	**262,298**	**285,186**
Placements with banks	34,810	1,578
Reverse repurchase agreements	-	6,271
Loans and advances to credit institutions over 90 days	**34,810**	**7,849**
Total loans and advances to credit institutions	**297,109**	**293,035**

	31 December 2014	31 December 2013
Current loans and advances to credit institutions (up to 1 year)	242,888	292,161
Non current loans and advances to credit institutions (more than 1 year)	54,221	874
	297,109	**293,035**

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

Amounts in thousand euros (Unless otherwise stated)

20 Derivative financial instruments

Derivative financial instruments held by the group include currency forwards, interest rate futures, interest rate or/and currency swaps, call /put options on interest 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 2014	Notional amounts	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Futures	70,000	-	-
Interest rate swaps	3,050,173	478,453	497,181
Currency swaps	1,074,771	691	4,827
FX forwards	145,415	770	378
Options and other derivative instruments	968,923	1,195	647
Cross Currency Interest Rate Swaps	3,145,012	9,309	40,992
		490,420	**544,026**
Embedded equity derivatives			
Customer deposits/ loans linked to options	-	21	-
Other embedded equity derivatives	161,836	18,488	-
Total recognised derivative assets/ liabilities		**508,928**	**544,026**

At 31 December 2014	Fair values	
	Assets	Liabilities
Current	3,021	6,734
Non-current	505,907	537,292
	508,928	**544,026**

At 31 December 2013	Notional amounts	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Futures	652,963	-	-
Interest rate swaps	4,542,489	233,761	235,967
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	87,407	89,479
		324,987	**329,597**
Embedded equity derivatives			
Customer deposits/ loans linked to options	15,321	45	21
Total recognised derivative assets/ liabilities		**325,032**	**329,618**

At 31 December 2013	Fair values	
	Assets	Liabilities
Current	7,023	7,444
Non-current	318,009	322,174
	325,032	**329,618**

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)

21 Financial assets at fair value through profit or loss

	31 December 2014	31 December 2013
Foreign government bonds	2,630	3,403
Greek government treasury bills	-	4,164
Foreign government treasury bills	13,498	-
Included in cash and cash equivalents less than 90 days (note 45)	**16,129**	**7,567**
Greek government bonds	110,151	20,888
Foreign government bonds	171,953	159,680
Corporate entities bonds	23	-
Greek government treasury bills	-	1,196
Total over 90 days	**282,127**	**181,763**
Athens stock exchange listed shares	915	6,989
Foreign stock exchanges listed shares	8	5
Mutual funds	384	606
Total	**1,307**	**7,599**
Total trading securities (A)	**299,562**	**196,930**
Other financial assets at fair value through profit or loss (B)	**0**	**17,183**
Total (A) + (B)	**299,562**	**214,113**

From the above mentioned trading securities as at 31/12/2014, amount of € 296 million relates to fixed income securities (2013: € 172 million), amount of € 1 million relates to floating rate securities (2013: € 12 million) and amount of € 2 million relates to zero coupon bonds (2013: € 5 million). Securities pledged are presented in note 41.

22 Reverse repos with customers

	31 December 2014	31 December 2013
Reverse repos with customers - individuals	57,725	7,124
Reverse repos with customers - corporate entities	6,574	-
Total reverse repos with customers	**64,299**	**7,124**

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.

23 Loans and advances to customers

	31 December 2014	31 December 2013
Mortgages	16,983,421	17,657,558
Consumer/ personal and other loans	4,815,884	5,102,862
Credit cards	1,139,086	1,248,952
Loans to individuals	**22,938,392**	**24,009,372**
Loans to corporate entities and Public sector	**42,035,727**	**44,065,175**
Total loans and advances to customers (before allowance for losses)	**64,974,118**	**68,074,546**
Less: Allowance for impairment on loans and advances to customers	(7,831,096)	(5,708,773)
Total loans and advances to customers (net of provisions)	**57,143,022**	**62,365,774**

Amounts in thousand euros (Unless otherwise stated)

	31 December 2014	31 December 2013
Current loans and advances to customers (up to 1 year)	16,035,711	30,010,958
Non current loans and advances to customers (more than 1 year)	41,107,311	32,354,816
	57,143,022	**62,365,774**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 3,857 million (2013: € 4,982 million) and floating rate loans amount to € 69,127 million (2013: € 63,093 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

It is also noted that the allowance for impairment of loans of the Group of former ATEbank, Geniki Bank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank SA and Geniki Bank SA at their acquisition date by Piraeus Group, has decreased the gross balance of loans in the tables above, as under IFRS 3 it has been included in the adjustment of loans to fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the provision.

Amounts in thousand euros (Unless otherwise stated)

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

	Mortgages	Consumer/ personal and other loans	Credit cards	**Total loans to individuals**	**Loans to corporate entities and Public sector**	**Total**
Opening balance at 1/1/2013	**190,168**	**789,796**	**190,795**	**1,170,760**	**2,662,204**	**3,832,963**
Charge for the year	126,667	321,865	126,896	**575,428**	1,641,927	**2,217,355**
Loans 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)**	(45,731)	**(59,010)**
Balance at 31/12/2013	**308,904**	**1,033,401**	**273,677**	**1,615,982**	**4,092,791**	**5,708,773**
Opening balance at 1/1/2014	**308,904**	**1,033,401**	**273,677**	**1,615,982**	**4,092,791**	**5,708,773**
Charge for the year	522,222	218,786	34,533	**775,542**	2,981,328	**3,756,870**
Loans written-off	(22,403)	(236,556)	(37,188)	**(296,147)**	(824,001)	**(1,120,148)**
Foreign exchange differences and other movements	(64,550)	(53,913)	(8,796)	**(127,259)**	(387,139)	**(514,398)**
Balance at 31/12/2014	**744,173**	**961,718**	**262,226**	**1,968,117**	**5,862,979**	**7,831,096**

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	31 December 2014	31 December 2013
Up to 1 year	699,335	670,947
From 1 to 5 years	605,164	522,918
More than 5 years	1,770,823	1,748,595
	3,075,322	**2,942,460**
Unearned future finance income	(472,342)	(253,224)
Net investments in finance leases	**2,602,980**	**2,689,236**

Net investments in finance leases are analysed as follows:

Net investments in finance leases	31 December 2014	31 December 2013
Up to 1 year	654,005	630,160
From 1 to 5 years	478,093	424,658
More than 5 years	1,470,882	1,634,418
	2,602,980	**2,689,236**

24 Available for sale securities

a) Available for sale portfolio

	31 December 2014	31 December 2013
Greek government bonds	310,799	38,636
Foreign government bonds	272,335	320,091
Corporate entities bonds	782	41,608
Bank bonds	228	1,162
Greek government treasury bills	1,526,530	381,825
Foreign government treasury bills	102,521	111,916
Total bonds and other fixed income securities (A)	**2,213,195**	**895,238**
Athens stock exchange listed shares	49,530	196,461
Foreign stock exchange listed shares	24,938	26,162
Unlisted shares	166,205	150,813
Mutual funds	49,495	56,808
Other variable income securities	30,223	52,268
Total shares and other variable income securities (B)	**320,392**	**482,512**
Total available for sale securities (A) + (B)	**2,533,587**	**1,377,750**

As at 31/12/2014, amount of € 755 million relates to investment portfolio bonds and treasury bills with fixed rates (2013: € 465 million), amount of € 1 million relates to floating rate bonds (2013: € 39 million) and amount of € 1,457 million relates to zero coupon bonds (2013: € 391 million).

Amounts in thousand euros (Unless otherwise stated)

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

	31 December 2014	31 December 2013
Opening balance	1,377,750	4,836,474
Opening balance of new companies and banking operations acquired	-	41,202
Disposal of Subsidiaries	-	(10,781)
Additions	7,162,184	8,403,753
Disposals/ maturities	(5,795,169)	(11,916,235)
Changes in fair value	(171,388)	120,158
Transfers to associates (note 26)	(31,667)	(56,472)
Transfers to subsidiaries	-	(175)
Impairment charge	(10,042)	(31,755)
Foreign exchange differences	1,919	(8,419)
Closing balance	**2,533,587**	**1,377,750**

b) Held to maturity portfolio

Held to maturity	31 December 2014	31 December 2013
Foreign government bonds	27,073	52,740
Corporate entities bonds	106	5,301
Total held to maturity	**27,180**	**58,041**

As at 31/12/2014, held to maturity securities relates to fixed rates with an amount of € 20 million (2013: € 51 million) and to floating rates with an amount of € 7 million (2013: € 7 million).

Movement of the held to maturity securities	31 December 2014	31 December 2013
Opening balance	58,041	74,006
Opening balance of new companies and banking operations acquired	-	1,457
Additions	101	342
Sale/maturity of securities	(31,303)	(16,699)
Subsidiaries sold	-	(327)
Foreign exchange differences	341	(739)
Closing balance	**27,180**	**58,041**

During 2014, “Sale/Maturity of securities” mainly includes securities sales of Group's subsidiaries. These sales meet IAS 39 rules and there is no need to apply the tainting provisions. During 2013, the relevant account includes mainly maturity of securities.

	31 December 2014	31 December 2013
Current investments securities (up to 1 year)	1,765,456	702,481
Non current investments securities (more than 1 year)	474,918	250,798
Total of investments securities	**2,240,375**	**953,279**

Amounts in thousand euros (Unless otherwise stated)

25 Debt securities - receivables

	31 December 2014	31 December 2013
Corporate entities debt securities - receivables	5,152	4,535
Bank debt securities - receivables	23,846	23,846
Greek government bonds debt securities - receivables	-	1,272,203
Foreign government bonds debt securities - receivables and EFSF bonds	14,395,269	14,351,482
Total debt securities - receivables	**14,424,266**	**15,652,066**
Less: Allowance for impairment on debt securities - receivables	(23,846)	(23,846)
Debt securities - receivables (less allowances for losses)	**14,400,421**	**15,628,221**

	31 December 2014	31 December 2013
Current debt securities - receivables (up to 1 year)	126,486	1,330,940
Non current debt securities - receivables (more than 1 year)	14,273,935	14,297,281
	14,400,421	**15,628,221**

The decrease of the debt securities-receivables issued by the Hellenic Republic during the year 2014, is mainly due: (a) to the full redemption by the Bank of the total preference shares (Pillar I L.3723/2008) in the amount of amount € 750 million, issued to the Hellenic Republic by the Bank, in exchange for the debt securities of the Hellenic Republic, which were initially transferred to Piraeus Bank in order to cover the issuance of the preference shares, and (b) due to the expiration of a bond of the Hellenic Republic with a nominal value of € 462 million.

Amounts in thousand euros (Unless otherwise stated)

26 Investments in subsidiaries and associate companies

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

A) Subsidiaries companies (full consolidation method) from continuing operations

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
1.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania	2012-2014
2.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2014
3.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2013-2014
4.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2014
5.	Piraeus Bank Egypt S.A.E.	Banking activities	98.49%	Egypt	2005-2014
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2011-2014
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus	2007-2014
8.	Piraeus Leasing Romania S.R.L.	Finance leases	100.00%	Romania	2003-2014
9.	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2012-2014
10.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2010,2012-2014
11.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom	-
12.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria	2008-2014
13.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom	2014
14.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010,2012-2014
15.	Picar S.A.	City Link areas management	100.00%	Greece	2010,2012-2014
16.	Bulfina S.A.	Property management	100.00%	Bulgaria	2008-2014
17.	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece	2010,2012-2014
18.	Pireaus Direct Services S.A.	Call center services	100.00%	Greece	2010,2012-2014
19.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010,2012-2014
20.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2012-2014
21.	ND Development S.A.	Property management	100.00%	Greece	2010,2012-2014
22.	Property Horizon S.A.	Property management	100.00%	Greece	2010,2012-2014
23.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece	2010,2012-2014
24.	Piraeus Development S.A.	Property management	100.00%	Greece	2010,2012-2014
25.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010,2012-2014
26.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2014

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
27.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
28.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.89%	Cyprus	2006-2014
29.	Lakkos Mikelli Real Estate LTD	Property management	50.66%	Cyprus	2009-2014
30.	Philoktimatiki Public LTD	Land and property development	53.31%	Cyprus	2009-2014
31.	Philoktimatiki Ergoliptiki LTD	Construction company	53.31%	Cyprus	2008-2014
32.	IMITHEA S.A.(former New Evolution S.A.)	Organization, operation and management of hospital units	100.00%	Greece	2010,2012-2014
33.	EMF Investors Limited	Investment company	100.00%	Cyprus	2008-2014
34.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2012-2014
35.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2008-2010, 2012-2014
36.	Sunholdings Properties Company LTD	Land and property development	26.66%	Cyprus	2008-2014
37.	Polytropon Properties Limited	Land and property development	39.98%	Cyprus	2008-2014
38.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
39.	Vitria Investments S.A.	Investment company	100.00%	Panama	-
40.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2014
41.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
42.	Piraeus Egypt Leasing Co.	Finance leases	98.46%	Egypt	2007-2014
43.	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and reinsurance brokerage	100.00%	Romania	2009-2014
44.	Piraeus Real Estate Consultants S.R.L.	Construction company	100.00%	Romania	2007-2014
45.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2007-2010, 2012-2014
46.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2014
47.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases- Rent-a-Car and long term rental of vehicles	94.00%	Greece	2009-2010, 2012-2014
48.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2014
49.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
50.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2014
51.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2014
52.	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2007-2014
53.	Piraeus Bank Egypt Investment Company	Investment company	98.47%	Egypt	2007-2014
54.	Piraeus Insurance Agency S.A.	Insurance - agency	100.00%	Greece	2010,2012-2014
55.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010,2012-2014
56.	Integrated Services Systems Co.	Warehouse & mail distribution management	98.48%	Egypt	2004-2014
57.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
58.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
59.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
60.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
61.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
62.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
63.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	-
64.	R.E Anodus LTD	Consultancy services for real estate development and investments	100.00%	Cyprus	2009-2014
65.	Pleiades Estate S.A.	Property management	100.00%	Greece	2010,2012-2014
66.	Solum Limited Liability Company	Property management	99.00%	Ukraine	2009-2014
67.	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2014
68.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2014
69.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010,2012-2014
70.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus	2011-2014
71.	Piraeus Equity Advisors Ltd.	Investment advise	100.00%	Cyprus	2009-2014
72.	Achaia Clauss Estate S.A.	Property management	74.76%	Greece	2010,2012-2014
73.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2014
74.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
75.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
76.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2009-2014
77.	Curdart Holding Ltd	Holding company	100.00%	Cyprus	2009-2014
78.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2014
79.	Piraeus Clean Energy Holdings LTD	Holding Company	100.00%	Cyprus	2010-2014
80.	Visa Rent A Car S.A.	Rent A Car company	94.00%	Greece	2010, 2012-2014
81.	Adflikton Investments LTD	Property Management	100.00%	Cyprus	2009-2014
82.	Costpleo Investments LTD	Property Management	100.00%	Cyprus	2010-2014
83.	Cutsofiar Enterprises LTD	Property Management	100.00%	Cyprus	2010-2014
84.	Gravieron Company LTD	Property Management	100.00%	Cyprus	2008-2014
85.	Kaihur Investments LTD	Property Management	100.00%	Cyprus	2007-2014
86.	Pertanam Enterprises LTD	Property Management	100.00%	Cyprus	2007-2014
87.	Rockory Enterprises LTD	Property Management	100.00%	Cyprus	2010-2014
88.	Alarconaco Enterprises LTD	Property Management	100.00%	Cyprus	2011-2014
89.	Kosmopolis A' Shopping Centers S.A.	Shopping Center’s Management	100.00%	Greece	2010,2012-2014

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
90.	Parking Kosmopolis S.A.	Parking Management	100.00%	Greece	2010,2012-2014
91.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011-2014
92.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2014
93.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	83.00%	Greece	2013-2014
94.	Asset Management Bulgaria EOOD	Travel - rental services and property management	100.00%	Bulgaria	2012-2014
95.	Arigeo Energy Holdings Ltd	Holding Company in Renewable Energy	100.00%	Cyprus	2012-2014
96.	Proiect Season Residence SRL	Real Estate Development	100.00%	Romania	2012-2014
97.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of Venture Capital Fund	100.00%	Greece	2013-2014
98.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	80.00%	Greece	2013-2014
99.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
100.	Geniki Financial & Consulting Services S.A.	Financial & Consulting Services	100.00%	Greece	2010-2014
101.	Geniki Insurance Agency S.A.	Insurance Agency	100.00%	Greece	2010-2014
102.	Geniki Information S.A.	Assessment and collection of commercial debts	100.00%	Greece	2010-2014
103.	Solum Enterprise LLC	Property management	99.00%	Ukraine	2012-2014
104.	General Business Management Investitii S.R.L.	Development of Building Projects	100.00%	Romania	2013-2014
105.	Centre of Sustainable Entrepreneurship Excelixi S.A. (former ATExcelixi S.A.)	Consulting Services - Hotel - Training & Seminars	100.00%	Greece	2010,2012-2014
106.	Piraeus Bank (Cyprus) Nominees Limited	Defunct	100.00%	Cyprus	2012-2014
107.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010,2012-2014
108.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece	2010,2012-2014
109.	Geniki Special Business Services S.A. (former Geniki Asset Management A.E.D.A.K.)	Advising, consultancy, organizational and training services	100.00%	Greece	2010,2012-2014
110.	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom	-
111.	Kion Mortgage Finance No.3 Plc	SPE for securitization of mortgage loans	-	United Kingdom	-
112.	Kion CLO Finance No.1 Plc	SPE for securitization of mortgage loans	-	United Kingdom	-
113.	Re Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus	2013-2014
114.	Sinitem Llc	Sale and Purchase of Real Estate	99.00%	Ukraine	2013-2014
115.	Beta Asset Management Eood	Rent and Management of Real Estate	99.98%	Bulgaria	2013-2014
116.	Linklife Food & Entertainment Hall S.A.	Operation of Food and Entertainment Halls	100.00%	Greece	2014
117.	R.E. Anodus SRL	Real Estate Development	99.09%	Romania	2013-2014
118.	Entropia Ktimatiki S.A.	Property Management	66.70%	Greece	2010-2014
119.	Tellurion Ltd	Holding Company	100.00%	Cyprus	2013-2014
120.	Tellurion Two Ltd	Holding Company	99.09%	Cyprus	2013-2014
121.	Akinita Ukraine LLC (ex Akinita LTD LLC)	Real estate development	99.09%	Ukraine	2014

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
122.	Daphne Real Estate Consultancy SRL	Real estate development	99.09%	Romania	2014
123.	Rhesus Development Projects SRL	Real estate development	99.09%	Romania	2014
124.	Varna Asset Management EOOD	Real estate development	99.98%	Bulgaria	2014
125.	Piraeus Real Estate Tirana Sh.P.K.	Real estate development	100.00%	Albania	2014
126.	Priam Business Consultancy SRL	Real estate development	99.18%	Romania	2014
127.	Marathon 1 Greenvale Rd LLC	Real estate development	99.95%	U.S.A.	2012-2014
128.	Holding Spectacles S.A.	Holding Company	100.00%	Greece	2011-2014
129.	Cielo Concultancy Sh.p.k.	Holding and Investment Company	99.09%	Albania	2014
130.	Edificio Enterprise Sh.p.k.	Holding and Investment Company	99.09%	Albania	2014
131.	Tierra Projects Sh.p.k.	Holding and Investment Company	99.09%	Albania	2014

Companies numbered 27, 49, 57-62 and 110 - 112 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 36 and 37 although presenting less than 50% holding percentage, are included in the Group's subsidiaries' portfolio due to existence of control.

Also, as at 31/12/2014 the companies numbered 26, 38, 39, 46, 111 - 112 and 128 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) "ELSYP S.A.", d) "Blue Wings Ltd", e) "Piraeus Bank's Congress Centre", f) "Piraeus Bank Group Cultural Foundation", g) "Procas Holding Ltd", h) "Phoebe Investments SRL", i) "Core investments Project SRL", j) "Amaryllis Investments Consultancy SRL", k) "ETVA Fund Management S.A.", l) "ETVA Development S.A.", m) "Torborg Maritime Inc.", n) "Isham Marine Corp.", o) "Cybele Management Company", p) "Alegre Shipping Ltd", q) "Maximus Chartering Co.", r) "Lantana Navigation Corp.", s) "Bayamo Shipping Co.", t) "Pallas Shipping SA", u) "Sybil Navigation Co.", and v) "Zephyros Marine INC". The companies numbered (a)-(c) are fully depreciated, under liquidation status. The company numbered (d) is under idle status. The companies numbered (g)-(l) have not started operating yet. The companies numbered (m),(n) and (s)-(v) have been inactivated and will be set under dissolution. The companies numbered (o)-(r) have been dissolved. The consolidation of the above mentioned companies does not affect the financial position and result of the Group.

Changes in the interest in subsidiary companies that did not result in loss of control

The effect of the change in the ownership interest in subsidiary companies, which did not result in loss of control during the financial years 2014 and 2013, is presented in the following tables:

31/12/2014	Carrying value of acquired third party interests	Consideration paid	Equity attributable to the shareholders of the Bank
PIRAEUS BANK EGYPT S.A.E.	118	(278)	(161)
GENIKI BANK S.A.	281	(301)	(20)

31/12/2013	Carrying value of acquired third party interests	Consideration paid	Equity attributable to the shareholders of the Bank
TIRANA BANK I.B.C. S.A.	416	(293)	123
OLYMPIC COMMERCIAL & TOURIST ENTERPRISES S.A.	(868)	886	19
PIRAEUS WEALTH MANAGEMENT A.E.P.E.Y.	1,292	(1,000)	292
ATE BANK ROMANIA S.A.	(5,462)	-	(5,462)
GENIKI BANK S.A.	3,208	(796)	2,413

Line “Acquisitions, disposals, absorptions, liquidation and movement in participating interest» of the Consolidated Statement of Changes in Equity, includes the equity attributable to the shareholders of the Bank, as mentioned in the previous tables.

Consequences of loss of control of a subsidiary company due to disposal

The most significant cases of loss of control of subsidiary companies due to disposal, in the financial years 2014 and 2013, are the following:

1/1/2014 - 31/12/2014	Consideration	Group’s gain from the disposal
PIRAEUS INSURANCE BROKERAGE – EGYPT S.A.E.	-	29

1/1/2013 - 31/12/2013	Consideration	Group’s gain from the disposal
PIRAEUS - EGYPT ASSET MANAGEMENT CO.	435	194
ORION ENERGY PHOTOVOLTAICS S.A.	6,014	1,206
ASTRAIOS ENERGY PHOTOVOLTAICS S.A.	7,287	1,571
ATE BANK ROMANIA S.A.	10,086	2,314

The gains from the sale of ownership interests that resulted in loss of control are recognized in the line “Results from investment securities” of the Consolidated Income Statement.

No gain or loss resulted after measuring the investment retained at fair value at the date of loss of control.

Significant restrictions of subsidiary companies

With respect to the domestic subsidiaries of Piraeus Bank Group, except for the restrictions imposed by the regulatory framework in which the Group's subsidiary companies operate, no other significant legal, contractual, or regulatory restrictions are imposed regarding the transfer of cash in the form of dividends, the transfer of funds, and so on, as well as the repayment of loans that have been issued within the Group.

The subsidiary company ATE Insurance S.A. constitutes an exception to the above, due to that the company is being held for sale on 31/12/2014. For ATE Insurance S.A., in accordance with the sale agreement, there are restrictions in place for dividend or capital distributions to the shareholder and for the transfer of assets within the Group.

With respect to foreign bank subsidiaries, there are significant restrictions in all types of placements to the Group in the form of specific indexes or limits that must be fulfilled. Moreover, the early repayment of subordinated loans requires the prior approval of each local Central Bank. The total consolidated assets and liabilities of the foreign bank subsidiaries on 31/12/2014 were € 6.2 billion (31/12/2013: € 6.2 billion) and € 5.5 billion (31/12/2013: € 4.9 billion) respectively.

In general, there are no restrictions in the distribution of dividends from foreign subsidiary companies or in the repayment of their loans that have been granted by another company of the Group, even before their maturity. As an exception, there are restrictions until 3/6/2015, in the transfer of funds or the early repayment of loans of subsidiary companies of the Group in Ukraine (except for Banks) that have been granted by non-resident companies, as required by a resolution of the Central Bank of Ukraine.

Significant non-controlling interests

There are significant non-controlling interests in the subsidiary companies ETVA Industrial Parks S.A. and Lakkos Mikelli Real Estate LTD. The ownership interest of non-controlling investors in these companies is equivalent to the respective percentage of voting rights. The percentage of non-controlling interests and the respective carrying value on 31/12/2014, as well as the profit or loss attributed to non-controlling interests for the financial year 2014 and the comparative year 2013 for the above mentioned subsidiary companies, are the following:

Company name	% non-controlling interests		Carrying value of non-controlling interests		Losses attributed to non-controlling interests	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	2014	2013
ETVA Industrial Parks S.A.	35.00%	35.00%	75,969	77,879	(1,827)	(427)
Lakkos Mikelli Real Estate LTD	49.34%	49.34%	31,700	34,830	(3,012)	(2,234)

The table that follows presents the consolidated financial data (before the elimination of intercompany transactions) of the subsidiary companies mentioned above:

Condensed total comprehensive income	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate LTD	
	2014	2013	2014	2013
Profit/ (loss) after tax for the year	(5,220)	(1,420)	(6,106)	(4,529)
Other comprehensive income, net of tax	(13)	4	-	-
Total comprehensive income for the year, net of tax	**(5,233)**	**(1,416)**	**(6,106)**	**(4,529)**

Condensed financial position	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate LTD	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Current assets	88,482	79,653	5,737	5,895
Non current assets	146,591	161,218	71,629	78,776
Total Assets	**235,074**	**240,871**	**77,366**	**84,671**
Current liabilities	1,498	1,747	2,653	2,721
Non current assets	16,521	16,813	6,606	7,500
Total liabilities	**18,019**	**18,560**	**9,259**	**10,220**

Condensed cash flow statement	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate LTD	
	2014	2013	2014	2013
Net cash inflow/ (outflow) from operating activities	494	(6,253)	(98)	355
Net cash inflow/ (outflow) from investing activities	(93)	12,845	-	-
Net cash inflow/ (outflow) from financing activities	-	-	(238)	-
Net increase/ (decrease) in cash and cash equivalents	**400**	**6,592**	**(337)**	**355**
Cash and cash equivalents at the beginning of the year	**68,469**	**61,878**	**355**	**-**
Cash and cash equivalents at the end of the year	**68,870**	**68,469**	**18**	**355**

The subsidiary company Lakkos Mikelli Real Estate LTD within the financial year 2014 distributed dividends to non-controlling investors of € 0.1 million, whereas the respective figure amounted to € 1.3 million in the financial year 2013.

Consolidated structured entities

The Group controls and as a result consolidates seven structured entities, which were established in order to perform securitization transactions for mortgage, corporate and consumer loans.

These special purpose entities were established in order to assist in the liquidity enhancement of the Group. The Group possesses the securitizations of AXIA I, AXIA III, PRAXIS I and PRAXIS II, while the securitizations of ESTIA I, ESTIA II and KION have been sold to investors with the Group possessing a part of them.

The securitization of KION was obtained as part of the acquisition of Millenium Bank and the Group continues servicing it.

Depending on the criteria that should be satisfied by each securitized loan portfolio, the Group takes the necessary actions arising from its contractual responsibilities. Such actions may consist of loan replacements or even the inclusion of new loans if deemed necessary.

It is the intention of the Group to continue this practice, in order for securitizations to continue serving as tools of enhancing liquidity.

The following table presents the carrying value of bonds held by the Group that were issued by securitization companies:

Company name	Carrying value of held bonds	
	31/12/2014	31/12/2013
AXIA I FINANCE PLC	1,751,941	1,752,453
AXIA III FINANCE PLC	2,352,370	2,352,534
PRAXIS I FINANCE PLC	407,258	502,330
PRAXIS II FINANCE PLC	370,052	370,088
ESTIA I MORTGAGE FINANCE PLC	106,072	124,657
ESTIA II MORTGAGE FINANCE PLC	678,894	693,166
KION MORTGAGE FINANCE PLC	51,326	23,678
	5,717,913	**5,818,906**

Interests in unconsolidated structured entities

As of 31/12/2014, the Group has investments in mutual funds that are managed by its 100% subsidiary company “Piraeus Asset management AEDAK”. The management of mutual funds is performed on behalf of the unit holders and as a result the Group has no control. The mutual funds comply with the definition of structured entities.

The Group does not guarantee the returns of the mutual funds and is under no obligation to finance them. Therefore, the Group’s maximum exposure to risk is limited to the carrying value of the mutual funds as at 31/12/2014 amounting to € 16.7 million.

The Group also participates in other investment funds, that does not manage. The carrying value of these investment funds as at 31/12/2014 amounted to approximately € 36.2 million, which constitutes the Group’s maximum exposure to losses from these investment funds.

In the context of contractual commitments arising from the ownership interest in the previously mentioned investment funds, the Group, if so requested, is responsible for settling a residual amount of approximately € 1.1 million resulting from the initial binding agreement. Apart from this commitment, no other significant commitments may arise.

At the reporting date of the financial statements, it is evaluated whether the Group controls mutual or investment funds, in accordance with the requirements of IFRS 10.

Amounts in thousand euros (Unless otherwise stated)

In the following table, the mutual funds and their total assets are presented as of 31/12/2014:

Mutual Funds	Total Assets 31/12/2014
Piraeus Institutional Domestic Equity Fund	449
Piraeus Insurance Portfolios Balanced Fund	635
Piraeus Equity Fund of Funds	13,893
Piraeus Bond Fund of Funds	33,780
Piraeus Domestic Equity Fund	61,909
Piraeus US Equity Fund	14,868
Piraeus International Balanced Fund of Funds	32,918
	158,452

B) Associate companies (equity accounting method) from continuing operations

s/n	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	2010-2014
2.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2014
3.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2014
4.	Alexandria for Development & Investment	Investment company	21.67%	Egypt	2008-2014
5.	Nile Shoes Company	Footwear seller- manufacturer	38.74%	Egypt	2003-2014
6.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding Company	27.80%	Greece	2010,2012-2014
7.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	27.80%	Greece	2010,2012-2014
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	2012-2014
10.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece	2010,2012-2014
11.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010,2012-2014
12.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece	2010,2012-2014
13.	Euroterra S.A.	Property management	39.22%	Greece	2010-2014
14.	Rebikat S.A.	Property management	40.00%	Greece	2010-2014
15.	Abies S.A.	Property management	40.00%	Greece	2010-2014
16.	ACT Services S.A.	Accounting and tax consulting	49.00%	Greece	2012-2014
17.	Exus S.A.	Information technology & software	49.90%	Greece	2010,2012-2014
18.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	50.01%	Greece	-
19.	AIK Banka	Banking activities	20.86%	Serbia	2013-2014
20.	Teiresias S.A.	Inter banking company. Development, operation and management of information systems	23.53%	Greece	2010,2012-2014
21.	PJ Tech Catalyst Fund	Close end Venture capital fund	30.00%	Greece	-

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
22.	Pyrrichos S.A.	Property management	50.77%	Greece	2010,2012-2014
23.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	23.42%	Greece	2007-2014
24.	Euroak S.A. Real Estate	Real Estate Investment	32.81%	Greece	2010-2014
25.	Gaia S.A.	Software services	30.00%	Greece	2014
26.	Olganos S.A.	Property management/Electricity Production from Hydropower Stations	32.27%	Greece	2014
27.	Exus Software Ltd.	IT products Retailer	49.90%	United Kingdom	2013-2014
28.	Marfin Investment Group Holding S.A.	Holding Company	17.78%	Greece	2012-2014

During December 2014, the Bank confirmed its ability to acquire further ownership percentage in MIG, through the pledged shares. This ability confirms the Bank's significant influence on MIG Group and as a result, according to the IFRSs, this investment was transferred to the associate companies' portfolio and it was consolidated with the equity method. For accounting purposes, the initial cost of investment was estimated taking into account the share price as of 31/12/2014.

The company numbered 22 is included in the associate companies portfolio, due to the fact that Piraeus Bank Group exercises significant influence and not control.

The company numbered 18 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 22 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 47.

The associate company “Evrytania S.A. Agricultural Development Company" has been excluded from the consolidation under the equity method of accounting, since it is under idle status.

Interests in significant associate companies

The Group does not have ownership interests in associate companies, considered significant either due to their financial figures or due to potentially strategic importance.

Interests in non-significant associate companies

The total carrying value of interests in associates for the financial year 2014 amounts to approximately € 299 million (2013: € 305 million).

The following table presents in total the proportion of the Group in the after tax results and in total comprehensive income for the year, of its associate companies as at 31/12/2014 and 31/12/2013. The data is that reported by the associate companies for consolidation purposes, prepared in accordance with IFRSs and adjusted in order to comply with the accounting principles of the group.

Amounts in thousand euros (Unless otherwise stated)

Condensed financial information	31/12/2014	31/12/2013
Profits/ (Losses) after tax from continuing operations	5,021	(28,770)
Profits/ (Losses) after tax from discontinued operations	-	-
Other comprehensive income	4,401	3,117
Total comprehensive income	9,422	(25,653)

Other information for associate companies

The Group discontinues recognizing its share of further losses in associate companies, when its share of losses equals or exceeds its interest in the associate. The cumulative amount of unrecognized losses from associate companies on 31/12/2014 amounted to approximately € 2.8 million, of which approximately € 2.6 million occurred in the financial year 2014.

There are no significant contingent liabilities that relate to the participation of the Group in associate companies.

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:

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
1.	ATE Insurance S.A.	Insurance	100.00%	Greece	2008-2010, 2012-2014
2.	ATE Insurance Romania S.A.	Insurance	99.47%	Romania	2007-2014

Piraeus Bank has reached an agreement on August 2014 for the sale of 100% of ATE Insurance S.A. to ERGO Insurance Group, a subsidiary of Munich Re. The total consideration amounts to approximately € 90 million in cash and is subject to customary net asset value adjustments upon closing. The transaction is subject to regulatory approvals and is expected to be completed within the first semester of 2015.

D) Movement on investment in associates

	31 December 2014	31 December 2013
Opening balance	304,966	301,696
Additions	1,291	24,532
Disposals	-	1,116
Return of capital due to share capital decrease	(1,023)	-
Share of profit/ (loss) after tax	5,021	(28,770)
Transfers from available for sale portfolio (note 24)	31,667	56,472
Transfer from subsidiaries portfolio	69	-
Tranfers to subsidiary companies	-	(9,950)
Share in dividends paid	(2,069)	(2,720)
Impairment	(42,553)	(35,457)
Foreign exchange differences and other adjustments	1,303	(1,952)
Closing balance	**298,672**	**304,966**

During 2014, the Group impaired by € 42.6 million the value of its associate AIK Banka, which operates in Serbia, taking into consideration the capitalization of the company. The above mentioned impairment is included in “Impairment of investment securities and participations”.

Amounts in thousand euros (Unless otherwise stated)

Basic Financial data of Associates

		31 December 2014				
Company	**Country**	**Participation**	**Profit/ (Loss) before tax**	**Total revenues**	**Total assets**	**Total liabilities**
Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Greece	30.45%	3	-	171	6
Evros' Development Company S.A.	Greece	30.00%	(9)	902	672	631
Project on Line S.A.	Greece	40.00%	(269)	780	102	900
Alexandria for Development & Investment	Egypt	21.67%	181	308	8,709	8,137
Nile Shoes Company	Egypt	38.74%	16	1,613	1,347	399
APE Commercial Property Real Estate Tourist and Development S.A.	Greece	27.80%	(2,274)	375	58,171	9
APE Fixed Assets Real Estate Tourist and Development S.A.	Greece	27.80%	(140)	5	68,499	2,900
Trieris Real Estate LTD	British Virgin Islands	22.94%	(1,478)	1,926	41,343	11,190
European Reliance Gen. Insurance Co. S.A.	Greece	30.23%	15,056	180,079	329,729	259,589
APE Investment Property S.A.	Greece	27.20%	-	4	149,476	149,476
Sciens International Investments & Holding S.A.	Greece	28.10%	(2,321)	2,732	232,414	123,751
Trastor Real Estate Investment Company	Greece	33.80%	(994)	4,366	81,523	8,736
Euroterra S.A.	Greece	39.22%	(389)	390	126,215	13,602
Rebikat S.A.	Greece	40.00%	(60)	8	8,920	165
Abies S.A.	Greece	40.00%	(31)	41	7,048	52
ACT Services S.A.	Greece	49.00%	259	2,553	1,226	631
Exus S.A.	Greece	49.90%	107	7,150	13,645	11,830
Piraeus - TANEO Capital Fund	Greece	50.01%	311	760	17,204	553
AIK Banka	Serbia	20.86%	*	*	*	*
Teiresias S.A.	Greece	23.53%	876	12,471	6,062	4,015
PJ Tech Catalyst Fund	Greece	30.00%	(375)	-	3,566	631
Pyrrichos S.A.	Greece	50.77%	(2,014)	177	14,304	18,075
Hellenic Seaways Maritime S.A.	Greece	23.42%	(18,840)	105,695	269,230	201,827
Euroak S.A. Real Estate	Greece	32.81%	(125)	584	17,119	11,643
Gaia S.A.	Greece	30.00%	2,257	42,350	5,701	3,031
Olganos S.A.	Greece	32.27%	(19)	-	10,085	10,004
Exus Software Ltd.	United Kingdom	49.90%	114	833	1,178	1,039
Marfin Investment Group Holding S.A.	Greece	17.78%	(185,374)	1,261,435	3,028,036	2,400,003

(*) At the date of approval of the Bank's consolidated financial statements, the listed associate company AIK Banka had not published its annual financial statements for the year 2014. Therefore, it was not necessary to report balances of the statement of financial position and profit or loss account for this company, as draft financial data were used in its consolidation under the equity method of accounting. According to stock market prices of 31/12/2014, the fair value of the Bank's shareholding to associate listed companies is as follows: European Reliance Gen. Insurance Co. S.A. € 11.6 million, Trastor Real Estate Investment Company € 18.6 million, AIK Banka € 30.2 million and Marfin Investment Group Holding S.A. € 31.7 million.

Amounts in thousand euros (Unless otherwise stated)

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%	13,515	170,800	300,093	242,407
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%	(511)	4,672	87,506	8,686
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.	Greece	49.00%	195	2,387	1,135	666
Exus 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%	11,090	136,311	1,329,369	880,200
Teiresias S.A.	Greece	23.53%	(1,759)	11,060	4,478	3,080
PJ Tech Catalyst Fund	Greece	30.00%	(94)	-	1,673	386
Pyrrichos S.A.	Greece	50.76%	(245)	177	15,955	18,231
Hellenic Seaways Maritime S.A.	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

Amounts in thousand euros (Unless otherwise stated)

27 Intangible assets

2014	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2014	52,824	461,518	105,467	619,809
Opening balance of acquired companies to banking operations	-	(41,834)	(11,985)	(53,819)
Opening balance of companies transferred to other portfolio	-	(680)	-	(680)
Additions	241	41,823	4,539	46,603
Transfers in category	-	15,667	1,794	17,461
Transfers out of category	-	(2)	-	(2)
Disposals	(6)	(2)	-	(8)
Write -offs	-	(186)	(455)	(641)
Impairment	(241)	-	-	(241)
Foreign exchange differences	0	721	(457)	264
Cost as at 31 December 2014	**52,818**	**477,024**	**98,903**	**628,745**
Accumulated depreciation	**Goodwill**	**Software**	**Other intangible**	**Total**
Opening balance as at 1 January 2014	0	(238,553)	(80,912)	(319,464)
Opening balance of acquired companies to banking operations	-	41,834	11,985	53,819
Opening balance of companies transferred to other portfolio	-	39	-	39
Charge for the year	-	(42,707)	(7,724)	(50,431)
Write -offs	-	186	455	641
Foreign exchange differences	-	(458)	182	(276)
Accumulated depreciation as at 31 December 2014	**0**	**(239,658)**	**(76,014)**	**(315,672)**
Net book value as at 31 December 2014	**52,818**	**237,366**	**22,889**	**313,073**

During 2014, the Group made transfers of an amount of € 17.5 million from "assets under construction" to intangible assets due to commencement of operational use.

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

2013	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2013	215,431	368,851	103,224	687,506
Opening balance of new subsidiaries at acquisition date	-	17,222	-	17,222
Completion of the purchase price allocation	(95,000)	-	-	(95,000)
Opening balance of liquidated subsidiaries	(51)	(14)	-	(65)
Additions	-	43,435	1,118	44,553
Transfers in category	-	37,946	1,545	39,491
Transfers out of category	-	(12)	-	(12)
Write -offs	-	(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**

Amounts in thousand euros (Unless otherwise stated)

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)	-	(99)
Opening balance of liquidated subsidiaries	-	14	-	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)**	**(319,464)**
Net book value as at 31 December 2013	**52,824**	**222,965**	**24,555**	**300,344**

28 Property, plant and equipment

2014	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2014	892,926	484,900	52,693	469,793	355,797	2,256,110
Opening balance of new subsidiaries	80,500	2,769	-	228	-	83,497
Opening balance of acquired companies to banking operations	(43,244)	(30,153)	-	(3,217)	(20,230)	(96,844)
Impairment	(15,064)	(48)	(3,700)	0	(160)	(18,973)
Additions	33,040	39,048	27,652	79,237	27,482	206,459
Transfers in category	4,528	1,964	276	4,645	324	11,736
Transfers out of category	(24,399)	(5,448)	(26,153)	(51,457)	(873)	(108,329)
Disposals	(3,691)	(19,050)	(742)	(50,798)	(4,738)	(79,019)
Write - offs	(1,433)	(15,824)	(579)	(1,700)	(56,582)	(76,118)
Foreign exchange differences	4,039	(3,456)	(1,215)	(170)	(469)	(1,271)
Cost as at 31 December 2014	**927,202**	**454,702**	**48,231**	**446,561**	**300,551**	**2,177,247**

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 2014	(121,750)	(355,784)	0	(194,420)	(167,757)	(839,712)
Opening balance of acquired companies to banking operations	43,244	30,153	-	3,217	20,230	96,844
Charge for the year	(17,113)	(30,481)	-	(50,880)	(23,416)	(121,889)
Transfers in category	(44)	(961)	-	(3,217)	(128)	(4,349)
Transfers out of category	3,650	4,684	-	35,122	263	43,718
Disposals	351	17,360	-	27,811	4,370	49,892
Write - offs	1,433	15,824	-	1,700	23,202	42,159
Foreign exchange differences	(7,936)	1,803	-	(894)	(942)	(7,969)
Accumulated depreciation as at 31 December 2014	**(98,165)**	**(317,403)**	**0**	**(181,560)**	**(144,178)**	**(741,306)**
Net book value as at 31 December 2014	**829,037**	**137,300**	**48,231**	**265,000**	**156,373**	**1,435,941**

Amounts in thousand euros (Unless otherwise stated)

In the financial year 2014, the Bank assigned to independent valuers the fair value evaluation of a sample of own use property. Based on that evaluation, the difference between the fair value and the carrying value of the aforementioned property, was recognized as impairment loss in the profit or loss statement of the year.

The above total depreciation charge for the year 2014 (€ 121.9 million) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises S.A. of € 48.7 million which is included in "Other operating income" of the Consolidated Income Statement. During 2014 the output of depreciation charged with an amount of € 33.4 million due to interruptions of Group's branches operations.

During 2014, the Group made a) transfers to “investment property” of € 23.2 million, b) transfers to “intangible assets” of € 17.5 million due to commencement of operational use, c) tranfers to “Inventories" of € 22.4 million ,d) transfers to "Assets held for sale" of amount € 0.15 million, e) tranfers from "Investment property" of € 4.9 million and f) transfers from Inventories of € 1.07 million.

2013	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 31 January 2013	786,819	433,851	118,748	462,171	314,052	2,115,641
Opening balance of liquidated subsidiaries	-	(9)	(18,645)	-	(2)	(18,656)
Opening balance of new subsidiaries at acquisition date	80,915	29,967	-	4,250	40,370	155,503
Completion of the purchase price allocation	5,477	-	-	-	-	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)	-	(121)	-	(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)	-	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)	-	-	(230)	(258)
Transfers out of category	3,039	-	-	36,533	8	39,580
Disposals	91	4,975	-	16,481	1,520	23,067
Write - offs	7	11,775	-	1,425	6,826	20,032
Sale of subsidiary	244	1,912	-	108	-	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**

Amounts in thousand euros (Unless otherwise stated)

29 Investment property

	31 December 2014	31 December 2013
Opening balance	902,860	1,078,513
Opening balance of new companies/ acquired activities	2,454	26,441
Completion of the purchase price allocation	-	5,486
Revaluation of investment property	(41,531)	(84,289)
Additions	106,898	33,563
Transfers in	55,726	45,634
Transfers out	(23,860)	(192,406)
Disposals	(831)	(3,180)
Write offs	(192)	(265)
Fx differences and other adjustments	(12,020)	(6,636)
Closing balance	**989,504**	**902,860**

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 whereas 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 31/12/2014 is € 298.5 million (2013: € 306.1 million).

Rental income from investment property amounts to € 10,632 thousand (2013: € 17,181 thousand). Operating expenses of investment property that is rented to third parties equal to € 2,058 thousand (2013: € 1,424 thousand).

During 2014, the Group made transfers a) of € 18.9 million to “Inventories property” due to non-fulfillment of the criteria for classification under IAS 40, b) of € 4.9 million to owner occupied “Land and buildings”, c) of € 23.2 million from owner occupied "Land and Buildings" , d) € 32 million from 'Inventories property' due to lease of the property and e) € 0.51 million from "Held for Sale".

The fair value of Investment Property amounting to 989.5 mil € has been classified in Level 3.

30 Assets held for sale

	31 December 2014	31 December 2013
Opening balance	34,743	15,537
Additions	17,609	14,513
Transfers in	183	18,629
Transfers out	(509)	(2,397)
Disposals	(11,524)	(9,210)
Impairment	(2,170)	(1,911)
Currency translation differences	(311)	(418)
Closing Balance	**38,022**	**34,743**

During 2014, the profit from the sale of assets was € 478 thousand (2013: loss € 587 thousand) which was included in the profit and loss statement in line "Other operating income".

As at 31/12/2014, 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 2015.

Amounts in thousand euros (Unless otherwise stated)

31 Other assets

	31 December 2014	31 December 2013
Inventories - property	844,994	669,125
Inventories - property (A)	**844,994**	**669,125**
Inventories - cars	11,999	17,303
Other inventories	16,323	20,856
Other inventories and Inventories - cars (B)	**28,323**	**38,160**
Prepaid expenses	56,025	185,676
Accrued income	57,750	20,359
Prepaid taxes and taxes withheld	73,035	111,378
Claims from tax authorities and the State	528,378	461,886
Credit cards	137,738	129,801
Receivables from third parties	120,565	111,885
Receivables from Deposit Guarantee and Investors Compensation Scheme	362,355	345,429
Other items	570,003	613,344
Other receivables (C)	**1,905,848**	**1,979,757**
Other assets (A)+(B)+(C)	**2,779,164**	**2,687,042**

	31 December 2014	31 December 2013
Current other assets (up to 1 year)	1,280,231	1,801,325
Non current other assets (more than 1 year)	625,617	178,432
	1,905,848	**1,979,757**

Inventories property as at 31/12/2014 include property of ETVA Industrial Parks S.A. of amount € 121 million (2013: € 120 million), and property acquired by the bank or by Group Subsidiaries through auctions of amount € 709 million (2013: € 537 million) as well as inventories property of real estate subsidiaries of total amount of € 15 million (2013: € 13 million).

Line “Other items” primarily includes balances of various accounts that relate to daily activities of the Group.

During 2014, the Group’s results were burdened with an impairment loss of €165 million, relating mainly to provisions for the impairment of various receivables shown in Other assets (differences in acquisition figures that were migrated in the Bank's systems, temporary account differences that were deemed partially or totally irrecoverable, amounts from taxes with increased chance of not being collected, etc.), as part of the annual examination of collectability by the Management of the Bank and its subsidiaries and, in addition, losses from the impairment of the portfolio of fixed assets classified in inventories.

32 Due to credit institutions

	31 December 2014	31 December 2013
Amounts due to central banks	14,101,145	17,876,932
Deposits from other banks	305,809	276,196
Repurchase agreement - credit institutions	8,936,297	7,738,010
Other obligations to banks	347,078	383,814
	23,690,330	**26,274,952**

	31 December 2014	31 December 2013
Current due to banks (up to 1 year)	20,969,148	26,107,611
Non current due to banks (more than 1 year)	2,721,181	167,341
	23,690,330	**26,274,952**

Amounts in thousand euros (Unless otherwise stated)

Balances due to credit institutions bear floating rates.

"Due to credit institutions" as at 31/12/2014, includes refinancing operations through repo transactions within the eurosystem amounting to € 14.1 billion (31/12/2013: € 17.9 billion). The decrease in the refinancing raised from the eurosystem during the year 2014 is mainly due to the improvement of liquidity due to the further deleveraging of the loan portfolio, the share capital increase (€ 1.75 billion), the increase of the balance of interbank repo transactions and the issue of a senior bond (€ 500 million).

33 Liabilities at fair value through profit or loss

As at 31/12/2014, the open short positions for Greek Government bonds and treasury bills & other eligible bills, amounted to € 1.9 million (2013: € 0.5 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.

34 Due to customers

	31 December 2014	31 December 2013
Corporate		
Current and sight deposits	6,788,337	6,681,967
Term deposits	5,738,682	5,575,333
Blocked deposits, guarantee deposits and other accounts	148,738	249,080
Repurchase agreements	22,885	14,411
Total (A)	**12,698,642**	**12,520,790**
Retail		
Current and sight deposits	2,605,089	2,281,624
Savings account	13,297,822	12,870,403
Term deposits	26,009,845	26,481,239
Blocked deposits, guarantee deposits and other accounts	30,757	23,783
Repurchase agreements	260	784
Total (B)	**41,943,773**	**41,657,833**
Cheques payable and remittances (C)	**90,419**	**100,697**
Total Due to Customers (A)+(B)+(C)	**54,732,834**	**54,279,320**

Customer deposits (excluding cheques payable and repos) with floating rates are € 22,193 million (2013: € 21,615 million) and with fixed rate are € 32,426 million (2013: € 32,549 million).

	31 December 2014	31 December 2013
Current due to customers (up to 1 year)	53,918,425	53,771,192
Non current due to customers (more than 1 year)	814,408	508,129
	54,732,834	**54,279,320**

In accordance with the provisions of Law 4151/2013, every financial banking institute operating in Greece, has the obligation for all dormant accounts for which a period of 20 years has passed, to remit the cash balances plus interest of these dormant accounts, cancelled at 31.12 of previous year, to the Greek State, until the end of April of each year. The Bank in 2014 remitted to the Greek State the amount of € 363,214.47, whereas, for the acquired Geniki Bank the respective amount was € 922,013.16. In total, the Bank remitted in 2014 to the Greek State € 1,285,227.63 with respect to such dormant account balances.

Amounts in thousand euros (Unless otherwise stated)

35 Debt securities in issue

		31 December 2014	31 December 2013
Euro Medium Term Note	**Interest rate (%)**		
€ 60 m. floating rate notes due 2015	3.8%	60,000	60,000
€ 500 m. fixed rate notes due 2017	Fixed 5%	448,239	-
Accrued interest and other expenses		17,503	1,197
Total (A)		**525,743**	**61,197**
Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 m. floating rate notes due 2040	3M Euribor + 0.43%	46,600	56,665
€ 1,250 m. floating rate notes due 2054	3M Euribor + 0.57%	59,916	116,098
€ 600 m. floating rate notes due 2051	3M Euribor + 0.51%	29,092	71,400
Total (B)		**135,607**	**244,163**
Total debt securities in issue (A)+(B)		**661,350**	**305,360**

	31 December 2014	31 December 2013
Current debt securities in issue (up to 1 year)	60,000	589
Non current debt securities in issue (more than 1 year)	601,350	304,772
	661,350	**305,361**

Apart from the debt securities in the table above, as at 31/12/2014 liabilities arising from securitisations of loans are retained by Piraeus Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively.

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

In February 2014, Piraeus Bank issued a € 1,750 million senior bond, due March 2015, with the unconditional and irrevocable guarantee of the Hellenic Republic, under Art. 2 of Law 3723/2008, through Piraeus Bank's EMTN programme. The bond pays a floating rate coupon of 3M Euribor plus 1200 bps and is retained by Piraeus Bank. In December 2014 Piraeus Bank issued a € 4,500 milion senior bond due March 2015 under Art. 2 of Law 3723/2008 retained by the bank. The bond pays a floating rate coupon of 3M Euribor plus 600 bps. In May, June and in December 2014 bonds of € 2,370 million, € 2,206.5 million and € 3,572.1 million respectively,issued in 2013 by Piraeus Bank with the unconditional and irrevocable guarantee of the Hellenic Republic (art. 2 of Law 3723/2008) and retained by Piraeus Bank, matured and were not renewed.

In March 2014, Piraeus Bank issued a 3-year fixed rate senior bond in the amount of € 500 million through its subsidiary Piraeus Group Finance PLC under the EMTN programme in order to raise medium term funds. The new 3-year bond pays a 5.00% fixed coupon and is listed on the Luxembourg Stock Exchange.

Piraeus Bank, during the period 1/10/2014 – 31/12/2014, proceeded to the buy back of bonds of securitised loans of total amount after amortization of € 38.3 million.

Amounts in thousand euros (Unless otherwise stated)

36 Hybrid capital and other borrowed funds

		31 December 2014	31 December 2013
Hybrid capital (Tier I)	**Interest rate (%)**		
€ 200 m. floating rate notes due 2034	3M Euribor + 2.25%	16,373	18,500
		16,373	**18,500**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	3M Euribor + 1.85%	215,132	236,490
Accrued interest and other expenses		876	1,014
		216,008	**237,504**
Total hybrid capital and other borrowed funds		**232,381**	**256,004**

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.Since October 2014 the margin increased to 2.25% from 1.25% (step up).

Piraeus Bank, during the period 1/10/2014 – 31/12/2014, proceeded to the buy back of hybrid securities and subordinated securities of total amount € 11.3 million.

Total hybrid capital and other borrowed funds of amount € 232 million are classified in category non current (more than 1 year).

37 Other liabilities

	31 December 2014	31 December 2013
Prepaid income	141,946	31,041
Accrued expenses	89,575	73,643
Obligations under finance leases	326,117	311,702
Transactions with Interbank Systems (DIAS)	168,146	176,023
Withholding taxes and contributions	92,885	97,875
Creditors	149,939	165,665
Other liability accounts	239,960	299,919
Liability from collections on behalf of Public sector and third parties	67,343	29,479
	1,275,911	**1,185,347**

	31 December 2014	31 December 2013
Current other liabilities (up to 1 year)	823,096	828,933
Non current other liabilities (more than 1 year)	452,816	356,414
	1,275,911	**1,185,347**

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 2014	31 December 2013
Up to 1 year	12,645	14,978
From 1 to 5 years	116,403	97,783
More than 5 years	2,089,176	2,132,774
	2,218,225	**2,245,536**
Finance expense	(1,892,108)	(1,933,833)
Net liabilities from finance leases	**326,117**	**311,702**

Amounts in thousand euros (Unless otherwise stated)

Net liabilities from finance leases may be analyzed as follows:

Net liabilities from finance leases	31 December 2014	31 December 2013
Up to 1 year	26,800	26,990
From 1 to 5 years	56,911	68,637
More than 5 years	242,406	216,076
	326,117	**311,702**

Obligations under finance leases mainly consist of the liability (€ 317 million) arising from the finance lease agreement for the Citylink building by the Group subsidiary Picar SA, of total duration fifty two years.

38 Other provisions

"Other provisions" as at 31/12/2014 amount to € 42,733 thousand and are analysed in provisions for outstanding litigations of amount € 14,600 thousand and other provisions of amount € 28,133 thousand. The analysis is as follows:

Provisions for outstanding litigations	31 December 2014	31 December 2013
Opening balance	14,452	10,189
Opening balance of new companies	-	2,574
P&L charge for the year	868	3,859
Provisions used during the year	(755)	(1,253)
FX differences	121	(183)
Other movements	(86)	(734)
Closing balance	**14,600**	**14,452**

	31 December 2014	31 December 2013
Current (up to 1 year)	4,409	2,271
Non-current (more than 1 year)	10,192	12,180
	14,600	**14,452**

Other provisions	31 December 2014	31 December 2013
Opening balance	25,430	11,946
Opening balance of new companies	-	10,738
P&L charge for the year	8,484	6,047
Provisions used during the year	(5,554)	(1,106)
FX differences	(104)	(652)
Sale of subsidiaries	-	(10)
Other movements	(122)	(1,534)
Closing balance	**28,133**	**25,430**

	31 December 2014	31 December 2013
Current (up to 1 year)	4,380	4,897
Non-current (more than 1 year)	23,753	20,533
	28,133	**25,430**

39 Deferred tax

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

Amounts in thousand euros (Unless otherwise stated)

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

	31 December 2014	31 December 2013
Deferred tax liabilities		
Pensions and other post retirement benefits	(6)	(33)
Impairment of loans and receivables	(592)	(602)
Other provisions	(1,982)	(3,917)
Securities valuation	-	824
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	5	(2,311)
Investment property valuation	17,022	18,012
Depreciation of property, plant and equipment	20,140	26,494
Intangible assets	(23)	(27)
Recognition of tax losses	(27)	(93)
Impairment of securities	-	-
Deferred tax liability of purchase price allocation exercise	416	653
Other deferred tax items	2,819	3,300
	37,772	**42,300**
Deferred tax assets		
Pensions and other post retirement benefits	45,578	34,020
Impairment of loans and receivables	2,275,469	1,534,861
Other provisions	6,765	7,686
Securities valuation	15,041	(42,869)
Derivative financial instruments valuation	12,856	1,374
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	(173,511)	(179,984)
Investment property valuation	6,374	(17,812)
Depreciation of property, plant and equipment	(46,071)	(29,164)
Intangible assets	58,945	45,535
Recognition of tax losses	541,894	263,872
Impairment of Greek government bonds	1,336,926	1,316,821
Impairment of securities	54	101
Other deferred tax items	(61,576)	(72,725)
	4,018,745	**2,861,716**
Net deferred tax asset	**3,980,973**	**2,819,417**

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

	2014	2013
Net deferred tax asset as at 1 January	**2,819,416**	**1,860,260**
Net deferred tax asset/(liability) due to changes in the portfolio of subsidiaries	1	109,382
Effect of deferred tax on profit or loss	1,093,783	803,714
Available for sale portfolio securities	53,424	(22,336)
Deferred tax on expenses of share capital increase	20,033	68,825
Currency translation effect and other movements	(5,684)	(429)
Net deferred tax asset as at 31 December	**3,980,973**	**2,819,416**

Deferred tax amounts directly recognised in Group's equity during 2014 are as follows: a) deferred tax of amount € 53,424 thousand relating to valuation of the available for sale securities, recorded under the available for sale reserve (note 43) according to the relevant IFRS regulations, b) amount of € 20,033 thousand relating to share capital increase expenses and c) amount of € -5,684 thousand relating to fx difference and other movements.

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.

Amounts in thousand euros (Unless otherwise stated)

The deferred tax charge in the Income Statement (note 15) is analysed as follows:

Deferred tax (Income Statement)	1/1-31/12/2014	1/1-31/12/2013
Pensions and other post retirement benefits	11,494	7,872
Impairment of loans and receivables	736,956	824,720
Other provisions	(2,854)	4,576
Securities valuation	5,269	(52,337)
Derivative financial instruments valuation	11,482	2,204
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	5,256	(187,904)
Investment property valuation	25,843	(11,905)
Depreciation of property, plant and equipment	(10,433)	(18,682)
Intangible assets	(6,628)	(4,551)
Recognition of tax losses	282,256	12,907
Impairment of Greek government bonds	20,105	266,452
Impairment of securities	(47)	584
Deferred tax of purchase price allocation exercise	238	238
Other deferred tax items	14,845	(40,459)
	1,093,783	**803,714**

Net deferred tax asset analysis:	1/1-31/12/2014	1/1-31/12/2013
Current	130,776	107,134
Non current	3,887,969	2,754,582
	4,018,745	**2,861,716**

Net deferred tax liability analysis:	1/1-31/12/2014	1/1-31/12/2013
Current	8,096	9,552
Non current	29,676	32,747
	37,772	**42,300**

Deferred tax additional information	1/1-31/12/2014	1/1-31/12/2013
Deductible temporary differences for which no deferred tax asset has been recognised in the balance sheet	-	821,002
Unused tax losses for which no deferred tax asset has been recognised in the balance sheet	301,128	752,601

40 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 2014 and 2013 are presented below:

	2014	2013
Retirement benefit obligations as at 1 January	161,397	183,238
Opening balance of acquired operations	5,624	34,156
Voluntary Redundancy Costs (Note 12)	64,761	126,418
Retirement benefit charges (Note 12)	15,103	10,268
Contributions paid and benefits paid directly by the employer	(77,089)	(184,370)
Reserve of defined benefit obligations	41,283	(7,184)
Currency translation differences and provision for outstanding annual leaves	865	(1,130)
Retirement benefit obligations as at 31 December	**211,944**	**161,397**

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 employees of the Bank are entitled to compensation upon termination of service, based on their service, their salary and their classification group. The Bank supports additional programs that provide defined lump sum benefits based on members service, salary and the classification in various employee groups.

The Bank applied a voluntary redundancy scheme during 2014. 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 2014	31 December 2013
Pension schemes - funded	90,800	74,703
Other post retirement benefits - not funded	101,398	71,141
	192,198	**145,844**

Income statement	1/1-31/12/2014	1/1-31/12/2013
Pension schemes-funded	6,743	5,299
Other post retirement benefits - not funded	61,734	95,416
	68,478	**100,716**

A) Pension schemes - funded

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

	31 December 2014	31 December 2013
Present value of funded obligations	117,644	99,050
Fair value of plan assets	(26,843)	(24,347)
Liability in the balance sheet	**90,800**	**74,703**

Although, TEAPETE is no longer among funded benefits plans since 2006, it is included in the funded benefits plans for comparison purposes. The Bank paid the last annual installment of €7.1 million for the settlement of the obligation according to L. 3455/2006 (article 26).

In funded plans, the Bank follows the recommendations of the insurance company concerning the amount of contributions. The expected Bank’s contributions to funded post-employment defined benefit plans for the year 2015, amounts to € 3.6 million. It shall also be noted, that there are no commitments arising from the law concerning the level of funding for post-employment defined benefit plans provided by the Bank.

Amounts in thousand euros (Unless otherwise stated)

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

	2014	2013
Opening balance	99,050	103,806
Balance of acquired Banks/ Banking operations	-	15,073
Current service cost	5,032	5,078
Interest cost	3,428	3,567
Contributions by plan participants	1,130	1,237
Benefits paid from the fund	(2,863)	(19,380)
Benefits paid directly by the employer	(7,134)	(7,134)
Settlement/ Curtailment/ Termination loss/ (gain)	(1,063)	(4,340)
Past service cost	-	1,516
Actuarial (gains)/ losses	20,063	(372)
Closing balance	**117,644**	**99,050**

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

	2014	2013
Opening balance	24,347	40,127
Balance of acquired Banks/ Banking operations	-	82
Expected return on plan assets	731	770
Employer contributions	2,444	1,776
Employee contributions	1,130	1,237
Benefits paid from the fund	(2,863)	(19,380)
Expenses	(78)	(248)
Actuarial gains / (losses)	1,132	(17)
Closing balance	**26,843**	**24,347**
Return on plan assets	**1,863**	**753**

The plan assets are invested as follows:

	31 December 2014	31 December 2013
Money market	53.24%	88.21%
Bonds	35.08%	9.70%
Deposits	11.57%	0.85%
Greek government treasury bills	-	1.25%
Shares	0.04%	-
Mutual funds	0.06%	-

The amounts recognised in the income statement are analysed as follows:

Income statement	1/1 - 31/12/2014	1/1 - 31/12/2013
Current service cost	5,032	5,078
Net interest cost	2,697	2,797
Expenses	78	248
Past service cost recognised	-	1,516
Settlement/ Curtailment/ Termination loss/ (gain)	(1,063)	(4,340)
Total	**6,743**	**5,299**

Amounts in thousand euros (Unless otherwise stated)

The amounts recognised in equity are analysed as follows:

Remeasurements	31/12/2014	31/12/2013
Liability gain /(loss) due to changes in assumptions	(19,461)	6,258
Liability experience gain/ (loss) arising during the year	(602)	(5,886)
Return on plan assets excluding amounts included in interest income	1,132	(17)
Total amount recognised in equity	**(18,932)**	**355**

Based on the above mentioned, the movement in the liability recognised in the balance sheet is analysed as follows:

	2014	2013
Opening balance	74,703	63,679
Balance of acquired Banks/ Banking operations	-	14,990
Total expense recognised in the income statement	6,743	5,299
Employer contributions	(2,444)	(1,776)
Benefits paid directly by the employer	(7,134)	(7,134)
Amount recognised in equity	18,932	(355)
Closing balance	**90,800**	**74,703**

B) Other post retirement benefits - not funded

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

	31 December 2014	31 December 2013
Present value of unfunded obligations	101,398	71,141
Liability in the balance sheet	**101,398**	**71,141**

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

	2014	2013
Opening balance	71,141	67,584
Balance of acquired Banks/ Banking operations	6,377	19,166
Current service cost	3,136	7,613
Interest cost	1,926	2,174
Benefits paid directly by the employer	(57,549)	(105,190)
Settlement/ Curtailment/ Termination loss/ (gain)	56,351	84,364
Past service cost	321	1,266
Actuarial (gains)/ losses	19,695	(5,835)
Closing balance	**101,398**	**71,141**

The amounts recognised in the income statement are analysed as follows:

Income statement	1/1 - 31/12/2014	1/1 - 31/12/2013
Current service cost	3,136	7,613
Interest cost	1,926	2,174
Past servise cost recognised	321	1,266
Settlement/ Curtailment/ Termination loss/ (gain)	56,351	84,364
Total	**61,734**	**95,416**

The amounts recognised to equity are analysed as follows:

Remeasurements	31/12/2014	31/12/2013
Liability gain /(loss) due to changes in assumptions	(18,310)	6,647
Liability experience gain/ (loss) arising during the year	(1,385)	(812)
Total amount recognised in equity	**(19,695)**	**5,835**

Amounts in thousand euros (Unless otherwise stated)

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

	2014	2013
Opening balance	71,141	67,584
Balance of acquired Banks/ Banking operations	6,377	19,166
Total expense recognised in the income statement	61,734	95,416
Benefits paid by the employer	(57,549)	(105,190)
Amount recognised in equity	19,695	(5,835)
Closing balance	**101,398**	**71,141**

The expected weighted average duration of the defined benefit obligation is 15.7 years.

The main actuarial assumptions used are as follows:

	31/12/2014	31/12/2013
Discount rate	2.00%	3.50%
Expected return on plan assets	2.00%	3.50%
Future increase in salaries	1.75%	1.75%

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.

Sensitivity analysis in defined benefit obligation

The sensitivity analysis in the post employment defined benefit obligation is as follows:

Main assumptions	Effect in realised defined benefit obligation		
	Change in the assumptions	Increase	Decrease
Discount rate	0.50%	-6.46%	7.18%
Pay increase	0.50%	6.52%	-6.43%
Voluntary withdrawal rate	decreased by 50%	-	4.76%

The aforementioned sensitivity analysis is based on changing each assumption, while keeping the other assumptions unchanged. However, in an economic environment assumptions do not change independently and are usually affected at the same time. The method adopted for the sensitivity analysis is the one used for the determination of the defined benefit obligation in the statement of financial position. The final cost of defined benefit plans depends on the actual future experience relating to the actual pay increases as well as other factors that affect the cost, like the mobility of the employees and the recruitment.

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 € 19.7 million (2013: € 15.6 million). The total charge in profit and loss for the year 2014 resulting from the defined benefit obligation plans of the Bank, is € 68.5 million (2013: € 100.7 million) and the continuing operations of the Group subsidiaries is € 11.4 million (2013: € 36.0 million).

Amounts in thousand euros (Unless otherwise stated)

41 Contingent liabilities and commitments

A) Legal procedures

The Group's provision for outstanding litigations as at 31/12/2014 amounts to € 14.6 million from continuing operations and € 4.0 million from discontinued operations against € 14.45 million and € 4 million respectively as at 31/12/2013. The legal proceedings outstanding against the Group as at 31/12/2014 for which no provisions have been recorded, are not expected to have any significant impact on the financial statements of the Group.

B) Credit commitments

As at 31/12/2014 the Group had undertaken the following commitments:

	31 December 2014	31 December 2013
Letters of guarantee	3,142,020	3,339,169
Letters of credit	50,710	64,442
Commitments to extent credit	2,143,044	1,881,437
	5,335,775	**5,285,048**

C) Assets pledged

	31 December 2014	31 December 2013
Cash and balances with Central Banks	1,029,003	874,155
Financial instruments at fair value through profit or loss	117,624	126,983
Investment securities	1,140,238	416,638
Loans and advances to customers	4,046,740	2,513,325
Debt securities - receivables	5,738,198	8,005,582
	12,071,803	**11,936,682**

The above mentioned assets pledged are mainly used for liquidity purposes. Apart from the aforementioned assets, the Group also pledges debt securities of own issue amounting to € 6,284 million as at 31/12/2014 (31/12/2013: € 16,419 million). The amount of € 6,284 million includes securities of equal amount that had been issued with the unconditional and irrecoverable guarantee of the Hellenic Republic. The aforementioned securities are not included in Group's assets. Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities amounting to € 8,531 million (31/12/2013: € 7,559 million) are also used for liquidity purposes.

It is also noted that the "Loans and advances to customers" include loans of € 2,998 million (31/12/2013: 1,426 million) which have been pledged under Pillar III (L.3723 / 2008) for liquidity purposes.

D) Operating lease commitments

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

	31 December 2014	31 December 2013
Up to 1 year	71,370	94,526
From 1 to 5 years	264,654	359,157
More than 5 years	437,184	594,168
	773,208	**1,047,851**

Amounts in thousand euros (Unless otherwise stated)

42 Share capital

	Share	Share Premium	Treasury Shares	Total
Opening balance at 1 January 2013	**1,092,998**	**2,953,355**	**(36)**	**4,046,317**
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	-	-
Effect from sales and purchases of treasury shares	-	-	(77)	(77)
Balance at 31 December 2013	**2,271,771**	**10,008,733**	**(113)**	**12,280,392**
Opening balance at 1 January 2014	**2,271,771**	**10,008,733**	**(113)**	**12,280,392**
Increase of share capital	308,824	1,384,581	-	1,693,405
Repurchase of preferred shares	(750,000)	-	-	(750,000)
Effect from sales and purchases of treasury shares	-	-	113	113
Balance at 31 December 2014	**1,830,595**	**11,393,314**	**(0)**	**13,223,909**

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 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 December 2013	**6,416,802,751**	**(15,715)**	**6,416,787,036**
Opening balance at 1 January 2014	**6,416,802,751**	**(15,715)**	**6,416,787,036**
Increase of share capital	1,029,411,764	-	1,029,411,764
Repurchase of preferred shares	(1,344,234,800)	-	(1,344,234,800)
Purchases of treasury shares	-	(1,430,960)	(1,430,960)
Sales of treasury shares	-	1,446,675	1,446,675
Balance at 31 December 2014	**6,101,979,715**	**0**	**6,101,979,715**

On 1/1/2014, the Bank's share capital amounted 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 preference non-voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preference non-voting shares, each with a nominal value of € 0.30.

The Extraordinary General Meeting of the ordinary shareholders of the Bank which took place on 28/3/2014 (the decision of which was approved by the 28/3/2014 decision of the Extraordinary General Meeting of the preference shareholder of the Bank), decided the Bank's share capital increase in order to raise capital up to € 1.75 billion, through contribution in cash and the issuance of ordinary registered shares and the cancellation of the pre-emption rights of the existing shareholders.

Specifically, it was decided a € 308,823,529.20 share capital increase of the Bank with the cancellation of the pre-emption rights of the existing shareholders and the issuance of 1,029,411,764 new ordinary registered voting shares with a nominal value of € 0.30 each and an offer price of € 1.70 per share.

Amounts in thousand euros (Unless otherwise stated)

Further to the said increase, the Bank's share capital amounted to € 2,580,593,913.48 divided into 6,101,979,715 ordinary registered voting shares of a nominal value of € 0.30 each and 77,568,134 preference non-voting shares of a nominal value of € 4.77 each and 1,266,666,666 preference non-voting shares of a nominal value of € 0.30 each.

The Share premium reserve increased by € 1,384,580,554.64 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 as at 31/12/2014 amounted to € 76,480,966.17 before tax and € 56,595,914.97 after tax.

On 21 May 2014, Piraeus Bank S.A. fully redeemed to the Hellenic Republic the total amount of preference shares (Pillar I Law 3723/2008) in the amount of € 750 million, issued to the latter by the Bank. Following the redemption of preference shares, the share capital of the Bank on 31/12/2014 amounts to € 1,830,593,914.50 divided to 6,101,979,715 ordinary registered shares, with a nominal value of € 0.30 each. Relevant amendment to the articles of association of the Bank has been resolved by the Bank's Extraordinary General Meeting of Shareholders dated 30/10/2014, and it is subject to the approval of the supervising authority.

The Annual Ordinary General Meeting of Shareholders, held on 16/5/2014, decided not to distribute dividend for the fiscal year 2013, according to the established provisions of article 1 of Law 3723/2008, as amended is in force, for the credit institutions participating in the Economy reinforcement plan, combined with article 44a of C. Law 2190/1920.

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.

43 Other reserves and retained earnings

	31 December 2014	31 December 2013
Legal reserve	74,809	114,108
Extraodinary reserve	13,940	13,940
Available for sale reserve	(56,808)	94,491
Currency translation reserve	(165,570)	(165,664)
Other reserves	56,171	18,535
Reserve of defined benefit obligations	(33,782)	7,193
Other reserves from continuing operations (A)	(111,240)	82,604
Amounts recognized directly in equity relating to non-current assets from discontinued operations (B)	18,787	18,106
Total other reserves (A) + (B)	**(92,453)**	**100,709**

In the "Amounts recognized directly in equity relating to non-current assets from discontinued operations" category the "Available for sale reserve", the "Currency translation reserve" and the "Reserve of defined benefit obligations" from discontinued operations are included.

Amounts in thousand euros (Unless otherwise stated)

Other reserves movement	31 December 2014	31 December 2013
Opening balance	100,709	4,646
Movement of available for sale reserve	(151,298)	52,294
Formation of legal reserve	(39,299)	6,469
Formation of other reserves	37,636	4,630
Change in reserve of defined benefit obligations	(40,975)	7,193
Amounts recognized directly in equity relating to non-current assets from discontinued operations	682	8,804
Foreign exchange differences and other adjustments	93	16,672
Closing balance	**(92,453)**	**100,709**

Available for sale reserve movement	31 December 2014	31 December 2013
Opening balance	94,490	42,196
Gains/(losses) from the valuation of bonds and Greek Government Treasury Bills	(92,630)	58,409
Gains/(losses) from the valuation of shares and mutual funds	(78,705)	61,611
Recycling to income statement of shares and mutual funds impairment	37,466	2,100
Recycling of the accumulated fair value adjustment of disposed securities	(75,051)	(48,291)
Deferred income taxes	53,443	(22,068)
Foreign exchange differences and adjustments	4,180	534
Closing balance	**(56,808)**	**94,490**

Retained earnings movement	31 December 2014	31 December 2013
Opening balance	(3,957,191)	(6,503,766)
Profit/(loss) after tax attributable to the owners of the parent entity	(1,965,087)	2,562,089
Profit/(loss) from sales of treasury shares	(52)	113
Share capital increase expenses	-	(1,625)
Transfer between other reserves and retained earnings	1,664	(11,099)
Acquisitions, disposals, absorption, liquidation and movements in participating interest	(628)	(2,903)
Closing balance	**(5,921,295)**	**(3,957,191)**

44 Dividend per share

For fiscal years 2013 and 2014 there is distributable profit or relevant amounts related to distributable reserves, according to the requirements of the Article of Association and the Law. Therefore article 44a of Law 2190/1920 applies and consequently payment of dividends by cash or shares is not allowed.

Therefore, the Annual Ordinary General Meeting of Shareholders, held on 16/5/2014, decided not to distribute dividend for the fiscal year 2013, for both ordinary and preference shares. For the same reasons the Board of Directors of Piraeus Bank will propose the non – distribution of dividends for the fiscal year 2014 in the Annual Ordinary General Meeting of Shareholders of 2015.

Amounts in thousand euros (Unless otherwise stated)

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 percentage set by the provisions of article 3, of Compulsory Law 148/1967 as valid.

Moreover, 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.

It is noted that additional restrictions to the distribution of dividend arise due to the requirements of Law 3664/2010 "Establishing the Hellenic Financial Stability Fund".

Finally, within the frame of the Single Supervisory Mechanism (SSM) and according to the Regulation (EU) No 1024/2013, credit institutions are subject to the provisions of the ECB Recommendations (ECB/2015/2) on dividend distribution policies providing for a conservative distribution policy for the fiscal year 2014, in the context of the aim of strengthening the safety and soundness of the euro – area banking system, as well as to the respective provisions of the Regulation (EU) No 575/2013 and those of the Directive 2013/36/EU, transposed in the national legal order by the Law 4261/2014.

45 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 2014	31 December 2013
Cash and balances with central banks (note 18)	2,381,784	1,593,396
Loans and advances to credit institutions (note 19)	262,298	285,186
Trading securities (note 21)	16,129	7,567
	2,660,211	**1,886,148**

Cash and cash equivalents of Discontinued operations as at 31/12/2014 amount to € 3,922 thousand (31/12/2013: € 2,318 thousand).

46 Related parties transactions

Related parties include: a) Members of the Bank Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel, c) Companies having transactions with Piraeus Bank, 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, which in accordance with IAS 24 is related party of Piraeus Bank, after the recapitalization in the context of the law 3864/2010. There are no material transactions with companies related to HFSF.

Amounts in thousand euros (Unless otherwise stated)

Transactions with HFSF and related parties are the following:

	31 December 2014	31 December 2013
Loans	101,131	150,717
Deposits	34,595	28,515

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2014 are € 3.4 million (31/12/2013: € 3.5 million). The total income that relates to members of the Board of Directors and to key management personnel for the period from 1/1 - 31/12/2014 is € 3.6 million (1/1 - 31/12/2013: € 3.4 million). The total expense that relates to the prementioned related parties for the period 1/1 - 31/12/2014 is € 1.6 million (1/1 - 31/12/2013: € 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 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.

Directors' renumeration	1/1-31/12/2014	1/1-31/12/2013
Wages, salaries, employer's share of social contributions and charges	9,341	7,882
Provisions for compensation and retirement programs	943	773

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 29.7 million instead of € 26.6 million at 31/12/2013. The full amount of the above provisions has been included in the retirement benefit obligations (note 40).

	Associates	
	31 December 2014	31 December 2013
Deposits and other liabilities	125,463	35,657
Loans and other receivables	936,575	243,991

The increase in the balance of deposits and other liabilities, as well as in the balance of loans and other receivables, is mainly due to the transfer of the company Marfin Investment Group S.A. from the available for sale portfolio to the associate companies portfolio.

	1/1-31/12/2014	1/1-31/12/2013
Total expense and capital expenditure	(24,559)	(21,606)
Total income	12,620	11,483

Letters of guarantee to associates of the Group as at 31/12/2014 are € 13.9 million (31/12/2013: € 2.8 million).

47 Changes in the portfolio of subsidiaries and associates

During the year 2014, Piraeus Bank and its subsidiaries paid for the acquisition, establishment and participation in share capital increases of subsidiaries, a total amount of € 162,640 thousand. Additionally, Piraeus Bank and its subsidiaries paid for the establishment and participation in share capital increases of associates, a total amount of € 1,291 thousand. The analysis of changes of subsidiaries' and associates' portfolio is presented below:

a) Gain of control or significant influence:

On 27/1/2014, Tellurion Two Ltd, 99.09% Group's subsidiary, acquired 100% of the company Akinita Ltd LLC with the amount of € 7. As a result, the company is included in the subsidiaries' portfolio of the Group.

Piraeus Bank S.A. acquired 99.95% of Marathon 1 Greenvale Rd LLC for € 2.7 million, which was categorized in the portfolio of subsidiaries.

On 3/11/2014, Piraeus Bank S.A. acquired 99.7% of the company Holding Spectacles S.A through share capital increase by debt capitalization of the latter, which was included in the portfolio of subsidiaries, while within the same month the rest 0.30% was acquired. Consequently, by decision of the General Assembly dated 31/12/2014, the company has been set under liquidation status.

On 3 and 4 November 2014, the Group acquired 100% of Ellthea S.A., whereas on 4/11/2014, the total percentage of the Group was transferred with the amount of € 1.00.

During December 2014, the Bank confirmed its ability to acquire further ownership percentage in MIG, through the pledged shares. This ability confirms the Bank's influence on MIG Group according to the IFRSs, and as a result this investment was transferred to the associate companies' portfolio and it was consolidated with the equity method. For accounting purposes, the initial cost of investment was estimated taking into account the share price as of 31/12/2014.

b) Establishments:

For the newly established subsidiaries below, the amount paid amounted to € 350.3 thousands. Specifically:

On 21/1/2014, Centre of Sustainable Entrepreneurship Excelixi S.A., 100% subsidiary of Piraeus Bank S.A., participated in the establishment of the company Gaia S.A. acquiring 30% of the company, and as a result it is included in the associates' portfolio of the Group.

On 29/1/2014, the company Olganos Real Estate S.A. was established. Piraeus Bank S.A. acquired 32.27% of the company, and as a result it is included in the associates' portfolio.

On 21/2/2014, R.E. Anodus Two LTD and R.E. Anodus SRL, 99.09% Group's subsidiaries, established its 100% subsidiaries Daphne Real Estate Consultancy SRL and Rhesus Development Projects SRL.

On 11/4/2014, Piraeus Bank Bulgaria A.D., 99.98% subsidiary of Piraeus Bank S.A., established Varna Asset Management EOOD. The company is included in the subsidiaries' portfolio of the Group.

On 19/5/2014, Piraeus Real Estate S.A., 100% subsidiary of Piraeus Bank S.A. established its 100% subsidiary Piraeus Real Estate Tirana Sh.P.K.

On 30/6/2014, R.E. Anodus Two LTD, 99.09% subsidiary of Piraeus Bank S.A., and Tellurion LTD, 100% subsidiary of Piraeus Bank S.A., established Priam Business Consultancy SRL. The company has been included in the subsidiaries' portfolio of the Group in the 3rd quarter 2014.

On 29/10/2014, Tellurion Two LTD, 99.09% subsidiary of the Group, established its 100% subsidiary companies, Cielo Consultancy SH.P.K., Edificio Enterprise SH.P.K. και Tierra Projects SH.P.K., which were categorized in the portfolio of subsidiaries.

c) Participation in the share capital increases / decreases - Changes of participation:

On 22/1/2014, PJ Tech Catalyst Fund, 30% Group's associate company, increased its assets with the amount of € 96.7 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio, without altering its shareholding percentage.

On 12/3/2014, Piraeus-TANEO Capital Fund, 50.01% associate of Piraeus Bank S.A, increased its assets with the amount of € 335 thousand. Piraeus Bank S.A. covered its shareholding ratio without altering its shareholding percentage.

On 26/3/2014, Piraeus Bank Beograd A.D., 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 25 million through the capitalization of subordinated debt. Following the share capital increase, the shareholding percentage of Piraeus Bank S.A. did not alter.

During the 1st quarter of 2014, 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.

On 24/4/2014, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiaries Piraeus Master GP Holding Ltd, Piraeus Equity Advisors Ltd and Piraeus Equity Investment Management Ltd with the amounts of € 30 thousand, € 50 thousand and € 25 thousand respectively, without altering its shareholding percentage in each company.

On 28/4/2014 and 30/6/2014, Piraeus - TANEO Capital Fund, 50.01% associate participation of Piraeus Bank S.A., increased its assets by the amount of € 222 thousand. Piraeus Bank S.A. covered its shareholding ratio with the amount of € 111 thousand, without altering its shareholding percentage.

On 29/4/2014, Piraeus Clean Energy LP, 100% subsidiary participation of the Group, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy Holdings Ltd, with the amount of € 60 thousand, without altering its shareholding percentage in the company.

On 30/4/2014, Piraeus Clean Energy Holdings Ltd, 100% subsidiary of the Group, fully covered the share capital increase of its 100% subsidiary Arigeo Energy Holdings Ltd, with the amount of € 25 thousand, without altering its shareholding percentage.

During June 2014, Piraeus Bank Egypt S.A.E., subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 18.4 million, which was fully covered by Piraeus Bank S.A. As a result, the shareholding percentage of Piraeus Bank S.A. in the company increased to 98.49% from 98.30%. The aforementioned increase is subject to regulatory approvals.

On 27/6/2014 Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Picar S.A.,with the amount of € 20 million, without altering its shareholding percentage in the company.

During the 1st half of 2014, PJ Tech Catalyst Fund, 30% associate of the Group, increased its assets by the amount of € 833 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio with the amount of € 249.9 thousand.

During the 1st half of 2014, Piraeus FI Holding Ltd, 100% subsidiary of the Group, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the amount of € 241.3 thousand, without altering its shareholding percentage in the company.

During the 1st half of 2014, 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 € 422.5 thousand, without altering its shareholding percentage in the company.

In August 2014, Piraeus Bank S.A fully covered the share capital increase of its subsidiary JSC Piraeus Bank ICB with the amount of € 25.51 million (UAH 449.48 million). As a result the shareholding percentage of Piraeus Bank S.A in the company is 99.99%.

On 9/9/2014, Piraeus Bank Egypt Investment Company, 98.47% subsidiary of the Group, decreased its share capital with the amount of EGP 23.13 million by returning cash to its shareholders.

During the 3rd quarter of 2014, PJ Tech Catalyst Fund, 30% associate of Piraeus Group, increased its assets by the amount of € 810.75 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A, covered its shareholding ratio with the amount of € 243.23 thousand, without altering its shareholding percentage.

During the 3rd quarter of 2014, 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.

During the 3rd quarter of 2014, Piraeus FI Holding Ltd, 100% subsidiary of the Group, 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 13/10/2014, 97% of the share capital of the Group's subsidiary company Piraeus Insurance Brokerage Egypt S.A.E., was transferred by Piraeus Bank Egypt Investment Co. (58%) and Piraeus Bank Egypt S.A.E. (39%), and as a result, the company was transferred to the portfolio of assets held for sale.

On 14/10/2014, 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 € 181.3 thousand, without altering its shareholding percentage in the company.

On 18/11/2014, New Updating Development Real Estate & Tourism S.A., subsidiary of the Group, increased its share capital with the amount of € 15 million, which was fully covered by Piraeus Bank S.A., without the participation of Piraeus Real Estate S.A. As a result, the direct shareholding percentage of the Bank in the company was increased to 83.52% from 5.67%, while that of Piraeus Real Estate S.A, was decreased to 16.48% from 94.33%.

On 21/11/2014, PROSPECT N.E.P.A., 100% subsidiary of the Group, increased its share capital with the amount of € 15 million, which was fully covered by its 100% parent company, New Up Dating Development Real Estate & Tourism S.A., without altering its shareholding percentage in the company.

On 22/12/2014, Piraeus Bank Beograd A.D., 100% subsidiary of Piraeus Bank S.A, increased its share capital with the amount of € 25.1 million by capitalization of subordinated debt, without altering its shareholding percentage in the company.

On 22/12/2014, Exus Software Ltd, 50.1% subsidiary of Piraeus Bank S.A, decided a share capital increase with the amount of € 126.9 thousand. Piraeus Bank S.A. covered part of its shareholding ratio. As a result, its shareholding percentage in the company was decreased to 49.9% and the company was transferred to the portfolio of associates.

On 29/12/2014, Entropia Ktimatiki S.A., 66.7% subsidiary of the Group, increased its share capital with the amount of € 435 thousand. As a result, R.E. Anodus Ltd, 100% subsidiary of Piraeus Bank S.A, covered its shareholding ratio by paying a total of € 290.1 thousand, without altering its shareholding percentage.

Amounts in thousand euros (Unless otherwise stated)

On 30/12/2014, Piraeus Bank S.A, fully covered the share capital increase of its 100% subsidiary Piraeus Leases S.A., amounting to € 85 million, without altering its shareholding percentage in the company.

During the 4th quarter of 2014, Piraeus - TANEO Capital Fund, associate of Piraeus Bank S.A, increased its assets by the amount of € 104.6 thousand. Piraeus Bank covered its shareholding ratio with the amount of € 52.3 thousand, without altering its shareholding percentage.

During the 4th quarter of 2014, PJ Tech Catalyst Fund, 30% associate of Piraeus Group, increased its assets by the amount of € 353.8 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A, covered its shareholding ratio with the amount of € 106.1 thousand, without altering its shareholding percentage.

During the 4th quarter of 2014, Piraeus FI Holding Ltd, 100% subsidiary of the Group, 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.

Net outfolw from shareholding percentage increase in subsidiaries and from acquisition of subsidiaries amounts to € 185 thousand and is presented below:

Acquisition of subsidiaries excluding cash and cash equivalents acquired	1/1-31/12/2014	1/1-31/12/2013
Shareholding percentage increase in subsidiaries of the Group	301	1,927
Acquisition of subsidiaries	-	1,000
Less: Cash and cash equivalents acquired	(116)	(174,067)
	185	**(171,140)**

d) Liquidation and disposal:

On 8/10/2014, Piraeus Real Estate Consultants Doo, 100% subsidiary of Piraeus Bank S.A., has been removed from the relevant Register.

On 2/12/2014, Piraeus Egypt for Securities Brokerage Co., 98.49% subsidiary of the Group, that had been set under liquidation during the year, has been liquidated and was removed from the relevant Register.

On 17/12/2014, Topuni Investments Ltd., Albalate Company Ltd and Akimoria Enterprises Ltd, 100% subsidiary companies of the Group, have been liquidated and removed from the relevant Register.

On 4/12/2014 the proceeds from the liquidation of Group’s associate Good Works Energy Photovoltaics S.A where distributed to its shareholders.

Disposals of subsidiaries excluding cash and cash equivalents acquired	1/1-31/12/2014	1/1-31/12/2013
Disposal/ partial disposal of subsidiaries	-	9,171
Gains / (losses) from disposals	-	15,427
Less: Cash and cash equivalents acquired	-	(3,738)
	0	**20,859**

Amounts in thousand euros (Unless otherwise stated)

e) Further changes – Transfers:

Exodus S.A., 49.90% associate of Piraeus Bank S.A., changed its distinctive title to Exus S.A.

During the 1st half of 2014, Millennium AEDAK, 100% subsidiary of Piraeus Bank S.A., was renamed to Geniki Asset Management AEDAK, with the distinctive title Geniki AEDAK.

On 4/4/2014, Piraeus Bank S.A. transferred 100% of Geniki Asset Management A.E.D.A.K. to Geniki Bank S.A. with the amount of € 2.1 million.

On 17/6/2014, Piraeus Bank S.A. merged through absorption its 100% subsidiary Piraeus Wealth Management A.E.P.E.Y.

On 15/9/2014, New Evolution S.A, 100% subsidiary of Piraeus Bank S.A, transferred its 100% subsidiary Prospect N.E.P.A. to New Updating Development Real Estate & Tourism S.A., 100% subsidiary of the Group.

On 16/09/2014, Akinita Ltd LLC, 99.09% subsidiary company of the Group, has been renamed to Akinita Ukraine LLC.

On 22/9/2014, the 100% subsidiary of Piraeus Bank SA, “New Evolution S.A.” was renamed to “IMITHEA S.A.”, which acquired the business operations of the nursing unit "ERRIKOS DUNANT Hospital Center", representing the rights on assets (property, plant and equipment, titles, etc.), in the context of the mandatory public auction, which was completed during the 4th quarter of 2014. The Bank intends to start the divesting procedures from this subsidiary and therefore the necessary actions will start immediately after the completion of the reorganization of the company, which is already being implemented in cooperation with a specialized external consultant. The purchase price allocation exercise of the acquired business will be completed within one year from the acquisition date, that is during the next year, according to the requirements of IFRS 3 “Business Combinations”.

On 31/10/2014, Geniki Asset Management A.E.D.A.K.,100% subsidiary of Geniki Bank S.A., has been renamed to Geniki Special Business Services S.A.

By the approval decision No. 61164/20-11-2014 of the Ministry of Development & Competitiveness and the announcement No. 61241/20.11.2014 of the General Electronic Commercial Registry (G.E.MI), the merger through acquisition (absorption) by Piraeus Bank S.A., of its 100% subsidiary company Geniki Bank S.A., has been completed. As a result, the 100% subsidiary companies of Geniki Bank S.A., namely Geniki Financial & Consulting Services S.A., Geniki Information S.A. and Geniki Special Business Services S.A., as well as its 80% subsidiary company Geniki Insurance Agency S.A., have now become direct subsidiaries of Piraeus Bank S.A. Moreover, through this corporate transformation, the direct percentage of Piraeus Bank S.A. in the associates companies, Teiresias S.A. and Pyrrichos S.A., thus increasing direct participation percentages to 23.53% from 22.30% and to 50.77% from 34.65% respectively.

48 Independent Auditors' fees

For the years ended at 31 December 2014 and 2013 the legal auditors' fees of the Group are analysed below, as stated in article 43a of Codified Law 2190/1920 and as amended by article 30 of Law 3756/2009.

	31 December 2014	31 December 2013
Statutory audit fees	3,465	3,574
Tax audit fees	671	701
Other audit related fees	1,070	879
Other non audit related fees	595	945
Total	**5,802**	**6,100**

49 Purchase and acquisition of banking operations for the year 2013

a. Acquisition of the Greek banking operations of Cypriot Banks

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 million. From the above transaction resulted negative goodwill of a total amount € 3.4 billion, which was recognized in the income statement for the year 2013.

b. 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. with total asset of € 4.6 billion, for a total consideration of € 1 million.

From the above transaction resulted negative goodwill of a total amount € 308.4 million, which was recognized in the income statement for the year 2013. In December 2013, the Bank having secured all necessary legal and regulatory approvals completed the operational and information consolidation with the ex-Millennium Bank Branch network.

c. Completion of the purchase price allocation of Geniki Bank S.A.

In the year 2013, the purchase price allocation exercise of Geniki Bank S.A. was completed. Consequently, the additional negative goodwill from the acquisition of Geniki Bank S.A., compared to the negative goodwill that was provisionally, recognized in the annually consolidated financial statements as at 31/12/2012 amounts to approximately € 3.9 million. This difference was recognized in the results of the year 2013.

d. Completion of the purchase price allocation of former ATEbank S.A.

In the year 2013, the purchase price allocation exercise of ATEbank S.A. was completed. The negative goodwill of € 84.4 million was recognized in “Negative goodwill due to acquisitions” in the income statement for the year 2013.

50 Changes in presentation of financial information for the comparative year

In the consolidated statement of financial position as at 31/12/2014, “Trading securities” are included in the “Financial instruments at fair value through profit or loss”. Therefore, in the consolidated statement of financial position of 31/12/2013, the presentation of the “Trading securities” of amount € 196.9 million has been changed and it has been included in the “Financial instruments at fair value through profit or loss”.

In the consolidated income statement of the period 1/1-31/12/2014, “Net trading income” is included in the “Net income from financial instruments designated at fair value through profit or loss”. Therefore, in the consolidated income statement of the period 1/1-31/12/2013, the presentation of the “Net trading income” of amount € 83.1 million has been changed and it has been included in the "Net income from financial instruments designated at fair value through profit or loss”.

51 Events subsequent to the end of the year

- On January 7, 2015, relative to the procedure of warrants exercise, the Bank announced that, after the settlement of warrant exercise orders, 3,568 warrants in total were exercised on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF). Exercised warrants corresponded to 15,969 common shares, i.e. to 0.00026% of the outstanding number of common shares, with a corresponding increase in free float. The total amount paid by the warrant holders to the HFSF amounted to €28,911.87. Following this 3rd exercise of warrants, the percentage of the HFSF in the share capital of the Bank stood at 66.93%.

• During the Board of Directors Meeting of January 21, 2015, Mr. Apostolos Tamvakakis was elected as an Independent Non-Executive Member of the Board, in replacement of the resigned Independent Non-Executive Board Member Mr. George Alexandridis, while the conclusion of the suitability assessment of the newly elected member, pursuant to the new regulatory framework for significant supervised financial institutions, is pending before the Supervisory Authority (SSM/ECB).

• On February 4, 2015, ECB decided to lift the waiver for accepting Greek sovereign bonds and bonds guaranteed by the Greek State as collateral for refinancing post February 11, a decision that is anticipated to be reconsidered based on the successful course of the current programme's implementation (MFFA) that has been extended until June 30, 2015.

• During the Board of Directors Meeting of February 25, 2015, the resignation of Mr. Panayiotis Roumeliotis from the position of Vice-Chairman and Non-Executive Board Member was accepted, while on the recommendation of the Nomination Committee, Mr. Nikolaos Christodoulakis was elected on March 18, 2015 for the replacement of the resigned. It is noted that the conclusion of the suitability assessment of the newly elected member, is pending before the Supervisory Authority (SSM/ECB).

• On March 9, 2015, the company PASAL Development S.A. announced that it signed an agreement with Piraeus Bank for the settlement of the company's loan obligations against the Bank. Following this agreement, Piraeus Bank informed investors that on March 23, 2015 acquired 20,353,776 TRASTOR REIC shares from PASAL DEVELOPMENT S.A. Piraeus Bank, indirectly, had the relevant voting rights as of 07.10.2014, which have been suspended by judicial decisions and could not be exercised. As a result, the total number and percentage of voting rights, directly and indirectly held by Piraeus Bank amounts to 38,953,302 and 70.9684% respectively. Furthermore, Piraeus Bank announced on March 27, 2015 that pursuant to entering an agreement with PASAL DEVELOPMENT S.A. on 23.03.2015, PASAL DEVELOPMENT S.A. has been provided by the Bank a call option in regards to 10,176,888 common TRASTOR REIC shares which correspond to 18.54% of the total voting rights of the existing share capital of TRASTOR REIC.

• On March 19, 2015, Piraeus Bank announced that by virtue of relevant Ministerial Decision of the Minister of Finance (Government Gazette, vol. Specialized Placement of Employees and Administrators in the Public Sector, issue 104/6.3.2015), Mr. Gerassimos Tsiaparas, was appointed as representative of the Greek State to Piraeus Bank's Board of Directors (the conclusion of the suitability assessment of the newly elected representative, is pending before the Supervisory Authority, SSM/ECB), pursuant to the provisions of L.3723/2008, to replace Mr. Athanassios Tsoumas who has resigned. The term of such appointment shall commence on the date of promulgation in the Government Gazette and shall expire at the end of Piraeus Bank's participation in the ambit of L.3723/2008, as in force.

• Lastly, within the framework of deteriorating liquidity conditions prevailing in the Greek banking market as of December 2014 and during the first months of 2015, it is highlighted that Piraeus Bank's deposits in Greece had also a similar course, with outflows proportionate to its market share (€ -7 bn in January -February 2015 vs. € -21 bn respective outflow for the total market). It is underlined that this trend of deposit outflows has not been accompanied by any increase in interest cost, while large part of them has ended up in money in circulation and only a small part has exited Greece through money transfer remittances.

The largest outflow up to the date of publication of financial statements took place in January, while from late February onwards the outflows from private sector deposits have been significantly contained. Deposit decline (as well as decrease of interbank transactions) has been covered via Eurosystem funding increase, with balance reaching € 29 bn for Piraeus Bank at the end of February 2015 (up from €14 bn on 31 December 2014) vs. € 104 bn for total market (up from € 56 bn respectively).

Athens, March 31st, 2015

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 2014

In accordance with the International Financial Reporting Standards

The attached financial statements have been approved by the Piraeus Bank S.A. Board of Directors on March 31st 2015 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 2014	**31 December 2013**
Interest and similar income	6	3,001,573	2,966,649
Interest expense and similar charges	6	(1,360,615)	(1,671,502)
NET INTEREST INCOME		**1,640,958**	**1,295,146**
Fee and commission income	7	247,284	209,596
Fee and commission expense	7	(28,904)	(20,805)
NET FEE AND COMMISSION INCOME		**218,381**	**188,791**
Dividend income	8	20,442	19,996
Net income from financial instruments designated at fair value through profit or loss	9	(76,330)	108,794
Results from investment securities	10	72,814	59,145
Other operating income	11	193,423	68,072
Negative goodwill due to acquisitions	48	-	3,498,037
TOTAL NET INCOME		**2,069,687**	**5,237,980**
Staff costs	12	(581,678)	(629,271)
Administrative expenses	13	(483,658)	(473,664)
Depreciation and amortisation	26, 27	(114,752)	(73,326)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,180,088)**	**(1,176,261)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**889,599**	**4,061,720**
Impairment losses on loans	22	(3,593,805)	(1,886,247)
Impairment losses on other receivables	30	(105,751)	(73,472)
Impairment on participations and investment securities		(314,407)	(319,998)
Impairment of tangible and intangible assets	26, 27	(16,389)	(13,026)
Provisions for outstanding litigations	37	(2,073)	(2,600)
Other provisions	37	(6,336)	(3,449)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(3,149,161)**	**1,762,927**
Income tax	14	1,083,961	743,401
PROFIT/ (LOSS) AFTER TAX		**(2,065,200)**	**2,506,328**
Earnings/ (losses) per share (in euros):			
- Basic and Diluted	15	(0.3529)	0.8831

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF TOTAL COMPREHENSIVE INCOME	Note	Year ended 31 December 2014	Year ended 31 December 2013
Profit/ (loss) after tax (A)		**(2,065,200)**	**2,506,328**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	16, 42	(152,815)	47,209
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	16, 42	(38,365)	6,252
Other comprehensive income, net of tax (B)		**(191,181)**	**53,461**
Total comprehensive income, net of tax (A)+(B)		**(2,256,381)**	**2,559,789**

Amounts in thousand euros (unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2014	31 December 2013
ASSETS			
Cash and balances with Central Bank	17	2,864,234	1,912,478
Loans and advances to credit institutions	18	932,793	1,163,172
Financial instruments at fair value through profit or loss	20	110,173	44,875
Derivative financial instruments - assets	19	506,941	321,307
Reverse repos with customers	21	63,632	6,353
Loans and advances to customers (net of provisions)	22	53,987,068	57,399,117
Available for sale securities	23	2,059,917	888,538
Debt securities - receivables	24	14,273,935	15,569,474
Assets held for sale	29	10,307	10,307
Inventories property	30	523,883	351,498
Investment property	28	321,636	291,058
Investments in subsidiaries	25	1,691,120	1,707,317
Investments in associated undertakings	25	279,154	291,901
Property, plant and equipment	27	838,804	785,813
Intangible assets	26	238,448	222,427
Deferred tax assets	38	3,950,983	2,706,304
Other assets	30	1,950,071	2,105,932
TOTAL ASSETS		**84,603,099**	**85,777,870**
LIABILITIES			
Due to credit institutions	31	24,566,067	27,251,988
Due to customers	33	50,240,344	48,498,391
Liabilities at fair value through profit or loss	32	1,853	549
Derivative financial instruments - liabilities	19	538,260	325,996
Debt securities in issue	34	661,341	305,263
Current income tax liabilities		9,007	17,583
Retirement benefit obligations	39	192,198	145,844
Other provisions	37	27,665	20,879
Other liabilities	36	747,116	686,283
Hybrid capital and other borrowed funds	35	232,381	256,004
TOTAL LIABILITIES		**77,216,232**	**77,508,781**
EQUITY			
Share capital	41	1,830,594	2,271,770
Share premium	41	11,393,315	10,008,734
Other reserves	42	(7,449)	183,732
Retained earnings	42	(5,829,593)	(4,195,148)
TOTAL EQUITY		**7,386,867**	**8,269,089**
TOTAL LIABILITIES AND EQUITY		**84,603,099**	**85,777,870**

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 2013		**1,092,998**	**2,953,356**	**130,271**	**(6,920,981)**	**(2,744,356)**
Other comprehensive income, net of tax	16			53,461		53,461
Results after tax	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					219,506	219,506
Balance as at 31st December 2013		**2,271,770**	**10,008,734**	**183,732**	**(4,195,148)**	**8,269,089**
Opening balance as at 1st January 2014		**2,271,770**	**10,008,734**	**183,732**	**(4,195,148)**	**8,269,089**
Other comprehensive income for the year, net of tax	16, 42			(191,181)		(191,181)
Results after tax	42				(2,065,200)	(2,065,200)
Total recognised income for the year 2014		**0**	**0**	**(191,181)**	**(2,065,200)**	**(2,256,381)**
Increase of share capital	41	308,824	1,384,581			1,693,404
Repurchase of preferred shares	41	(750,000)				(750,000)
Absorption of companies					430,755	430,755
Balance as at 31st December 2014		**1,830,594**	**11,393,315**	**(7,449)**	**(5,829,593)**	**7,386,867**

Amounts in thousand euros (unless otherwise stated)

CASH FLOW STATEMENT	Note	Year ended	
		31 December 2014	31 December 2013
Cash flows from operating activities			
Profit / (loss) before tax		(3,149,161)	1,762,927
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		4,038,759	2,298,793
Add: depreciation and amortisation charge	26, 27	114,752	73,326
Add: retirement benefits	12, 39	68,478	11,600
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		(98,061)	(27,435)
(Gains)/ losses from investing activities		(85,249)	(65,352)
Deduct: negative goodwill due to acquisitions	48	-	(3,498,036)
Cash flows from operating activities before changes in operating assets and liabilities		889,518	555,822
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		(150,699)	(104,919)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		(87,806)	59,390
Net (increase)/ decrease in loans and advances to credit Institutions		268,506	1,393,732
Net (increase)/ decrease in loans and advances to customers		1,603,463	953,446
Net (increase)/ decrease in debt securities - receivables		1,295,539	(650,481)
Net (increase)/ decrease in reverse repos with customers		(57,280)	29,035
Net (increase)/ decrease in other assets		(332,453)	340,583
Net increase/ (decrease) in amounts due to credit institutions		(2,790,574)	(7,036,458)
Net increase/ (decrease) in liabilities at fair value through profit or loss		1,304	(21,404)
Net increase/ (decrease) in amounts due to customers		(325,825)	22,107
Net increase/ (decrease) in other liabilities		196,672	(59,679)
Net cash flow from operating activities before income tax payment		510,366	(4,518,826)
Income tax paid		(616)	(5,127)
Net cash inflow/ (outflow) from operating activities		**509,750**	**(4,523,953)**
Cash flows from investing activities			
Purchases of property, plant and equipment	27, 28	(120,871)	(90,559)
Sales of property, plant and equipment		37,705	2,501
Purchases of intangible assets	26	(37,633)	(38,891)
Increase of share capital of company held for sale		-	(172,057)
Purchases of investment securities		(6,780,095)	(7,847,900)
Disposals/ maturity of investment securities		5,400,064	11,336,356
Acquisition of subsidiaries and participation in share capital increases		(145,552)	(46,058)
Sales of subsidiaries		2,136	10,878
Acquisition of associates and participation in share capital increases	25	(363)	(19,105)
Sales of associates		1,200	4
Dividends receipts from subsidiaries		3,000	2,970
Dividends receipts from associates	8	1,694	2,718
Dividends receipts from available for sale securities	8	13,232	13,258
Net cash inflow/ (outflow) from investing activities		**(1,625,484)**	**3,154,116**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		305,588	(269,529)
Increase of share capital		1,673,519	1,180,322
Repurchase of preferred shares	41	(750,000)	-
Net cash inflow/ (outflow) from financing activities		**1,229,107**	**910,793**
Effect of exchange rate changes on cash and cash equivalents		21,054	(20,836)
Net increase/ (decrease) in cash and cash equivalents of the year (A)		**134,428**	**(479,880)**
Cash and cash equivalents at the beginning of the year (B)		**1,040,989**	**1,389,560**
Cash and cash equivalents at the acquisition date of assets and liabilities of Cypriot banks' network in Greece (C)		**-**	**11,696**
Cash and cash equivalents from absorptions of companies (D)		**750,723**	**119,613**
Cash and cash equivalents at the end of the year (A)+(B)+(C)+(D)	44	**1,926,139**	**1,040,989**

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 14,418 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, RAFI, Med 100), MSCI (Emerging Markets, EM EMEA, Greece), Euro Stoxx (TMI, TMI Banks, Greece TM) and S&P (Global BMI, Eurozone BMI, Greece BMI), Dow Jones Sustainability Index (Emerging Markets).

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

Basis of preparation

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 31/12/2014 are not comparable with the corresponding figures as at 31/12/2013, as Piraeus Bank acquired Geniki Bank S.A. on 21/11/2014. Furthermore, the figures of the income statement for the year 2014 are not comparable with the corresponding figures for the year 2013 as Piraeus Bank acquired a) the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/03/2013, b) Millennium Bank S.A. on 9/12/2013 and c) Geniki Bank S.A. on 21/11/2014.

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.

Going concern basis

The annual financial statements have been prepared on a going concern basis. Piraeus Bank's Management estimates that the Bank will continue in operational existence for the foreseeable future.

Macroeconomic environment

The economic situation in Greece, in combination with the political developments, remains the main risk factor for the Greek banking sector. The ongoing recession in the last six years led to the accumulated loss of approximately 25% of the GDP. In 2014, the economy returned to a growth rate of 0.8% and achieved primary surplus, which is limited to 0.3% of the GDP, less that the target of 1.5% (set by the newly elected government). In the extraordinary Eurogroup of 20 February 2015, the newly elected government agreed with the EU, ECB and IMF (here on the "Institutions"), the four-month extension of the existing loan agreement (Master Financial Assistance Facility Agreement - MFFA), so as to complete the assessment of the current program and proceed to the achievement of a potential future new agreement.

On 23 February, the Greek government presented to the Institutions, an initial list of reforms which should be finalized by the end of April 2015. The disbursement of the last installment of the previous program which has not taken place or/ and any approval by the Institutions for additional financing, will depend on the successful completion of the assessment and the joint agreement on the necessary reforms.

The aforementioned developments create significant uncertainties concerning the course of the Greek economy, which are likely to have a significant negative impact on the capital adequacy and the liquidity of the banking sector. Piraeus Bank's management closely monitors the developments and assesses periodically the impact that any negative developments in these areas might have in its operations.

Capital adequacy

In April 2014, the Bank´s share capital increase of € 1.75 billion was completed, with the aim to: a) meet the capital needs as determined by the Bank of Greece in March 2014 (€ 425 million in the baseline scenario (binding) and € 757 million in the adverse scenario), b) improve the Bank´s capital position through acquiring in full the preference shares of total nominal amount € 750 million (completed in May 2014) and c) further strengthen the capital adequacy ratios of the Bank.

Piraeus Bank participated, as one of the 128 systemically important European banks, in the "Comprehensive Assessment" conducted by ECB, within the framework for the creation of the Single Supervisory Mechanism (SSM) for European Union banks. The assessment that began in November 2013 and was completed with the announcement of the results as at 26 October 2014, was conducted by reference to a balance sheet as of 31 December 2013 ("Static Balance Sheet"), and Piraeus' restructuring plan ("Dynamic Balance Sheet"). The assessment of the Bank based on the "Static Balance Sheet" and the "Dynamic Balance Sheet" was stressed under a "baseline" and "adverse" scenario.

In the Dynamic Balance Sheet approach, Piraeus Bank resulted with a Common Equity Tier 1 capital ratio ("CET1 ratio") of 11.4% under the "baseline" scenario and 6.7% under the "adverse" scenario, against minimum threshold requirements of 8.0% and 5.5% respectively. The Static Balance Sheet approach, combined with the impact of the € 1.75 billion capital increase that took place in April 2014 and the € 750 million repayment of the State preference shares in May 2014, leads to a CET1 ratio of the Bank of

10.7% and 6.1% in the "baseline" and "adverse" scenarios respectively. These ratios do not take into account the benefit of the potential conversion of deferred tax assets to deferred tax credit (L.4302/2014 as amended on 16 October 2014).

Based on the results of the Comprehensive Assessment conducted by ECB, no additional capital needs arise for Piraeus Bank.

Liquidity

During the first two months of 2015, the Greek banking system had to raise liquidity from the emergency liquidity assistance (ELA) mechanism to cover the short term capital needs resulting from the decision made by the ECB to suspend the acceptance of securities issued or guaranteed by the Greek government for main refinancing operations, as well as due to the significant reduction of domestic deposits. The exposure of all banks in the Eurosystem increased from about € 43 billion at the end of November 2014, to marginally over € 100 billion at the end of February 2015, of which about € 70 billion was covered by the Emergency Liquidity Assistance.

The provision of liquidity support by ELA is granted to adequately capitalized credit institutions that have acceptable assets as collateral, and is assessed on a 15-day basis by the ECB. Piraeus Bank's management, after taking into account its strong capital base, the available acceptable collateral and the commitment of the Eurosystem to provide liquidity in case that the country remains within the European program, expects to be able to cover its short-term financing needs.

New accounting standards, interpretations and amendments

New accounting standards, interpretations and amendments on existing accounting standards that have been issued by the International Accounting Standards Board and are effective for the current year (Chapter A) or subsequent years (Chapter B and C), are as follows:

(A) The following new IFRSs and amendments that have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and they are effective from 1.1.2014:

- **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.

- **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, which are accounted for as investments in fair value through profit or loss, despite the existence of control. They also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The above group of standards and amendments has no significant impact in the 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. This amendment has no significant impact in the financial statements.

- **IAS 36 (Amendment), "Impairment of non Financial 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. This amendment has no significant impact in the financial statements.

- **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. This amendment has no significant impact in the financial statements.

(B) The following amendments and interpretations have been issued by the International Accounting Standards Board and have been endorsed by the E.U. up to 2014. They are not effective in 2014 and they have not been early adopted by the Bank:

- **IFRIC 21 "Levies" (effective for annual periods beginning on or after 17 June 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 Benefits" (effective for annual periods beginning on or after 1 July 2014).** The amendment allows an entity to recognize 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 judgements made by Management when aggregating the entity's reportable segments.

- **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 as well as joint ventures are outside the scope of IFRS 3.

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

- **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.

(C) The following new IFRSs and amendments have been issued by the International Accounting Standards Board but they have not been endorsed by the E.U. up to 2014 and they have not been adopted by the Bank:

- **IFRS 9, "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018**). IFRS 9 "Financial instruments" includes the provisions concerning the classification and measurement of financial assets and financial liabilities, as well as the revised expected credit losses model that replaces the incurred loss impairment model used today. In addition to this, the standard includes the revised provisions relating to hedge accounting that align the accounting treatment of hedging relations with risk management activities. The Bank is currently investigating the impact of IFRS 9 on its financial statements. The EU has not yet endorsed IFRS 9 and therefore the standard cannot be early adopted.

- **IAS 16 (Amendment) and IAS 38 (Amendment), «Clarification of Acceptable Methods of Depreciation and Amortization" (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies acceptable methods of depreciation and amortization.

- **IFRS 11 (Amendment), "Accounting for Acquisitions of Interest in Joint Operations" (effective for annual periods beginning on or after 1 January 2016).** The amendment provides guidance on the accounting for acquisition of an interest in a joint operation, in which the activity constitutes a business.

- **IFRS 15, "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017).** This standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

- **IFRS 10 (Amendment), "Investment Entities" and IAS 28 (Amendment), "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2016).** This amendment provides guidance on the accounting of gain or loss recognized in a transaction of sale or contribution of assets.

- **IAS 27 (Amendment), "Separate Financial Statements" effective for annual periods beginning on or after 1 July 2016).** The amendment allows to an entity to use the equity method to account for investments in subsidiaries, associates and joint ventures in its separate financial statements.

- **IAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2016).** The aforementioned amendment provides clarifications concerning the materiality and aggregation of information, the structure of financial statements and the disclosures of accounting policies, as well as the presentation of items of other comprehensive income (OCI) arising from equity accounted investments.

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- **IFRS 10, IFRS 12 and IAS 28 (Amendment) "Investment entities: Applying the consolidation exception" (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies the application of the consolidation exception for investment entities and their subsidiaries.

<u>**Annual Improvements to IFRSs 2012-2014 (September 2014)**</u>

- **IFRS 5 (Amendment) "Non-current assets held for sale and discontinued operations" (effective for annual periods beginning on or after 1 January 2016).** Assets are disposed of either through sale or through distribution to owners. This amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal and therefore should not be accounted for as such.

- **IFRS 7 "Financial instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2016).** The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.

- **IAS 19 "Employee benefits" (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies that the determination of the discount rate for post-employment benefit obligations depends on the currency that the liabilities are denominated rather than the country where these arise.

- **IAS 34 "Interim financial reporting" (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies what is meant by the reference in the standard to "elsewhere in the interim financial report".

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 within the approved limits set by its competent units, hedging purposes, as well as the service of its clients needs. Derivative financial instruments, in which Piraeus Bank is involved, 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). In the case of credit default swaps, it is agreed 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.

FX forwards are contractual agreements between two parties (over the counter) to purchase a currency against another. Interest rate swaps are contractual agreements 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 (Debit 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 income from financial instruments designated at fair value through profit or loss". 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 and financial instruments 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 income from financial instruments designated at fair value through profit or loss". 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 compared to acquisition cost) for the available for sale securities based on several pricing models. Significant or prolonged decline of the fair value is defined as: a) the decline in fair value below the cost of the investment for more than 40% or b) the twelve month period decline in fair value for more than 25% of acquisition cost.

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.

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 “Financial instruments at fair value through profit or loss” category to investments “Held to maturity” category or “Available for sale securities” 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 “Financial instruments at fair value through profit or loss” category or “Available for sale securities” category to “Loans and receivables to customers” 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 securities” 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 “Financial instruments at fair value through profit or loss” category to “Available for sale securities” 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 to customers” 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 securities”, 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 “Financial instruments at fair value through profit or loss”, 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 initial investment may not be recovered substantially, for reasons 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 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 loan is subject to impairment when its carrying amount is greater than the expected recoverable amount.

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.

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.

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.

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 3.1.12 is relevant to the policy of forborne loans.

2.13 Debt securities receivables

Debt securities receivables are receivables by 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 “Financial instruments at fair value through profit or loss” 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 initial investment may not be recovered substantially for reasons, other than credit deterioration.

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

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. Triggers of impairment are mainly the deterioration of the financial data of the entities, as well as the adverse developments in some countries and sectors of the Greek economy, in which subsidiary and associate entities operate. 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 years 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 usually 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 a finance 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 a 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 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 estimated by valuers, is determined using a methodology based on valuations that have been carried out.

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.

<u>Finance leases</u>
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.

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.

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 only on a legal entity basis 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 or paid to transfer a liability 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, the valuation of which is based on yield curves that are derived based on bond trading prices from reliable sources (eg Bloomberg, Reuters), as well as other parameters, valuation prices and derivatives pricing models.

Level 3

Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Level 3 includes mainly but not exclusively shares 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 shares, 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 fair value of the shares within level 3 is only taken into account when it is lower than the carrying amount, else these shares are recorded at cost.

Level 3 may also include the following financial instruments:

a) OTC derivatives with material credit adjustments which are determined based on unobservable parameters,
b) derivative financial instruments that are defaulted and for which a reliable price cannot be determined and
c) bonds not repaid due to the inability of the issuer and for which there is no available market price.

Level 3 may also include any other asset or liability that shall be measured at fair value, provided that the basis for determining the fair value does not qualify for classification in the previous hierarchy levels.

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. The relevant provisions, according to which purchase of treasury shares is not allowed for as long as the Bank participates in the liquidity support program, are referred in note 41.

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 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 securities using the effective interest rate method. Bank's debt securities and borrowed funds include: euro medium term note (EMTN), securitisation of mortgage, consumer and corporate loans, hybrid capital and subordinated loans.

If the Bank purchases its debt securities or own debt, these are removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in the income statement..

2.29 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 arm's length.

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 49).

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

Risk Management Framework

The prudent implementation and ongoing development of the Risk Management Framework is a priority and is taken into account in the formulation of annual business plans.

The Board of Directors (BoD), has total responsibility for the development and overseeing of the risk management framework. The Board Risk Committee, as a committee of the Board of Directors convenes on a monthly basis and/or urgently, shapes the risk appetite strategy as well as the own funds requirements relative to the shape and size of inherent risks. In this context, business plans/targets are subject to fine tuning in order to embody current developments that may materially impact Bank's risk profile.

The Asset-Liability Management committee (ALCO), convenes at least monthly, examining developments in capital markets, in combination with the level of finance risk adoption by the Bank and its subsidiaries. During 2014, emphasis was placed in matters of liquidity management, aiming to ensure the Group's adequacy, given the extreme adverse conditions in the Hellenic market and also globally.

The risk management framework is being evaluated and evolved constantly, taking into account the Bank's historical database, the market dynamics, the coordination of prudential requirements and global best practices. The responsibility for the specification and implementation of the risk management framework, according to directions by the Board Risk Committee, has the Group Risk Management unit. The head of the Group Risk Management unit reports directly to the Board Risk Committee.

The Group Risk Management division is comprised of the following divisions:

- Group Credit Risk Management,
- Group Capital Management,
- Group Market, Liquidity and Operational Risk Management,
- Group Risk Coordination and
- Corporate Credit Control.

The Division's activities are set under the independent control of the Internal Audit Function, which evaluates the adequacy and efficiency of the applied risk management processes.

The Bank has determined an official and approved Risk & Capital Strategy, which includes a set of Risk Appetite Framework at Group level and specifically refers to the Bank and all of its subsidiary companies of the financial sector.

The Risk & Capital Strategy of the Bank takes into consideration all present conditions, offers guidelines and marks the foundation for the definition and formation of a broad risk management culture, based on the business plans and commitments undertaken at Group level, with respect to supervisory authorities.

The effectiveness of the Strategy is measured by parallel assessment of:

- the Bank's financial results relative to its business goals and
- the Bank's risk profile relative to the qualitative and quantitative statements of the Risk Appetite Framework.

3.1 Credit risk

3.1.1 Credit risk management strategies and procedures

The Bank engages in activities that can expose it to the credit risk. Credit risk is defined as the potential risk that a bank's borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions. Credit risk is the most significant risk for the Bank and therefore its effective monitoring and persistent management constitutes a top priority for senior management. The Bank's exposure to credit risk arises mostly from Corporate and Retail Credit, various investments, OTC transactions and from transactions settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, debtor's financial condition, amount/type/duration of exposure and the existence of collaterals and guarantees.

The implementation of the credit policy, that describes the principles of credit risk management of 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 annually and the responsible approval authorities are determined, based on the size and the category of the total credit risk exposure undertaken by the Bank for each debtor or group of connected debtors (one obligor principle).

Under the Group Risk Management, there is the Credit Risk Management Division which operates with the mission of continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises, individuals, banks, central governments and countries.

3.1.2 Credit risk measurement and reporting systems

Reliable credit risk measurement is a 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 fulfillment of supervisory requirements.

a) Loans and advances

For credit risk measurement and monitoring purposes entailed in the Bank's loans and advances, the following are performed at a counterparty level:
(i) The customer's creditworthiness and the probability, of defaulting on their contractual obligations is systematically assessed,
(ii) 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. These aforementioned credit risk measurement parameters are incorporated into the Bank's daily operations.

(i) Systematic Evaluation of the Customers' Creditworthiness and Assessment of the Probability of Default 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.

Amounts in thousand euros (Unless otherwise stated)

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

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.

Each category of the credit rating scale corresponds to a specific policy of the Bank as far as the relationship with the business borrowers is concerned and is presented in the relevant chapter of the Credit Policy and Practice Manual. The rating scale for business borrowers consists of 23 rating grades from which 19 grades correspond to borrowers that have not defaulted on their contractual obligations, 1 grade corresponds to high risk non defaulted borrowers (special mention), 1 grade to distressed restructured business borrowers and 2 grades correspond to borrowers that have defaulted on their contractual obligations to the bank.

The following table presents the bank's policy mapped to each rating scale:

RATING	CREDIT WORTHINESS	POLICY
1	Excellent	Develop relationship
2		
3		
4		
5	Very Strong	Develop relationship
6		
7		
8	Strong	Develop relationship
9		
10		
11	Good	Develop relationship in accordance to business growth
12		
13	Satisfactory	Develop relationship taking collateral /security or Maintain relationship
14	Adequate	Carefully develop relationship taking adequate collateral /security Or Maintain relationship taking adequate collateral/ security
15	Marginal	Develop relationship taking strong collateral /security Or Maintain relationship taking adequate collateral/ security Or Limit relationship
16	Weak	Maintain relationship taking strong collateral /security Or Limit relationship
17	Very Weak	Probable classification/downgrading Or Reduce relationship taking strong collateral/security Or Terminate relationship
18	Poor	Probable classification/downgrading Or Terminate relationship
19	Very Poor	Probable classification/downgrading Or Terminate relationship
20	Special Mention	Probable restructuring of debt. Obtain additional strong collateral/security. Or Terminate relationship, Sytematic monitoring of developments
21	Restructured	Systematic monitoring for compliance with the terms of the restructured debt obligation.
22	Substandard	Collection or restructuring of debt obligation with use of business or judicial actions. Systematic monitoring of developments
23	Doubtful/Loss	Collection of receivables mainly through judicial actions. Systematic monitoring of developments

The Bank uses four distinct credit rating models, according to the type of operations and the size of the enterprise. More specifically:

- Corporate customers that keep “C” category accounting books and have a turnover > €2.5 million are rated using the MRA Corporate model.

- Corporate customers that keep “C” category accounting books and have a turnover up to €2.5 million are rated using the MRA SME model.

- Corporate customers that belong to special categories (e.g. newly established businesses with inadequate financials, syndicated loans, insurance companies, natural persons, not sole proprietors not included in the consumer credit portfolio), are rated using the expert judgment model “Manual Rating”.

- In accordance to the mandates of the new banking supervisory framework (Basel II), a separate credit rating model has been developed (based on slotting criteria) and is applied for specialized lending, which concerns the shipping portfolio (object finance). This model has been optimized and aligned with the special lending criteria of Basel’s Internal Rating Based Model.

- For rating small to medium-sized enterprises, an internally developed rating model is applied (B model).

Piraeus Bank has already automated the validation processes of the aforementioned models, which has led to more efficient and direct monitoring of their predictive power.
The rating scale for corporate loans, which is used for IFRS 7 implementation is the following

1. Standard monitoring
2. Special monitoring

The credit ratings of the 19 rating grades of MRA models correspond to the following categories: **Standard monitoring,** which includes customers with credit rating from 1 to 19 according to MRA models or Manual Rating from 1 to 19 and **Special monitoring,** which includes customers with credit rating of 20, 21, 22, 23.

Retail Credit

Regarding the retail credit portfolio, there are scorecards of client credit assessment in the Retail Banking portfolio covering different stages of the credit cycle, as follows:

a) Application Scorecards

The Application Scorecards are exclusively based on historical data of applications and behavior and are the result of logistic regression. They are tailored specifically to the Bank's clients and are customized on a product and purpose basis. Thus, we have nine product-based application scorecards and three purpose-based application scorecards in mortgage/housing loans.

b) Behavioral Scorecards

The Behavioral Scorecards are exclusively based on historical data of client behavior regarding the Bank's products and are the result of logistic regression. They are tailored specifically to the Bank's clients and are customized on a product and bucket and days past due basis. Thus, we have two categories of scorecards, the early bucket behavior scores (bucket 0-2) and the late bucket behavior scores (bucket 3+). In total we have 23 behavioral scorecards.

c) Internal Bureau Scorecard

There is also one scorecard regarding the Bank's clients' behavior in the market at the moment of the application. This scorecard is exclusively based on historical data and is also the result of logistic regression. It is tailored specifically to the Bank's clients and is not customized on a product basis.

d) Overall Application Scorecards

These are the scorecards which are part of the origination process and which combine in essence the above three scorecards. Thus, when a client submits an application, his application score, his behavior score and his bureau score are taken into account. These are five scorecards which are customized on a product-category basis, are based on historical data of applications and behavior and are the result of logistic regression.

Furthermore, there are four client behavior assessment scorecards after the termination, which aim to increase collectability/recoverability (180+dpd) (recovery models).

In addition, Piraeus Bank has used the credit bureau scoring model of Teiresias S.A., which takes into account the total exposure of borrowers in the Greek market. The usage of this particular model has improved the performance of the existing models.

Despite the fact that there are differences in the credit policy between collateralized and non-collateralized retail loans, the policy is nevertheless based on a range of credit criteria (apart from the aforementioned credit scoring models), such as:

- minimum income level,
- levels of indebtedness,
- credit history of the customer,
- kind, amount and significance of unfavorable factors,
- maximum levels of loan-to-value (LTV) (for collateralized loans) combined with the purpose of the loan.

The aforementioned internal models comprise the basic factors which are used as parameters in PB’s risk models (PD model and LGD model) for the total retail banking portfolio and for the business banking portfolio as well. These models are validated at least annually for:

- The Stability of the Population Rating between the Development and the Recent Period,
- Whether the changes in the PD/LGD parameters are statistically significant,
- Whether the models retain their discrimination power.

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

Along with the assessment of the counterparties’ creditworthiness, rating evaluation and during the process of setting/reviewing credit limits, the Bank estimates 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 as well as the 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

The Bank holds a portfolio of sovereign, bank and corporate debt, including Greek and international issues, as well as bonds issued from EFSF. For the proper management and monitoring of risks, all positions in securities are subject to approved limits, according to the Bank's policies and procedures.

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 for each portfolio category, according to the relevant IFRS provisions.

3.1.3 Risk Based Pricing

The credit rating models that have been developed and applied in the credit process, played an important role in the development of the relevant methodology of risk based pricing for the business as well as for the retail portfolio.

Piraeus Bank, through Risk Adjusted Pricing, aims to generate revenue to cover expected and unexpected risks as well as at a complete and correct depiction of profitability for its products and services. Furthermore Piraeus Bank aims at establishing a culture within all levels of the bank, in the identification of risk management.

3.1.4 Concentration Risk

The concentration of exposure to credit risk can arise from two types of inadequate risk diversification within a portfolio: (a) name concentration and (b) sector concentration. Name concentration is associated with inadequate risk diversification arising from large exposure to individual counterparties or groups of connected counterparties. The sector concentration arises from large exposures to customer groups affected by common factors such as the macroeconomic environment, geographic location, industry activity, currency etc.

In Piraeus Bank, concentration risk is monitored both at a) level of industrial sector of the corporate portfolio (on and off balance sheet exposures) under primary NACE II classification and b) individual level by assessing the largest exposures. For the assessment of concentration risk, the index Herfindahl-Hirschman (HHI) was used.

Moreover, there exists a system of maximum limits (ceilings) per counterparty's credit quality/rating, which enhance risk monitoring, along with already established individual counterparty credit limits. This supports centralized monitoring/management of counterparty risk while maintaining existing business relations.

In addition to compliance with the regulatory limits, the Group sets specific limits for concentration risk, which are reviewed regularly, depending on economic events that take place and alters its structure (Assets, Own Funds etc). These limits are set in absolute terms (absolute height position) and /or in relative terms (in relation to capital)

In order to address high concentration risk, the actions are related to:

- Reduction of maximum limits (ceilings).
- Reduction of exposure to specific industries/ clients.
- Transfer of risk via purchasing credit insurance (credit derivatives, guarantees etc.).
- Re-setting the internal capital.

3.1.5 Country Risk

Country risk summarizes and reflects (a) sovereign risk: this refers to the risk that a sovereign entity will fail to honor its debt obligations and (b) transfer risk: this refers to the risk that a government will be unable or unwilling to make foreign currency available for remittance out of the country. The bank's cross-border activities expose the entity to country risk, which is highly related to a volatile domestic economic and socio-political environment. For timely and effective monitoring of country risk, the Bank has established a framework for evaluation and management according to which specific country limits are established, monitored and evaluated on a regular basis (at least annually). For country risk assessesment, both quantitative and qualitative criteria are used, which take into account the evolution of risk parameters and the volume/structure of the Bank's country exposures.

3.1.6 Counterparty Credit Risk

Counterparty credit risk (CCR) monitoring constitutes a significant pillar of Risk Management. It is defined as the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. It arises from the Group's operations in OTC derivatives as well as in interbank financing transactions.

In order to implement effective CCR management, the Bank has adopted and follows procedures and guidelines for defining, reviewing and monitoring credit limits as well as concentration limits set on a counterparty rating basis. CCR limits cover the full range of financial products, in which the Bank transacts with Financial Institutions and corporate entities. Limits are set either in nominal amounts or risk units (credit equivalent), depending on the transaction and their utilization is monitored with daily frequency. For further enhancement of the CCR monitoring framework, the Bank has set and strictly follows a procedure for immediate limit cancelation or immediate restriction in limits, when certain conditions are met regarding counterparty's credit rating downgrade.

Also, the Bank in order to limit its maximum potential risk and monitor its concentration risk, it has in place a system of maximum credit exposure limits (ceilings) arranged by counterparty credit rating. The review of these ceilings is performed at regular intervals (six months).

For optimal CCR management and regarding credit risk mitigation techniques, the Bank has in place comprehensive and enforceable legal contracts with its Counterparties such as International Swap Derivatives Association Agreement (ISDA), Credit Support Annex (CSA) and Global Master Repurchase Agreement (GMRA). A master agreement permits the netting of both rights and obligations that arise from derivative transactions that have been performed under such a master agreement upon the counterparty's default, resulting in a single net claim. Moreover, in order to mitigate settlement risk and under specific transactions and conditions covered within master agreements, payment netting is performed. In order to monitor settlement exposures, the bank has set Daily Settlement Limits per counterparty.

3.1.7 Credit limits management and risk mitigation techniques

Piraeus Bank sets credit limits in order to manage and control its credit risk exposures and concentration risk. Credit limits define the maximum acceptable level of undertaken 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 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 provided, which reduce the level of risk assumed. The Bank categorizes the risk of credits into risk classes, based on the type of collateral/security associated and their liquidation potentiality. 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, with the prerequisite that all criteria set in 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 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

Along with the evaluation of the creditworthiness of counterparties, the Bank estimates the recovery rate against exposures, when limits are set or reviewed. This estimation is based on the type of debt claim and the existence of any connected collaterals or/and guarantees.   According to standard practice, when a borrower's credit rating is low, then even stronger collaterals/guarantees are requested, in order to secure a higher recovery rate to account for the borrowers default probability.

The Bank receives collateral/security against its credit to customers, minimizing thus the overall credit risk and ensuring the timely repayment of its debt claims. For this scope, the Bank has defined categories of acceptable collateral and has incorporated them in its credit policy. The Bank regards collaterals as liquid assets, which are pledged to secure timely repayment of its debt claims, while on the other hand, the Bank considers guarantees as assets that are not easily liquidated. Main types of acceptable collateral are 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 is reevaluated at regular intervals.

For the management and monitoring of collaterals and guarantees, the Bank uses a software platform which provides the ability to retrieve data at various levels. No such guarantees or securities are generally received against exposures to financial institutions.

b) Credit - related commitments

The Bank uses credit-related commitments to provide customers with funds when requested. 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.

3.1.8 Impairment policy for Provisions

The bank assesses on a regular basis whether there is any objective evidence that a financial asset or group of financial assets is impaired. To this extent and in every financial statements reporting period, the bank uses a very analytical method of calculating the impairment loss of its loans portfolio (impairment test) for the purpose of creating adequate provisions coverage for this portfolio, according to International Financial Reporting Standards.

An asset is impaired when its current book value is greater than its expected future recoverable proceeds. The loan's expected future recoverable proceeds consist of a) the present value of the estimated future cash flows of the financial asset or group of financial assets and b) the present value of any liquidated collateral, in the cases of the obligor's inability to fulfill its commitments. In the case of significant and material evidence that the Group won't be in a position to collect all due amounts according to the contractual terms of any agreement, a provision amount is calculated in order to reduce the asset's carrying value. The provision amount is the difference between the assets current book value and the recovered asset's proceeds.

The criteria that the bank, according to IAS 39, considers as objective evidence of impairment for any financial asset or group of financial assets are described in section 2.12.

Impairment assessment and provisioning is conducted individually at loan level for all loans that the Group considers significant, and collectively on a loan group level for all other cases. Significant loans are considered those loans which in a borrower level exceed € 1 million. The assessment of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics that individually are not considered significant. Also, collective assessment includes loans that are not individually impaired.

3.1.9. Collective Assessment for Business loan portfolio

All loans that are not individually assessed for impairment as well as those assessed but not impaired, are assessed on a collective basis.

For the scope of collective provision assessment, loans are grouped according to similar credit risk characteristics. These common characteristics are:

- Arrears bucket,
- Industry sector,
- Customer Segment,
- Collateral type.

These characteristics are related to the projection of future cash flows generated from the underlying assets, while trying to establish a link with the obligor's ability to fulfill its contractual obligations.

The future cash flows connected to group of assets that are collectively assessed are estimated based upon historic data loss estimates for the Group. Historic loss estimates are adjusted to current observations in order to reflect current economic conditions as well as to remove any distortions caused by previous conditions that are not in place when conducting the assessment.

It is noted that during 2014 advanced credit risk statistical models were used in order to estimate the probability of default of the future cash flows and impairment losses, taking into account macroeconomic factors (i.e. GDP, unemployment rate, etc).

3.1.10. Collective Assessment for Retail loan portfolio

In order to determine the necessary collective impairment loss for Piraeus Bank retail loan portfolio, according to the International Financial Reporting Standards (IFRS), loans which are individually assessed for impairment, excluding those for which no impairment loss resulted, are deducted from the whole retail loan portfolio.

Thereafter, the remaining portfolio is categorized into segments, so as loans, in each segment show the greatest possible homogeneity and uniformity in terms of their characteristics. Basic parameters, used in portfolio segmentation procedure, are the followings:

- product (Mortgage, Consumer, Cards),
- arrears bucket,
- loan characterization as Forborne,
- type of loan collaterals,
- loan currency.

In order to determinate the impairment amount for each segment, not only idiosygratic elements are quantified, but also the effect of basic macroeconomic parameters, such as GDP variation and unemployment levels.

If, in a subsequent period, the amount of the impairment loss decreases (both in business and in retail loan portfolio) and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced and the difference is recognized in the Income Statement.

Amounts in thousand euros (Unless otherwise stated)

3.1.11 EU-wide comprehensive assessment exercise (AQR & Stress Test)

Piraeus Bank successfully participated in of the 128 systemically important Banks of the Eurozone, performed in preparation of the ECB's undertaking their direct supervision. The results of the exercise were published on 26/10/2014.

The EU-wide comprehensive assessment exercise comprised of the Asset Quality Review (AQR) and the Stress Test (ST), which was performed in the basis of a Basic (expected) and an Adverse (stressed) scenario. The purpose of the exercise was to test the resilience in terms of capital adequacy of the banking sector in Europe, under the possibility of further deepening of the economic crisis and to determine the capital required to restore Tier 1 Capital levels to 6%, taking into account the Basic and Adverse scenario.

The Adverse scenario Stress Test was performed under a 'Static Balance-Sheet' assumption with reference point the 31st December of 2013 and under a 'Dynamic Balance-Sheet' assumption which also took into account the restructuring plan of Piraeus Bank. The Stress Test results were adjusted taking into account the Asset Quality Review results as well as actions which were performed within 2014.

Under the 'Dynamic Balance sheet' assumption, Piraeus Bank resulted in 11.4% for the 'Basic' and 6.7% for the 'Adverse' scenario Common Equity Tier 1 ("CET1") ratio, with respect to the minimum required ratios of 8.0% and 5.5% respectively.

The 'Static Balance sheet' assumption, taking into account the € 1.75 billion share capital increase performed on April 2014, after the repayment of the € 0.75 billion of Greek Government preference shares on May 2014, resulted in 10.7% and 6.1% CET1 ratio for the Bank under the 'Basic' and 'Adverse' scenarios respectively. These ratios do not take into account the benefit from the conversion of deferred tax assets (DTA) to a definite and cleared tax credit (DTC), (Law 4302/2014 as amended on 16th October 2014).

Taking into account the effect of the deferred tax on the calculations, the CET1 ratio increases to 11.8% for the 'Basic' and 7.7% for the 'Adverse' scenario, providing Piraeus Bank with additional capital buffers over the required 8.0% and 5.5% limits for the Basic' and 'Adverse' scenario respectively

	Static Balance-Sheet	Dynamic Balance-Sheet
Basic Scenario (limit 8%)	10.7%	11.4%
Adverse Scenario (limit 5.5%)	6.1%	6.7%
After conversion of DTA to DTC :		
Basic Scenario (limit 8%)	11.8%	12.4%
Adverse Scenario (limit 5.5%)	7.7%	8.0%

3.1.12 Forbearance

During 2014, the Bank adopted the "Implementing Technical Standards" (ITS) of the European Banking Authority (EBA) relating to forborne loans, in alignment with the Bank of Greece Executive Committee Act No. 42/30.5.14 for the "Supervisory framework for the management of loans in arrears and non-performing loans". For this reason, the method and the procedures for monitoring forborne loans were changed and the perimeter of forborne loans for the year 2014 was redefined according to the new standards and framework. As the retrospective application of the above mentioned requirements is impracticable, the non comparable balances of forborne loans of the year 2013, as well as the reconciliation of forborne loans are not disclosed in the financial statements of the Bank for the year 2014.

The alignment of the Restructuring Policy of the Bank with the relevant EBA definitions and Bank of Greece guidelines, was backed up with the creation of new structures and procedures, development of new information systems and modifications on existing applications, in order to achieve effective and reliable management of past due loans, by performing viable restructurings and monitoring the effectiveness of various types of forbearance.

All loans having their terms and conditions modified or loans favorably refinanced, with terms that would not be granted to other customers of similar risk profile and due to current or expected financial difficulty of the customer, are considered as Forborne.

In order for a forborne loan to lose its forbearance status, it has to be at least for two years in non - past due status, there should no longer exist concern on full repayment, no provisions, no re-forbearance and significant payments should have taken place within the last twelve months.

Loans in forbearance status are assessed for provisions either on individual or collective basis, according to the provisioning policy, with no differentiation compared to non-forborne loans.

The Restructuring Business Unit (RBU) manages the past due loans, aiming to apply the appropriate viable restructuring solution for each customer, assuring fair treatment between customers and maximizing value for the Bank. Towards this goal, special tools are utilized by type of customer, like ‘decision trees’, pilot measurements and results evaluations on selected parts of the portfolios and appropriate procedures and types of restructurings are applied according to the number of days past due and the risk undertaken.

The Supervisory and Delinquencies Committee, which among other things, is responsible for the strategy of past due loans management, collaborates with the Risk Management for the achievement of a common understanding and the development of appropriate methodologies to assess the risk of the RBU portfolio. The Risk Management monitors the forbearance process and assesses the relative risks by portfolio and forbearance type. The Chief Risk Officer is informed at least on a quarterly basis on the developments of the RBU portfolio and communicates his view to the Risk Committee.

3.1.13 Write-offs

The Bank writes-off loans against their respective provisions, either in the case that it is highly probable that these will not be collected and given that all potential collection efforts have been exhausted, or as part of a forbearance solution or a cash settlement agreement, provided that such action is in the Bank’s interests. Loan write-offs are approved by the Bank´s Board of Directors or by its authorized committees. With the exception of the cash settlement agreements, the Bank continues monitoring written-off loans, in case that they may become collectable in the future. Any subsequent recovery is credited in Profit & Loss.

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 2014			31 December 2013		
	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	932,793	63,632	14,268,783	1,163,172	6,353	15,564,939
B) Loans and advances past due but not impaired	-	-	5,152	-	-	4,535
C) Loans and advances impaired	-	-	23,846	-	-	23,846
Total	**932,793**	**63,632**	**14,297,780**	**1,163,172**	**6,353**	**15,593,320**

Loans and advances to credit institutions

Grades	31 December 2014	31 December 2013
Investment grade	46,753	840
Standard monitoring	45,036	6,690
Special monitoring	841,003	1,155,642
Total	**932,793**	**1,163,172**

Reverse repos with customers

Grades	31 December 2014	31 December 2013
Standard monitoring	63,632	6,353
Total	**63,632**	**6,353**

	31 December 2014	31 December 2013
Debt securities-receivables	14,297,780	15,593,320
Less: Allowance for impairment of debt securities-receivables	(23,846)	(23,846)
Net	**14,273,935**	**15,569,474**

Related to the debt securities - receivables rating is note 3.5.

In regards to Debt securities – receivables, the Bank has raised a provision for titles of equal value both as at 31/12/2014 and as at 31/12/2013.

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to customers are summarized below:

	31 December 2014			
	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	Net Loans and advances to customers after provisions and adjustments
A) Loans and advances neither past due or impaired	33,026,518	-	(252,329)	**32,774,189**
B) Loans and advances past due but not impaired	8,090,310	-	(221,972)	**7,868,337**
C) Loans and advances impaired	27,465,892	(10,523,156)	(3,598,194)	**13,344,541**
Total	**68,582,720**	**(10,523,156)**	**(4,072,496)**	**53,987,068**

	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	Net Loans and advances to customers after provisions and adjustments
A) Loans and advances neither past due or impaired	30,497,361	-	(222,462)	**30,274,899**
B) Loans and advances past due but not impaired	18,148,041	-	(686,647)	**17,461,394**
C) Loans and advances impaired	19,919,957	(8,352,063)	(1,905,069)	**9,662,825**
Total	**68,565,359**	**(8,352,063)**	**(2,814,178)**	**57,399,117**

It is noted that the allowance for impairment of loans of the Group of former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank) and Millennium Bank S.A., at their acquisition date by Piraeus Bank, has decreased the gross balance of loans in the tables in note 22, as under IFRS 3 it has been included in the adjustment of loans to fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the provision.

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)

31/12/2014	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	**12,344,855**	**3,525,609**	**258,526**	**7,135,175**	**23,264,165**	**(157,106)**	**(3,403,592)**	**19,703,467**	**15,174,209**
Mortgage	9,900,564	2,942,277	214,640	3,730,241	16,787,722	(117,993)	(951,876)	15,717,853	13,910,154
Consumer	1,819,840	527,315	43,886	2,645,606	5,036,647	(39,113)	(1,852,616)	3,144,918	1,264,055
Credit card	624,178	56,004	-	757,748	1,437,930	-	(599,100)	838,830	0
Other	272	14	-	1,580	1,866	-	-	1,866	0
Corporate Lending	**18,521,092**	**4,530,337**	**18,404,360**	**1,645,165**	**43,100,954**	**(10,359,134)**	**(668,295)**	**32,073,524**	**19,465,263**
Large	10,126,930	1,467,207	6,318,861	41,056	17,954,054	(3,311,183)	(59,501)	14,583,370	6,329,924
SMEs	8,394,162	3,063,130	12,085,499	1,604,109	25,146,900	(7,047,951)	(608,794)	17,490,154	13,135,339
Public Sector (Greece)	**2,160,571**	**34,364**	**19,213**	**3,453**	**2,217,601**	**(6,916)**	**(608)**	**2,210,077**	**2,056,557**
Total	**33,026,518**	**8,090,310**	**18,682,099**	**8,783,793**	**68,582,720**	**(10,523,156)**	**(4,072,496)**	**53,987,068**	**36,696,029**

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	0
Other	6,828	5,717	-	6,681	19,226	-	(1,294)	17,931	0
Corporate Lending	**16,545,704**	**11,381,872**	**15,895,196**	**0**	**43,822,773**	**(8,316,639)**	**(391,042)**	**35,115,092**	**18,971,555**
Large	8,319,750	5,172,951	7,244,691	-	20,737,393	(3,916,939)	(92,905)	16,727,549	7,220,423
SMEs	8,225,954	6,208,921	8,650,505	-	23,085,380	(4,399,700)	(298,137)	18,387,543	11,751,132
Public Sector (Greece)	**2,070,149**	**59,389**	**8,782**	**0**	**2,138,320**	**(742)**	**(1,212)**	**2,136,365**	**1,951,090**
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**	**36,651,299**

Some figures of 2013 have been restated for comparability purposes. Additionally, during 2014, the classification of the loans, that were acquired in the end of 2013 in the context of the banking activities acquisition, was completed, according to the criteria and organizational structures of Piraeus Bank, resulting in the transfer of some loans between SMEs and Large Corporate categories.

Credit Cards and Consumer Loans more than 90 days in past due (denounced loans are included) are classified in the category of impaired loans. Mortgage loans which are considered as denounced and more than 90 days in past due with LTV>80% are added to the category of impaired loans. Additionally every loan which has individual impairment is characterized as impaired.

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

31/12/2014	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired	Value of Collateral
Retail lending	**12,344,855**	**0**	**12,344,855**	**9,053,225**
Mortgage	9,900,564	-	9,900,564	8,457,527
Consumer	1,819,840	-	1,819,840	595,698
Credit card	624,178	-	624,178	0
Other	272	-	272	0
Corporate Lending	**16,462,544**	**2,058,548**	**18,521,092**	**7,941,080**
Large	9,516,794	610,136	10,126,930	3,254,160
SMEs	6,945,750	1,448,412	8,394,162	4,686,920
Public Sector (Greece)	**2,160,176**	**396**	**2,160,571**	**2,039,582**
Total	**30,967,575**	**2,058,944**	**33,026,518**	**19,033,886**

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	0
Other	6,828	-	6,828	0
Corporate Lending	**13,692,457**	**2,853,248**	**16,545,705**	**7,143,377**
Large	7,180,681	1,139,069	8,319,750	2,885,459
SMEs	6,511,776	1,714,179	8,225,954	4,257,918
Public Sector (Greece)	**2,069,810**	**339**	**2,070,149**	**1,948,231**
Total	**27,643,775**	**2,853,587**	**30,497,361**	**17,946,175**

Some figures of 2013 have been restated for comparability purposes.

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

31/12/2014	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	
1-29 days	1,178,273	265,309	29,907	13	294,813	847,741	7,243	2,623,298
30-59 days	699,760	150,551	15,446	1	156,027	424,310	13,356	1,459,451
60-89 days	441,793	111,455	10,650	-	295,936	564,231	8,208	1,432,274
90-179 days	207,689	-	-	-	109,118	165,026	1,657	483,491
180-360 days	202,168	-	-	-	146,936	220,337	-	569,441
>360 days	212,593	-	-	-	410,870	609,186	160	1,232,810
Denounced	-	-	-	-	53,506	232,300	3,739	289,546
Total	**2,942,277**	**527,315**	**56,004**	**14**	**1,467,207**	**3,063,130**	**34,364**	**8,090,310**
Value of collateral	2,550,862	190,297	-	-	1,002,837	2,366,490	4,000	6,114,487

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	
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	-	-	2,140,558	3,726,216	2,649	11,299,089

Some figures of 2013 have been restated for comparability purposes.

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	
Gross balance as at 1.1.2014	1,359,752	2,113,532	536,013	6,680	7,244,691	8,650,505	8,782	**19,919,955**
Opening balance of new companies and banking operations acquired	468,838	289,588	201,851	-	265,330	327,548	23,508	**1,576,663**
New impaired L&As	2,351,902	590,911	93,389	2,918	1,478,323	4,623,185	3,983	**9,144,610**
Transferred to non-impaired	(171,834)	(134,965)	(5,614)	(3,942)	(245,474)	(372,846)	(1,830)	**(936,505)**
Repayment	(64,700)	(101,927)	(37,466)	(34)	(433,571)	(586,354)	(339)	**(1,224,391)**
Impaired L&As written-off	(493)	(70,274)	(30,425)	-	(517,776)	(229,150)	-	**(848,118)**
Reclassification of impaired loans	1,415	2,627	-	(4,043)	(1,309,739)	1,321,178	(11,439)	**0**
Foreign exchange differences and other movements	-	-	-	-	(121,867)	(44,458)	-	**(166,325)**
Gross balance as at 31.12.2014	**3,944,881**	**2,689,492**	**757,748**	**1,579**	**6,359,916**	**13,689,608**	**22,666**	**27,465,890**
Impairment allowance	(1,028,599)	(1,682,969)	(596,153)	-	(3,314,847)	(7,491,388)	(7,394)	(14,121,350)
Net balance as at 31.12.2014	**2,916,281**	**1,006,523**	**161,595**	**1,579**	**3,045,069**	**6,198,220**	**15,272**	**13,344,540**

	Retail lending				Corporate Lending		Public Sector	Total
	Mortgage	Consumer	Credit cards	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 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	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**

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
31/12/2014	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
Not past due	3,599	-	-	-	987,701	968,333	-	1,959,633
1-29 days	895	-	-	-	160,431	156,735	-	318,061
30-59 days	128	-	-	-	19,546	68,227	-	87,901
60-89 days	973	-	-	-	66,211	216,122	-	283,305
90-179 days	174,752	72,232	9,121	-	184,867	367,194	1,274	809,440
180-360 days	181,789	81,873	8,355	-	441,512	392,154	77	1,105,760
>360 days	219,781	149,159	21,333	421	974,862	1,889,114	1,612	3,256,282
Denounced	2,334,366	703,259	122,787	1,159	209,939	2,140,341	12,309	5,524,160
Total net amount	**2,916,282**	**1,006,523**	**161,595**	**1,580**	**3,045,070**	**6,198,220**	**15,271**	**13,344,541**
Value of collateral	2,901,764	478,060	-	-	2,072,928	6,081,929	12,974	**11,547,655**

	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	-	-	2,194,406	3,766,998	210	**7,406,036**

Some figures of 2013 have been restated for comparability purposes.

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.

31/12/2014	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	4,330,769	475,735
50%-70%	3,289,646	422,258
71%-80%	1,761,395	119,153
81%-90%	1,636,942	234,774
91%-100%	1,463,782	75,990
101%-120%	2,092,335	176,098
121%-150%	1,456,846	235,878
Greater than 150%	756,007	411,367
Total exposure	**16,787,722**	**2,151,253**
Average LTV	80%	105%

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%

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".

31/12/2014	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	**529,772**	**92,109**	**(11,980)**	**0**	**517,792**	**340**	**(45)**
- Residential	328,628	76,915	(7,227)	-	321,401	340	(45)
- Commercial	201,144	15,194	(4,753)	-	196,391	-	-
Other collateral	**12,845**	**198**	**-**	**-**	**12,845**	**1,059**	**-**

Apart from the property above, within 2014 the Bank acquired under the same scope property of total amount € 13 million (2013: € 2.8 million), but due to their different characteristics classified, according to the IFRS, as "Investment Property".

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)

3.2.7. Breakdown of collateral and guarantees

	Value of collateral received				
31/12/2014	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail Lending	14,802,759	263,543	107,906	15,174,209	-
Corporate Lending	16,547,028	1,193,884	1,724,351	19,465,263	9,789,283
Public Sector	10,588	1,493	2,044,476	2,056,557	686
Total	**31,360,375**	**1,458,920**	**3,876,733**	**36,696,029**	**9,789,969**

	Value of collateral received				
31/12/2013	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail Lending	15,434,170	294,485	-	15,728,655	-
Corporate Lending	16,007,507	1,054,525	1,909,524	18,971,556	10,375,141
Public Sector	12,054	2,914	1,936,123	1,951,090	958
Total	**31,453,731**	**1,351,923**	**3,845,647**	**36,651,301**	**10,376,099**

Some figures of 2013 have been restated for comparability purposes.

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 (including adjustments)

	Mortgages	Consumer/ personal and other retail loans	Credit Cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2014	484,998	1,544,884	426,725	2,456,606	8,707,681	1,955	11,166,242
Opening balance of absorbed company	86,258	252,986	187,244	526,488	684,453	17,370	1,228,312
Impairment loss for the period	746,825	399,484	135,099	1,281,408	3,426,142	6,989	4,714,538
Reversal of impairment allowances no longer required	(165,451)	(180,528)	(112,444)	(458,423)	(643,522)	(18,789)	(1,120,734)
Total impairment loss on L&As	**581,374**	**218,956**	**22,655**	**822,985**	**2,782,620**	**(11,800)**	**3,593,804**
Amounts written off	(16,957)	(73,902)	(30,425)	(121,283)	(752,610)	-	(873,893)
Foreign exchange differences and other movements	(65,805)	(51,194)	(7,099)	(124,098)	(394,715)	-	(518,813)
Closing balance as at 31.12.2014	**1,069,868**	**1,891,729**	**599,100**	**3,560,698**	**11,027,429**	**7,525**	**14,595,652**

	Mortgages	Consumer/ personal and other retail loans	Credit Cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2013	165,768	450,981	188,724	805,474	2,712,656	-	3,518,130
Opening balance of absorbed company	186,264	896,408	164,035	1,246,706	4,750,598	-	5,997,304
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)	(3,946)	(1,026)	(5,302)	(26,494)	-	(31,796)
Closing balance as at 31.12.2013	**484,997**	**1,544,883**	**426,725**	**2,456,605**	**8,707,682**	**1,955**	**11,166,242**

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

31.12.2014	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	**23,173,200**	**7,374,307**	**3,554,683**	**90,965**	**19,394**	**6,014**
Mortgage	16,731,308	3,940,116	1,067,380	56,414	4,765	2,488
Consumer	5,002,096	2,674,863	1,888,203	34,551	14,629	3,526
Credit card	1,437,930	757,748	599,100	-	-	-
Other	1,866	1,580	-	-	-	-
Corporate Lending	**40,675,007**	**18,624,669**	**10,312,181**	**2,425,947**	**1,424,855**	**715,249**
Commerce and services	5,848,655	3,177,860	1,899,679	219,895	149,590	76,712
Manufacturing	6,555,414	2,949,839	1,527,336	133,013	108,147	40,923
Shipping	3,182,421	844,658	399,124	-	-	-
Construction	4,541,139	2,791,367	1,483,771	328,975	293,975	146,855
Tourism	3,014,488	967,581	377,605	10,175	4,387	140
Energy	1,145,920	67,198	32,605	3,163	334	82
Agriculture	1,262,350	354,406	189,673	30,946	29,240	3,076
Coastline/ Ferries Companies	293,649	100,484	38,350	-	-	-
Transport & Logistics	1,040,990	522,739	345,959	118,658	29,117	16,519
Financial Sector	4,092,463	2,214,299	1,325,686	296,032	45,616	26,944
Real Estate Companies	2,683,296	1,397,378	613,951	577,685	332,336	167,241
Project Finance	1,186,695	257,739	191,353	407,831	243,619	126,662
Other	5,827,527	2,979,122	1,887,089	299,574	188,493	110,095
Public Sector	**2,217,601**	**22,666**	**7,525**	-	-	-
Total	**66,065,808**	**26,021,642**	**13,874,389**	**2,516,912**	**1,444,250**	**721,263**

Amounts in thousand euros (Unless otherwise stated)

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)

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

2014	Interest income on non-impaired Loans & Advances	Interest income on impaired Loans & Advances	Total interest income
Retail lending	675,847	176,097	851,944
Corporate lending	1,401,413	470,127	1,871,540
Public sector	23,512	206	23,717
Total interest income	**2,100,771**	**646,430**	**2,747,202**
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**

3.4 Forbearance

Relevant to the restructuring policy is note 3.1.12.

During 2014, the Bank adopted the “Implementing Technical Standards” (ITS) of the European Banking Authority (EBA) relating to forborne loans, in alignment with the Bank of Greece Executive Committee Act No. 42/30.5.14 for the “Supervisory framework for the management of loans in arrears and non-performing loans”. For this reason, the method and the procedures for monitoring forborne loans were changed. Therefore, the figures relating to forborne loans for the year 2014, which are now determined according to the new standards and framework, are not comparable to the respective figures for the year 2013. As the preparation of the comparative figures for the year 2013 is impracticable, the reconciliation of forborne loans will not be disclosed in the financial statements of the Bank for the year 2014.

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

	Forborne Loans & Advances (net amounts)
Forbearance measures:	**31/12/2014**
Interest only schedule	306,140
Reduced payment schedule	2,153,347
Payment moratorium/Holidays	1,057,082
Term extension	576,884
Arrears capitalization	882,396
Hybrid (i.e. term extension and interest only)	3,087,316
Other	1,205,658
Total net amount	**9,268,824**

3.4.2. Credit Quality of Forborne Loans and Advances to Customers

31/12/2014	Total amount of Loans & Advances	Total amount of forborne Loans & Advances	% of Forborne Loans & Advances
Neither past due nor impaired	33,026,518	4,151,238	12.57%
Past due but not impaired	8,090,310	2,418,003	29.89%
Impaired	27,465,892	4,700,880	17.12%
Total Gross Amount	**68,582,720**	**11,270,121**	**16.43%**
Individual Impairment Allowance	(10,523,156)	(1,739,839)	16.53%
Collective Impairment Allowance	(4,072,496)	(261,458)	6.42%
Total Net Amount	**53,987,068**	**9,268,824**	**17.17%**
Collateral received	36,696,029	6,669,761	18.18%
Total Net Amount less collateral value	**17,291,039**	**2,599,063**	**15.03%**

Amounts in thousand euros (Unless otherwise stated)

3.4.3. Forborne Loans and Advances to Customers by Product Line

	31/12/2014
Retail Lending	**2,595,425**
Mortgage	1,995,852
Consumer	599,574
Corporate Lending	**6,673,029**
Large	2,851,105
SMEs	3,821,924
Public Sector (Greece)	**370**
Total net amount	**9,268,824**

3.4.4. Forborne Loans and Advances to Customers by Geographical Region

	31/12/2014
Greece	8,963,165
Rest of Europe	305,659
Total net amount	**9,268,824**

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 2014, based on Standard & Poor's ratings or their equivalent:

31 December 2014	Trading securities	Investment securities	Debt securities - receivables	Total
AAA	-	-	-	0
AA- to AA+	-	5,792	14,268,783	14,274,575
A- to A+	-	-	-	0
BBB- to BBB+	-	-	-	0
BB- to BB+	-	-	-	0
Lower than BB-	110,173	1,768,727	5,152	1,884,052
Unrated	-	228	-	228
Total	**110,173**	**1,774,747**	**14,273,935**	**16,158,855**

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 2014.

	Greece	Rest of Europe	Total
Loans and advances to credit institutions	931,654	1,139	932,793
Derivative financial instruments - assets	506,941	-	506,941
Financial instruments at fair value through profit or loss	110,173	-	110,173
Reverse repos with customers	63,632	-	63,632
Loans and advances to customers (net of provisions)	52,053,337	1,933,731	53,987,068
Loans to individuals	19,618,517	84,950	19,703,467
- Mortgages	15,663,928	53,926	15,717,853
- Consumer - personal loans	3,115,759	31,025	3,146,784
- Credit cards	838,830	-	838,830
Loans to corporate entities/ public sector	32,434,820	1,848,781	34,283,601
Debt securities - receivables	14,268,783	5,152	14,273,935
Bonds & Treasury Bills of Available for Sale Portfolio	1,774,747	-	1,774,747
Other assets	1,947,482	2,588	1,950,071
As at 31 December 2014	**71,656,750**	**1,942,610**	**73,599,361**
As at 31 December 2013	**74,422,716**	**2,616,797**	**77,039,513**

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 2014. The Bank has allocated exposure to sectors based on the industry sector of counterparties.

	Financial institutions	Manufactoring / Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Energy, Transports & Logistics	Hotels	Agriculture	Other industries	Individuals	Total
Loans and advances to credit institutions	932,793	-	-	-	-	-	-	-	-	-	-	-	-	**932,793**
Derivative financial instruments - assets	9,055	1,375	-	1,039	47,531	229	393,286	8,124	16,226	-	-	30,076	-	**506,941**
Financial instruments at fair value through profit or loss	23	-	-	-	-	-	110,151	-	-	-	-	-	-	**110,173**
Loans and advances to customers (net of provisions)	3,035,865	5,120,168	3,239,488	2,479,790	1,276,511	4,092,159	2,210,077	2,783,297	2,168,865	2,646,917	1,100,548	4,129,917	19,703,467	**53,987,068**
Loans to individuals (retail customers)													19,703,467	**19,703,467**
- Mortgages													15,717,853	**15,717,853**
- Consumer - personal loans													3,146,784	**3,146,784**
- Credit cards													838,830	**838,830**
Loans to corporate entities/ Public sector	3,035,865	5,120,168	3,239,488	2,479,790	1,276,511	4,092,159	2,210,077	2,783,297	2,168,865	2,646,917	1,100,548	4,129,917	-	**34,283,601**
Debt securities-receivables	-	5,152	-	-	-	-	14,268,783	-	-	-	-	-	-	**14,273,935**
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	6,574	57,058	**63,632**
Bonds & Treasury Bills of Available for Sale Portfolio	1,010	-	-	-	-	-	1,773,737	-	-	-	-	-	-	**1,774,747**
Other assets	317,844	570	-	7,749	10	-	957,619	3,762	414	-	-	471,097	191,006	**1,950,071**
Balance at 31st December 2014	**4,296,590**	**5,127,264**	**3,239,488**	**2,488,577**	**1,324,053**	**4,092,389**	**19,713,653**	**2,795,182**	**2,185,505**	**2,646,917**	**1,100,548**	**4,637,664**	**19,951,531**	**73,599,361**
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**

Off Balance Sheet Items - Industry sectors	Financial institutions	Manufactoring/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Energy, Transports & Logistics	Hotels	Agriculture	Other industries	Individuals	Total
Letters of Guarantee	478,383	489,112	1,123,701	117,616	96,706	203,707	12,321	-	142,062	97,768	14,691	347,313	-	**3,123,380**
Letters of Credit	122	14,692	934	-	-	6,070	-	-	-	-	-	9,043	-	**30,861**
Commitments to Extend Credit	51,476	15,787	7,443	125	5,477	29,136	7	-	94,541	3,709	3,538	43,825	1,188,081	**1,443,145**
Balance at 31st December 2014	**529,981**	**519,591**	**1,132,078**	**117,741**	**102,184**	**238,913**	**12,328**	**0**	**236,602**	**101,476**	**18,229**	**400,181**	**1,188,081**	**4,597,386**
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**

On 31 December 2014, the gross book value of the Group's receivables deriving directly from the Greek Public Sector amounted to € 2.3 bn. (Treasury Bills, Greek Government Bonds and Central Government's receivables).

Furthermore, on 31 December 2014, the net book value of the receivables from the wider public sector (organizations, companies, municipalities, e.t.c.) amounted to € 3.3 bn, out of which an amount of € 1.8 bn was repaid in the first two months of 2015 (seasonal agri-loan to OPEKEPE), namely, without which the receivables amount to € 1.5 bn (pro-forma).

It is noted that the above mentioned receivables from the wider public sector are not directly influenced by the Hellenic State's perspectives, since their financial data and their cash inflows originate from independent revenue sources.

Amounts in thousand euros (Unless otherwise stated)

3.7 Offsetting of financial assets and liabilities

According to the provisions of IFRS 7, the impact or the possible impact of enforceable master netting agreements for financial instruments to the financial position of the Bank should be disclosed. More specifically, the disclosures should include the following:

i. The financial assets and liabilities, which are offset in accordance with the criteria of IAS 32 and the net amount that is presented in the statement of financial position, when there is a legally enforceable right and the intention to settle the net amounts or simultaneously collect the receivable and settle the obligation.

ii. The transactions which appertain to ISDA contracts and similar master netting agreements irrespectively of whether these are offset or not in the statement of financial position.

The Bank has not offset any financial assets or liabilities on 31/12/2014 and 31/12/2013, given that the netting criteria mentioned in the first case (i) are not fulfilled.

The following tables, present the recognized on 31/12/2014 and 31/12/2013 financial instruments, for which ISDA and similar master netting agreements (case (ii)) exist, as well as the net effect on the statement of financial position of the Bank from the exercise of netting rights (“net amount”). These tables include mainly the following financial instruments: a) interest rate swap contracts (IRSs) and cross currency interest rate swap contracts, for which there are ISDA contracts and b) interbank repos covered by GMRA.

				Related amounts not offset in the Statement of Financial Position		
31/12/2014	**Recognized financial assets (amounts to be offset)**	**Financial liabilities (offset amounts)**	**Net amount of financial assets**	**Financial instruments collateral received**	**Cash collateral received**	**Net amount**
Financial Assets						
Derivative financial instruments	487,790	-	487,790	-	-	487,790
Total	**487,790**	**-**	**487,790**	**-**	**-**	**487,790**

Amounts in thousand euros (Unless otherwise stated)

31/12/2014				Related amounts not offset in the Statement of Financial Position		
	Recognized financial liabilities (amounts to be offset)	Financial assets (offset amounts)	Net amount of financial liabilities	Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	538,173	-	538,173	-	538,173	0
Repurchase agreements	8,919,209	-	8,919,209	-	1,660	8,917,549
Total	**9,457,382**	**-**	**9,457,382**	**-**	**539,833**	**8,917,549**

31/12/2013				Related amounts not offset in the Statement of Financial Position		
	Recognized financial assets (amounts to be offset)	Financial liabilities (offset amounts)	Net amount of financial assets	Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	320,286	-	320,286	-	-	320,286
Total	**320,286**	**-**	**320,286**	**-**	**-**	**320,286**

31/12/2013				Related amounts not offset in the Statement of Financial Position		
	Recognized financial liabilities (amounts to be offset)	Financial assets (offset amounts)	Net amount of financial liabilities	Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	324,611	-	324,611	-	324,611	0
Repurchase agreements	7,498,849	-	7,498,849	-	3,200	7,495,649
Total	**7,823,460**	**-**	**7,823,460**	**-**	**327,811**	**7,495,649**

3.8 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 31/12/2014, was € 3.44 million. This estimate consists of € 3.32 million for interest rate risk, € 0 million for equity risk, € 1.24 million for foreign exchange risk and € 0.07 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € -1.19 million due to the diversification effect in the portfolio.

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.

During 2014 the Bank's Trading Book VaR increased due to the increase in Greek Government Bonds.

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

million €	Piraeus Bank Trading Book - Total VaR	VaR Interest Rate Risk	VaR Equity Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
2014	**3.44**	**3.32**	**0.00**	**1.24**	**0.07**	**-1.19**
2013	**1.26**	**0.42**	**0.01**	**1.13**	**0.05**	**-0.34**

The Value at Risk estimate at 31/12/2014 for the Available for Sale portfolio was € 9.37 million against a figure of € 8.87 million at 31/12/2013. The increase is attributable to an increase in Greek Government Bonds by €362 million and in Greek Government Treasury Bills by €1,083 million.

Amounts in thousand euros (Unless otherwise stated)

3.9 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 31/12/2014. 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 2014	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with Central Bank	2,757,656	17,131	24,540	7,894	14,149	42,863	2,864,234
Loans and advances to credit institutions	577,209	73,896	1,117	138	44,394	236,038	932,793
Derivative financial instruments - assets	453,556	5,399	-	47,987	-	-	506,941
Financial instruments at fair value through profit or loss	110,173	-	-	-	-	-	110,173
Reverse repos with customers	63,632	-	-	-	-	-	63,632
Loans and advances to customers (net of provisions)	48,366,882	3,208,424	86,244	109,073	2,183,964	32,481	53,987,068
Debt securities - receivables	14,268,783	5,152	-	-	-	-	14,273,935
Investment securities	2,042,489	16,894	-	-	-	534	2,059,917
Other assets	1,800,699	148,412	27	44	175	714	1,950,071
Total financial assets	**70,441,080**	**3,475,308**	**111,927**	**165,137**	**2,242,682**	**312,631**	**76,748,764**

	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of liabilities							
Due to credit institutions	24,335,531	65,137	8,330	1,330	241	155,499	24,566,067
Liabilities at fair value through profit or loss	1,853	-	-	-	-	-	1,853
Derivative financial instruments - liabilities	401,977	131,233	-	-	5,050	-	538,260
Due to customers	47,831,096	1,926,693	138,319	2,478	18,999	322,759	50,240,344
Debt securities in issue	661,341	-	-	-	-	-	661,341
Hybrid capital and other borrowed funds	232,381	-	-	-	-	-	232,381
Other liabilities	622,072	14,724	301	(41)	539	109,520	747,116
Total financial liabilities	**74,086,250**	**2,137,788**	**146,950**	**3,767**	**24,830**	**587,778**	**76,987,363**
Net on-balance sheet financial position	**(3,645,170)**	**1,337,520**	**(35,023)**	**161,370**	**2,217,852**	**(275,147)**	**(238,599)**
Net position of non financial assets - liabilities	**(519,558)**	**222,949**	**1,768**	**(47,944)**	**5,191**	**656,765**	**319,171**
Net position of off balance sheet items	**4,068,278**	**(1,557,383)**	**9,363**	**(106,727)**	**(2,242,245)**	**(281,047)**	**(109,761)**
Currency position	**(96,450)**	**3,086**	**(23,892)**	**6,698**	**(19,202)**	**100,571**	**(29,189)**

It is noted that in "other currencies" no single currency significantly affects the Group's currency position as at 31/12/2014 .

At 31 December 2013	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	72,057,837	4,067,753	135,991	177,330	2,674,120	298,214	79,411,245
Total financial liabiities	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**

3.10 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 € using the FX rates as of 31/12/2014.

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2014	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 Bank	2,864,234	-	-	-	-	-	2,864,234
Loans and advances to credit institutions	500,545	386,248	46,000	-	-	-	932,793
Financial instruments at fair value through profit or loss	-	-	23	25,857	84,294	-	110,173
Loans and advances to customers (net of provisions)	42,081,510	7,322,610	3,467,847	772,371	342,730	-	53,987,068
Debt securities - receivables	-	-	14,268,783	5,152	-	-	14,273,935
Reverse repos with customers	18,913	30,331	14,388	-	-	-	63,632
Investment securities	1,121	696,001	766,826	231,016	79,783	285,170	2,059,917
Other assets	-	-	-	-	-	1,950,071	1,950,071
Total financial assets	**45,466,323**	**8,435,191**	**18,563,866**	**1,034,396**	**506,806**	**2,235,240**	**76,241,823**
Liabilities							
Due to credit institutions	21,796,869	65,862	3,336	2,700,000	-	-	24,566,067
Liabilities at fair value through profit or loss	-	-	-	-	1,853	-	1,853
Due to customers	32,069,592	8,693,849	9,320,323	69,135	-	87,446	50,240,344
Debt securities in issue	153,620	59,916	-	447,805	-	-	661,341
Hybrid capital and other borrowed funds	232,381	-	-	-	-	-	232,381
Other liabilities	-	-	-	-	-	747,116	747,116
Total financial liabilities	**54,252,463**	**8,819,626**	**9,323,659**	**3,216,940**	**1,853**	**834,562**	**76,449,103**
Net notional amounts of derivative financial instruments	**(111,985)**	**94,879**	**(26,779)**	**5,955**	**(70,000)**	**0**	**(107,930)**
Total interest rate gap	**(8,898,125)**	**(289,556)**	**9,213,428**	**(2,176,589)**	**434,953**	**1,400,678**	**(315,210)**

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

The table below presents comparative figures:

At 31 December 2013	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	48,885,644	6,911,134	19,616,111	714,689	397,174	2,565,188	79,089,939
Total financial liabiities	58,118,561	8,652,794	9,269,361	178,395	-	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**

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 € 25.32 million (2013: € 102.11 million).

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

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

3.11 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.

Since 31/3/2014, Piraeus Bank calculates the Liquidity Coverage Ratio and Net Stable Funding Ratio, monthly and quarterly respectively, according to Regulation (EU) 575/2013 that implements Basel III in the European regulatory framework (Single Rulebook). Since, November 2014 the Bank is regulated by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB) in joint effort by the Bank of Greece. Moreover, 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 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 2014, particularly in December when political risk increased significantly, the monitoring and management of liquidity risk focused in:

- Daily and intra-day monitoring of deposits
- Evolution of term deposit breaks
- Funding cost and funding concentration
- Liquid assets analysis.

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.

At 31 December 2014, total funding received from the Eurosystem – European Central Bank (ECB) and Bank of Greece (BOG), through use of eligible collateral, added up to € 14.000 million. (2013: €17.700 million). The reduction of funding received, through the Eurosystem, is largely due to the improvement of the Bank’s liquidity profile by increasing repurchase agreements through the interbank market, increasing customer deposits and issuing EMTN of € 500 million. Additionally, the bank completed a successful share capital increase in March 2014, which provided additional funding in the tune of € 1.750 millions. It is noted that the Group did not use the Emergency Liquidity Assistance (ELA) mechanism in 2014, in contrast to 2013 where it received € 750 million at 31/12/2013.

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’, decreasing however the funding received from € 12,200 million to € 6,800 million, since in May 2014 the Bank bought back preferred stocks and repayed Pillar I bond. Moreover, it decreased use of Guarantees (Pillar II) from € 7,600 million to € 5,100 million and issued additional Special Bonds (Pillar III).

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.

Amounts in thousand euros (Unless otherwise stated)

a) Non derivative cash flows

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

At 31 December 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	21,799,318	66,123	485	2,718,372	1,037	24,585,335
Liabilities at fair value through profit or loss	-	-	-	1,853	-	1,853
Due to customers	32,293,687	8,766,379	9,425,461	71,937	420	50,557,885
Debt securities in issue	9,185	25,738	215,248	497,921	-	748,092
Other borrowed funds	8,926	-	3,553	219,373	-	231,852
Hybrid capital	867	-	191	1,097	23,595	25,750
Other liabilities	-	-	-	-	744,717	744,717
Total liabilities (contractual maturity dates)	**54,111,983**	**8,858,240**	**9,644,939**	**3,510,553**	**769,769**	**76,895,484**
Total assets (expected maturity dates)	**11,908,466**	**2,648,969**	**6,864,819**	**26,274,703**	**37,710,305**	**85,407,262**

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**

Amounts in thousand euros (Unless otherwise stated)

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 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	826	1,618	(1,277)	9,600	9,401	20,168
Total	**826**	**1,618**	**(1,277)**	**9,600**	**9,401**	**20,168**

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**

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

At 31 December 2014	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	(2,375,131)	(850,433)	(479,285)	(2,530,225)	(220,205)	**(6,455,279)**
Inflow	2,369,266	850,982	459,533	2,430,496	199,112	**6,309,388**

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**

Amounts in thousand euros (Unless otherwise stated)

biii) Off Balance Sheet Items

At 31 December 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	112,265	132,721	693,825	2,173,987	10,582	**3,123,380**
Letters of Credit	13,786	16,201	874	-	-	**30,861**
Commitments to Extend Credit	510,180	1,368	643,692	143,888	144,018	**1,443,145**

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**

Amounts in thousand euros (Unless otherwise stated)

3.12 Fair values of assets and liabilities

a) Assets and liabilities not measured at fair value

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

	Carrying value		Fair value	
Assets	**31 December 2014**	**31 December 2013**	**31 December 2014**	**31 December 2013**
Loans and advances to credit Institutions	932,793	1,163,172	932,793	1,163,172
Loans and advances to customers (net of provisions)	53,987,068	57,399,117	53,230,068	57,368,509
-Loans to individuals	19,703,467	20,147,660	19,591,467	19,645,554
-Loans to corporate entities	32,073,524	35,115,092	31,428,524	35,521,154
-Loans to public sector	2,210,077	2,136,365	2,210,077	2,201,801
Debt securities - receivables	14,273,935	15,569,474	14,641,345	15,801,787
Reverse repos with customers	63,632	6,353	63,632	6,353

	Carrying value		Fair value	
Liabilities	**31 December 2014**	**31 December 2013**	**31 December 2014**	**31 December 2013**
Due to credit institutions	24,566,067	27,251,988	24,566,067	27,251,988
Due to customers	50,240,344	48,498,391	50,240,344	48,498,391
Debt securities in issue	661,341	305,263	532,140	175,728
Hybrid capital and other borrowed funds	232,381	256,004	197,327	137,559

The fair values as at 31/12/2014 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 repriced 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 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.

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:

Amounts in thousand euros (Unless otherwise stated)

Analysis of Fair Value in Levels	Level 2	Level 3	Total
Assets			
Loans and advances to customers (net of provisions)	-	53,230,067	**53,230,067**
-Loans to individuals	-	19,591,467	**19,591,467**
-Loans to corporate entities	-	31,428,524	**31,428,524**
-Loans to public sector	-	2,210,076	**2,210,076**
Debt securities-receivables	14,641,345	-	**14,641,345**
Liabilities			
Debt Securities in Issue	532,140	-	**532,140**
Other borrowed funds and hybrid capital	197,327	-	**197,327**

b) Assets and liabilities measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The Bank considers relevant and observable market prices in its valuations where possible. 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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed shares and bonds on exchanges as well as exchange traded derivatives like futures.

Level 2

Level 2 inputs are 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 and bonds. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).

Level 3

Level 3 inputs are unobservable inputs for the asset or liability. Level 3 includes shares categorized in the available for sale portfolio, derivative financial instruments and investment property. Shares, derivative financial instruments and investment property within level 3 are not traded in an active market or there are no available prices from external traders in order to determine their fair value.

Shares categorized in the available for sale portfolio

The valuation is carried out with variables that are not based on observable market data (unobservable inputs). For the determination of the fair value of the aforementioned shares, 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 fair value of the shares in level 3 is only taken into account in case that there is evidence of impairment, else these shares are recorded at cost.

Amounts in thousand euros (Unless otherwise stated)

Derivative financial instruments

The embedded derivative of the convertible bond issued by Marfin Investment Group ("MIG"), acquired by the Bank in the 2nd quarter of 2014, has been included in level 3 of derivative financial assets. The aforementioned derivative has been separated from the host contract (bond) according to the applicable IAS 39 rules and is being accounted for as a standalone derivative at fair value. The number of bonds of the Convertible Bond Loan (which originally were 251,835,900) was reduced during the 3rd quarter of 2014, due to the exercise of 90 million bonds as at 16/9/2014, under the original agreement between Piraeus Bank and MIG. The shares acquired correspond to 17.8% of MIG share capital.

In the fourth quarter of 2014, the valuation model used for the determination of the embedded derivative's fair value has changed so as to take into account all the market factors that affect the fair value of the derivative. Consequently, the fair value of the embedded derivative as of 31/12/2014 was determined according to the Monte Carlo simulation with the following basic parameters: a) the relevant share price, b) the volatility of the relevant share price, c) the interest rates and d) the credit spreads.

Investment property

For the determination of the fair value of investment property, generally accepted valuation models are used by valuers that are presented in note 2.17 "Investment property" of the Bank's accounting policies. The Bank did not conduct a sensitivity analysis for the investment property due to the significant number of property as well as their different characteristics. The movement of investment property within level 3 is presented in note 28.

The following table presents financial assets and liabilities measured at fair value, categorized in the three levels as mentioned above:

Assets & Liabilities measured at fair value	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	488,453	18,488	**506,941**
Financial instruments at fair value through profit or loss				
- Trading Bonds	110,173	-	-	**110,173**
Available for Sale Securities				
- Bonds	317,373	228	-	**317,601**
- Shares & Other variable income securities	118,617	-	166,553	**285,170**
- Treasury bills	1,457,146	-	-	**1,457,146**
Liabilities				
Derivative financial instruments - liabilities	-	538,260	-	**538,260**
Financial Liabilities at FV through PL	1,853	-	-	**1,853**

The Bank recognizes transfers between fair value hierarchy levels at the end of each reporting period.

During the year 2014, no transfer from level 2 to level 1 occurred and vice versa.

The following table presents the movement of derivative financial instruments-assets and shares of the available for sale portfolio within level 3:

Reconciliation of level 3 items	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening Balance 1/1/2014	-	175,772
Purchases	35,000	(249)
Profit/ (loss) for the year	2,448	(360)
Impairment	-	(9,047)
Disposals	(18,960)	-
Foreign exchange differences	-	437
Total 31/12/2014	**18,488**	**166,553**

The following table presents the sensitivity analysis of level 3 of available for sale securities and derivative financial instruments-assets:

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(21)
Derivative financial instruments - assets	4	(5)
Equity Statement		
Available for sale shares & other variable income securities	21	(3)

Considering changes in the underlying share price by +/- 5%, in the volatility of the share price by +/- 10%, in interest rates by +/- 10 basis points and in credit spreads by +/- 100 basis points, the change in the fair value of the embedded derivative as compared to its fair value as at 31.12.2014, will range between about +23% in the scenarios of favourable changes and -27% in the scenarios of unfavourable changes.

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.

3.13 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.

3.14 Capital adequacy

From January 2014 onwards Piraeus Bank applies the new regulatory framework CRDIV (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU and Regulation (EU) No. 575/2013.

The new regulatory framework requires financial institutions to maintain a minimum level of regulatory capital related to the undertaken risks. The minimum capital adequacy ratios, as per article 92 of the CRR, are as follows:

- Common Equity Tier 1 Ratio (CET1): 4.5%
- Tier 1 Ratio (T1): 6%
- Total Capital Ratio (TC): 8%

Following the activation of the Single Supervisory Mechanism on November 4th 2014, Piraeus Bank came under the direct supervision of the European Central Bank.

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

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

Presented below, are the year-end capital adequacy ratios of 2013 and 2014. The 2013 figures were calculated under the prevailing at that time regulatory framework, taking into account all applicable regulation active at the time. The 2014 figures have been calculated using CRD IV rules, taking into account the transitional period provisions as applicable under Regulation (EU) No. 575/2013.

Amounts in thousand euros (Unless otherwise stated)

Tier I capital	**31 December 2014**	**31 December 2013**
Ordinary Shares	1,830,594	1,521,770
Share premium	11,393,315	10,008,734
Preference Shares	-	750,000
Available for sale reserve	(44,777)	108,039
Legal reserve and other reserves	37,328	75,693
Retained earnings	(5,829,593)	(4,195,148)
Less: intangible assets	(238,448)	(222,425)
Total regulatory adjustments on Tier I capital	(98,860)	(48,175)
Total Core Tier I & Tier I capital	**7,049,559**	**7,998,488**
Tier II Capital		
Subordinated debt	216,008	149,127
Total regulatory adjustments on Tier II capital	(140,405)	(48,175)
Total Tier II Capital	**75,603**	**100,952**
Regulatory capital	**7,125,162**	**8,099,440**
Total risk weighted assets (on and off- balance sheet items)	**51,105,375**	**52,503,489**
Core Tier I ratio	-	**15.2%**
Common Equity Tier 1 ratio	**13.8%**	**-**
Tier I ratio	**13.8%**	**15.2%**
CAD ratio	**13.9%**	**15.4%**

In mid April 2014, Piraeus Bank concluded its share capital increase of €1.75 bn. from the private sector, thus achieving the redemption of preference shares amounting to €0.75 bn., further strengthening its capital position.

It should be noted that Piraeus Bank was one of the 128 financial institutions across Europe to participate in the European Central Bank’s Comprehensive Assessment. The review was conducted by the ECB in close cooperation with all relevant European and national competent authorities and was completed in October 2014. The result of the assessment was successful for Piraeus Bank, as it maintained adequate regulatory capital levels under both basic and adverse scenarios.

Relevant to the results of the Comprehensive Assessment conducted by ECB, according to which no additional capital needs arise for Piraeus Bank, is note 2.1 of the financial statements.

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

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:

4.1. 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.

Changes of management's estimates regarding the level of impairment of the Bank's loan portfolio

During the 3rd quarter of 2014, the management of the Bank taking into account new information and available evidence, which occurred in 2014, revised some of its estimates regarding the determination of future cash flows of its loan portfolio, which are used as inputs in both the collective and the individual impairment assessment models. According to management, these revised estimates, reflect better the current market conditions, as they encompass more recent information for the macroeconomic environment, as well as the recent legislative developments. The management's revision of estimates in 2014, which was finalized in the 4th quarter, considered the recent events and current political developments, which affect the economic conditions of the country and create significant uncertainty regarding the future of the Greek economy.

The main information that management took into account when revising its estimates over certain inputs of the methodology applied for measuring the recoverability of its loan portfolio, are presented below. Moreover, Note 2.1 refers to the macroeconomic environment and the economic and political developments that affect credit risk.

Macroeconomic environment and real estate values

The macroeconomic environment and especially the ongoing decline in the real estate values in Greece, as well as in some other countries where the Bank operates, coupled with the expected continuance of the moratorium in auctions, have led the Bank's management to revise its estimates regarding the value of tangible collateral held and the estimated loss upon liquidation.

According to the recent estimates of the Bank of Greece (BoG), the prices of residential real estate properties have declined by 7% in the third quarter of 2014 on an annual basis (respectively, decline of 5.8% in the fourth quarter of 2014 on an annual basis) (source Bank of Greece: Residential Property Price Index), as opposed to previous estimates made in early 2014. In addition to this, the foreseen extension of the auction moratorium contributes to the extension of the liquidation period for the properties and therefore to the decline in the present value of expected cash flows. Lastly, there is a continuing declining trend in the commercial real estate market in certain Eastern European countries where the

Bank operates, for which the Group's strategy entails gradual reduction of credit risk exposure, in accordance with the restructuring plan that was approved in July 2014 by DGComp.

Recent legislature changes

Law 4307/2014 sets out the legal framework under which certain past due business loans will be restructured. This framework will, inter alia, provide incentives to both lenders and borrowers to work out solutions entailing restructuring and / or partial write off of past due capital and interest. Borrowers with past due corporate loans for more than 90 days as of 30 June 2014, will be eligible for consideration under the new law.

It is expected that the above mentioned law will have a significant impact on the estimated future cash flows of SBLs and of a significant number of the SMEs. The relevant banking units have assessed the provisions of this law and have made an initial estimate of the eligible borrowers and have adjusted the relevant inputs of the collective assessment model. In addition, management has evaluated the possible effects of the aforementioned law on the rest of the portfolio.

The management has taken into account the above mentioned developments and changed its estimate regarding the expected loss from restructured loans, mainly to small businesses and professionals and has adjusted the relevant parameter of the collective impairment assessment model.

Evaluation of the results regarding the companies' organizational restructurings

The success of the organizational restructuring of Greek companies is highly affected by the macroeconomic environment and is, therefore, hindered even more by the prolonged uncertainty, which continued in the 1st quarter of 2015, The management monitors closely the developments and adjusts its evaluations for every period, in order to properly evaluate and depict all of the above in the financial statements.

Towards this effort, RBU's contribution is significant. The RBU was established in 2014. This specialized internal unit has been developed in order to manage non-performing loans efficiently and effectively, by using a specific framework of actions that includes client - specific solutions, either through restructuring and / or partial debt relief.

The Management of the Bank, in the third quarter of 2014, evaluated evidence produced from the management of non-performing loans by the RBU. The assessment of these portfolios, was based on the past experience of the above mentioned unit, which after taking into consideration the macroeconomic environment, resulted, among other things, in the revision of the Management's estimate regarding the financial ability of specific corporate clients to wholly or partially recover and therefore to meet their debt obligations.

Finally, based on the updated information in 2014, the management of the Bank proceeded with the adjustment of certain parameters, on which the credit risk collective measurement methodologies are based, such as the probability of default and the loss given default rate used in the context of the collective assessment of corporate loans.

The management of the Bank, evaluating the above data, estimates that this change qualifies as a "change in accounting estimates" under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as the measurement basis of loans has not changed but the Management's estimates regarding parameters which are part of the measurement methodology of the recoverable amount, have been updated based on new facts and events that took place during 2014.

Consequently, the result of the above re - evaluation, only affects the financial statements of the current period, as defined by paragraph 5 of IAS 8.

Impact on impairment losses on loans and advances to customers

The above information has led to the change of the Bank's Management estimate in relation to the parameters of estimated collectability and the probability of default of the collective and individual impairment assessment models and as a result:

- The total impairment loss on mortgage loans for the year 2014 amounts to € 747 million and as a result the stock of provisions and adjustments for mortgage loans amounts to € 1,070 million as at 31/12/2014.
- The total impairment loss on corporate loans for the year 2014 amounts to € 3,436 million and as a result the stock of provisions and adjustments for corporate loans amounts to € 11,045 million as at 31/12/2014.

The change in management's estimates regarding the loan book has resulted to total loan loss provisions of € 4,725 million, and a stock of provisions and adjustments of € 14,596 million. The movement of the impairment losses on loans and advances to customers is presented in note 22.

4.2. 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 and when market conditions change significantly.

The valuation models for derivative financial instruments are based on best market practice and take into account the effect of credit risk (CVA/ DVA) in determining fair value. The calculation of credit adjustments take into account the future expected credit exposure, which is estimated using simulation techniques for the derivatives' future fair values, in combination with the currently in force netting agreements and collateral held.

The calculation of credit adjustments is also based on loss given default (LGD) rates as well probability of default (PD) curves, as these are derived from the purchase prices of the credit default swap market. In case that the aforementioned prices are not available from the CDS market, or the available market prices are not reliable due to very low liquidity, the relevant calculation is based on proxy credit curves and LGD rates, approved by the Bank's management.

Concerning the effect of own credit risk for the valuation of derivative financial instruments, the Group applies symmetrically the same methodology used for the calculation of CVA.

Fair value models are applied consistently from one accounting period to the other, ensuring comparability and consistency of information over time.

4.3. 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 is accounted for 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.

Significant or prolonged decline of the fair value is defined as: (a) the decline in fair value below the cost of the investment for more than 40% or (b) the twelve month period decline in fair value for more than 25% of acquisition cost.

Judgement is 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.

4.4. Investment property

Investment property is measured at fair value, which is determined in cooperation with 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 applying the aforementioned valuation methods or by extrapolating the results of the valuations, to groups of investment property, with similar characteristics.

4.5. Defined benefits obligation

The determination of the present value of defined benefits obligation is based on actuarial analysis conducted by independent actuaries at the end of each year. The basic estimates and assumptions made in the context of the actuarial analysis are the discount rate, the pay increase rate as well as the inflation rate. The determination of the appropriate discount rate takes into account the rates of high quality corporate bonds, of the same currency and of similar maturities to that of the defined benefits obligation.

4.6. Provisions and contingent liabilities

The Bank recognises provisions when there is a present legal or constructive obligation which has been caused by events that took place in the past, and it is almost certain that an outflow of resources which can be measured reliably would be required for its settlement. On the contrary, in case that the probability for settling the obligation through an outflow of resources is remote or the amount of the outflow cannot be measured reliably, no provision is recognised but the relevant event is disclosed in the financial statements.

At each reporting date, the Bank proceeds to significant estimates and assumptions concerning the assessment of the probability for the settlement of the obligation, the ability to estimate reliably the amount of the outflow required for the settlement of the aforementioned obligation as well as the timing of such settlement.

Specifically, for the material cases where the settlement of the obligation is estimated to take place at a significantly later time as compared to the reporting date, so that the effect from the time value of money is material, the relevant provision is calculated as the present value of the outflows that are expected to be required for the settlement of the obligations. The estimation of the discount rate takes into account the current market conditions for the time value of money, as well as the risks associated with the obligation. Furthermore, the discount rate used does not take into account any taxes.

Furthermore, in case of pending litigations, the Bank has adopted an analytical assessment at each reporting date, by taking into consideration the best estimates of the Legal Division of the Bank or even independent legal advisors where the amount under assessment is material.

4.7. Recoverability of Deferred Tax Assets

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 for the future tax results of the Bank, taking into account the Restructuring Plan approved as of 23 July 2014, by the European Commission (Directorate-General for Competition), 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 the temporary differences and tax losses, as well as 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 with other specific tax regulations, as for example the regulations set by the Greek tax legislation which allow the optional conversion of deferred tax assets on specific temporary differences, into final and settled claims against the Greek Government, under certain terms and conditions. More details for the estimates concerning the recoverability of deferred tax assets are included in note 14.

4.8. Goodwill/negative goodwill

The acquisition method is used by the Bank to account for the acquisitions. The Bank, for the estimation of the fair values of identifiable assets and liabilities and contingent liabilities of the newly acquired operations, 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.

4.9. Greek public

Piraeus Bank's management makes significant estimates and assumptions regarding the progress of the Greek economy. The economic situation in Greece, such as the four-month extension of the existing loan agreement in order to assess the current program, create uncertainties that may affect the creditworthiness of the Greek public. Management's estimates concerning the economic developments as well as the exposure to Greek public are referred in Notes 2.1 and 3.6b respectively.

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 Segments – Other segments include 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 results and other financial figures per business segment of the Bank is presented below:

Amounts in thousand euros (unless otherwise stated)

1/1 - 31/12/2014	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	1,075,145	642,440	2	90,279	(166,908)	**1,640,958**
Net fee and commission income	165,114	43,761	1,320	6,013	2,173	**218,381**
Other income	9,441	164,307	24	(52,677)	89,254	**210,349**
Net income	**1,249,699**	**850,508**	**1,346**	**43,615**	**(75,481)**	**2,069,687**
Depreciation and amortisation	(56,027)	(95)	-	(1,322)	(57,307)	**(114,752)**
Other operating expenses	(931,311)	(71,606)	(2,289)	(60,131)	-	**(1,065,337)**
Impairment losses on loans	(2,775,949)	(817,855)	-	-	-	**(3,593,805)**
Impairment losses other receivables	-	-	-	-	(105,751)	**(105,751)**
Impairment on participations and investment securities	-	-	-	-	(314,407)	**(314,407)**
Impairment of tangible and intangible assets	-	-	-	-	(16,389)	**(16,389)**
Provisions for outstanding litigations	(1,520)	(553)	-	-	-	**(2,073)**
Other provisions and impairments	-	-	-	-	(6,336)	**(6,336)**
Results before tax	**(2,515,108)**	**(39,601)**	**(943)**	**(17,838)**	**(575,670)**	**(3,149,161)**
Income tax						1,083,961
Results after tax						**(2,065,200)**
At 31 December 2014						
Total assets	41,089,096	13,904,497	22	19,879,050	9,730,434	**84,603,099**
Total liabilities	46,463,251	1,842,336	257	27,039,817	1,870,571	**77,216,233**
Capital expenditure	67,128	2,077	142	6,805	82,353	**158,505**

Amounts in thousand euros (unless otherwise stated)

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	-	117,520	(123,637)	**1,295,146**
Net fee and commission income	139,517	33,895	837	(1,307)	15,850	**188,791**
Other income	(4,761)	940	(11)	77,472	3,680,403	**3,754,043**
Net income	**889,142**	**581,713**	**825**	**193,685**	**3,572,615**	**5,237,980**
Depreciation and amortisation	(20,664)	(464)	-	(894)	(51,304)	**(73,326)**
Other operating expenses	(988,946)	(72,094)	(2,374)	(39,316)	(205)	**(1,102,935)**
Impairment losses on loans	(1,432,384)	(453,863)	-	-	-	**(1,886,247)**
Impairment losses other receivables	(56,214)	(17,258)	-	-	-	**(73,472)**
Impairment on participations and investment securities	-	-	-	-	(319,998)	**(319,998)**
Impairment of tangible and intangible assets	-	-	-	-	(13,026)	**(13,026)**
Provisions for outstanding litigations	-	-	-	-	(2,600)	**(2,600)**
Other provisions and impairments	-	-	-	-	(3,449)	**(3,449)**
Results before tax	**(1,609,066)**	**38,033**	**(1,549)**	**153,476**	**3,182,033**	**1,762,927**
Income tax						743,401
Results after tax						**2,506,328**
At 31 December 2013						
Total assets	41,160,630	17,496,443	11,767	19,766,258	7,342,772	**85,777,870**
Total liabilities	44,036,391	1,758,769	880,495	28,574,053	2,259,073	**77,508,781**
Capital expenditure	63,533	378	112	981	64,446	**129,450**

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 revenues to assess the performance of each segment.

During 2013, negative goodwill due to the acquisition of the Greek banking operations of the three Cypriot banks and of the selected assets and liabilities of former ATEbank, is included in lines "Other Income", "Net Income" and "Results before tax" of other business segments.

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

Assets of business segments «RETAIL BANKING» and «CORPORATE BANKING» include the following loans

.

These loans are managed by the Bank's special Recovery Banking Unit entitled "Recovery Business Unit "(RBU) that was established during 2014.

31 December 2014	Balance	Allowance for impairment	Balance net of impairment
Corporate	17,516,163	(8,380,185)	9,135,978
Mortgages	4,585,295	(1,030,602)	3,554,693
Consumer	3,373,641	(2,131,069)	1,242,572
Total	**25,475,099**	**(11,541,856)**	**13,933,243**

Total liabilities include deposits of customers of the unit " Recovery Business Unit" (RBU) of amount € 430.828 thousand.

b) By Geographical segment

The Bank operates 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:

31 December 2014	Net Revenues	Non Current Assets
Greece	1,978,992	1,398,154
United Kingdom	91,112	614
Germany	(417)	122
Total	**2,069,687**	**1,398,889**

31 December 2013	Net Revenues	Non Current Assets
Greece	5,154,461	1,298,413
United Kingdom	83,265	697
Germany	255	187
Total	**5,237,980**	**1,299,297**

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

Amounts in thousand euros (unless otherwise stated)

6 Net Interest income

	1/1-31/12/2014	1/1-31/12/2013
Interest income		
Interest on fixed income securities	153,393	294,577
Interest on loans and advances to customers and reverse repos	2,748,606	2,573,110
Interest on loans and advances to credit institutions	96,064	89,799
Other interest income	3,509	9,163
Total interest income	**3,001,573**	**2,966,649**
Interest expense		
Interest on customer deposits and repos	(903,192)	(1,124,337)
Interest on debt securities in issue and on other borrowed funds	(55,242)	(24,443)
Interest on due to credit institutions	(242,747)	(397,937)
Contribution of Law 128	(154,256)	(123,977)
Other interest expense	(5,178)	(808)
Total interest expense	**(1,360,615)**	**(1,671,502)**
Net Interest Income	**1,640,958**	**1,295,146**

Net interest income increase in 2014 is mainly due to the decrease of interest expenses on customer deposits, as a result of the decrease on interest rates.

7 Net fee and commission income

	1/1-31/12/2014	1/1-31/12/2013
Fee and commission income		
Commercial banking	221,358	195,691
Investment banking	10,412	5,353
Asset management	15,515	8,551
Total fee and commission income	**247,284**	**209,596**
Fee and commission expense		
Commercial banking	(25,379)	(18,888)
Investment banking	(1,093)	(177)
Asset management	(2,431)	(1,741)
Total fee and commission expense	**(28,904)**	**(20,805)**
Net fee and commission income	**218,381**	**188,791**

8 Dividend income

	1/1-31/12/2014	1/1-31/12/2013
Dividend from subsidiaries	5,515	4,019
Dividend from associates	1,694	2,718
Dividend from AFS securities	13,233	13,258
	20,442	**19,996**

Amounts in thousand euros (unless otherwise stated)

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

	1/1-31/12/2014	1/1-31/12/2013
Gains less losses on FX	(27,452)	4,652
Gains less losses on derivatives	(43,162)	5,372
Gains less losses on bonds	(4,448)	89,419
Net trading income (A)	**(75,061)**	**99,443**
Gains less losses on shares designated at fair value through profit or loss (B)	**(1,269)**	**9,351**
Total (A) + (B)	**(76,330)**	**108,794**

Net income from other financial instruments designated at fair value through profit or loss amounts to a loss of € 76.3 million for the year 2014, mainly due to the loss from derivatives and foreign exchange losses.

10 Results from investment securities

	1/1-31/12/2014	1/1-31/12/2013
Gains less losses on AFS - shares and mutual funds (note 42)	63,146	8,259
Gains less losses on AFS - bonds (note 42)	9,032	40,893
Gains less losses from sales of subsidiaries and associates	636	9,992
Total	**72,814**	**59,145**

Results from investment securities amount to a gain of € 72.8 million for the year 2014, mainly due to the sale of listed shares of the available for sale portfolio.

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

11 Other operating income

	1/1-31/12/2014	1/1-31/12/2013
Rental income	5,965	5,077
Gains less losses from valuation of investment property	(7,569)	(13,878)
Other operating income from banking activities	1,337	10,428
Other operating income	193,689	66,445
Total	**193,423**	**68,072**

During the year 2014, “Other operating income” was affected mainly by: a) the gain of €144 million resulting from the replacement of one of the two acquired loans of MIG companies, for a total consideration of € 165 million, with a convertible bond issued by MIG and b) the amount of € 39 million approximately, resulting from the recognition of an additional value on acquired loans due to additional collateral.

12 Staff costs

	1/1-31/12/2014	1/1-31/12/2013
Wages & salaries	(388,902)	(402,361)
Social insurance contributions	(101,522)	(108,738)
Other staff costs	(22,777)	(17,456)
Voluntary Redundancy Costs (note 39)	(55,288)	(89,115)
Retirement benefit charges (note 39)	(13,190)	(11,600)
Total	**(581,678)**	**(629,271)**

Amounts in thousand euros (unless otherwise stated)

The number of staff employed by Piraeus Bank as at 31 December 2014 was 14,418 compared to 14,253 at the end of 2013.

In the context of the Restructuring Plan, the Bank implemented a new voluntary exit scheme (VES) in Greece in Q4.2014, with 802 employees participating. The above mentioned voluntary exit scheme contributed to the Bank's total operating expenses of the year 2014, for the amount of € 52.2 million, from which the amount of €47.4 million relates to the "Voluntary Redundancy Costs" and the amount of € 4.7 million relates to the "Other staff costs". It is noticed that the amount of € 4.7 million relates to the servicing cost of banking products of employees that participated in the voluntary redundancy scheme that took place during 2014.

13 Administrative expenses

	1/1-31/12/2014	1/1-31/12/2013
Rental expense	(62,370)	(69,625)
Taxes & duties	(84,144)	(74,171)
Promotion and advertising expenses	(39,500)	(31,720)
Servicing - promotion of banking products	(47,262)	(40,022)
Fees and third parties expenses	(86,591)	(89,071)
Security & maintenance of fixed assets	(32,979)	(28,498)
Telecommunication & electricity expenses	(22,376)	(28,276)
Contribution expense in State Controlled Deposit Guarantee Scheme	(36,082)	(49,814)
Other administrative expenses	(72,353)	(62,468)
Total	**(483,658)**	**(473,664)**

The total contribution expense amount of € 36,082 thousand of the year 2014 is in accordance with Restructuring Scheme. Under the provisions of Law 3746/2009 on assets Hellenic Deposit & Investment Guarantee Fund (HDIGF) placed at the disposal of Deposit Guarantee Scheme and the Investment Guarantee Scheme, no annual fee was incurred in the year 2014.

14 Income tax

	1/1-31/12/2014	1/1-31/12/2013
Current tax	(3,804)	(14,693)
Deferred tax (note 38)	1,087,765	761,831
Provisions for tax differences	0	(3,737)
Total	**1,083,961**	**743,401**

In accordance with the provisions of the enacted Greek Tax Law (L.4172/2013), the income tax rate for Greek legal entities is set at 26% for the years from 1/1/2014 and thereon and at 10% for dividends distribution, which will be approved from 1/1/2014 and thereon.

The income tax revenue for 2014 amounts to €1.1 bn and was mainly affected from the recognition of deferred tax asset on provisions for loan impairments (€ 821 million, of which € 166 million correspond to Geniki Bank S.A. after the acquisition in 2014), recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes, as well as, from the recognition of deferred tax asset (€236 million) on the Bank's negative tax-free reserve in accordance with the capability provided by the Law 4172/2013.

The Bank has recognized deferred tax assets amounting to € 3.9 bn, based on the best estimates of the Management for the future evolution of the Bank's tax results, taking into account the approved restructuring plan by the European Commission (DG Competition) on July 23 2014, and assessing the recoverability of other relevant factors (such as the nature of the temporary tax differences, the time limitations for offsetting losses, etc).

The measures already implemented (Voluntary Exit Scheme, integration of acquired Geniki Bank S.A. and a number of additional measures which lead to synergies and further cost cutting) ,as well as, those included in the restructuring plan, are reliably expected to enforce the Bank's future profitability and to allow the Bank to overcome the effects of the extended Greek recession.

Under the provisions of Law 4172/2013, article 27A, as replaced by Law 4303/2014, article 5 "Ratification of the Legislative Act "Emergency legislation to replenish the General Secretary of Revenue upon early termination of office" (A 136) and other provisions", deferred tax assets, on specific temporary differences, can be converted into directly enforceable claims against the Greek State, under certain conditions and terms as follows:

-Deferred tax assets arising from the debit difference from the Bank's participation in the Bond Exchange Program (PSI) and the accumulated provisions and other general losses due to credit risk with respect to existing claims at December 31, 2014, for which a deferred tax asset, has or will be recognized are converted into directly enforceable claims against the Greek State, if the accounting result after taxes is loss, according to the audited and approved financial statements by the Annual General Meeting of Shareholders.

-The amount of the directly enforceable claims is determined by multiplying the abovementioned deferred tax asset with a ratio that represents the accounting loss after tax of the period as a percentage of total equity as shown in the annual financial statements, excluding the accounting loss for the period, based on the following calculation:
Deffered Tax Claim= [eligible accumulated Deferred Tax Asset x (net loss of the year/equity excl. net loss of the year)].

This claim arises at the time that the financial statements are approved and is set off against the relevant income tax. When the amount of income tax is not sufficient to cover the tax credit, then, a tax receivable is created. In addition, a special reserve equal to 110% of the above tax credit is recorded as well as (free) offer warrant to the State that will result from the capitalization of the abovementioned reserve. These securities are freely transferable and within reasonable period from the date of issue, the shareholders have a call option right based on the proportions of their participation in the share capital at the time of issue of the securities.

-Abovementioned regulations regard to tax claims arising from the tax year 2016 onwards and relate to the fiscal year 2015 onwards.

The Extraordinary General Meeting of the Bank's Shareholders, held on December 19th 2014, resolved the following (a) approved the Bank's opting into the special regime enacted by article 27A of the Law 4172/2013, as in force, regarding the voluntary conversion of deferred tax assets arising from temporary differences into final and settled claims against the Greek State through the creation of a special reserve and the free issuance and allocation to the Greek State of securities (conversion rights) representing the right to acquire ordinary shares, and (b) authorized the Board of Directors of the Bank to proceed with all actions required for the implementation of the provisions of article 27A of Law 4172/2013.

As at 31/12/2014, deferred tax assets of the Bank meeting the provisions of Law , rise up to €3.6 bn, of which € 1.3 bn regards the remaining unamortized amount of debit difference from the participation on the Private Sector Involvement program PSI and € 2.3 bn regards accumulated provisions for loan impairments.

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:

Amounts in thousand euros (unless otherwise stated)

	2014	2013
Results before tax	(3,149,161)	1,762,927
Tax calculated	818,782	(458,361)
Income not subject to tax (corresponding tax)	0	924,754
Non deductible expenses and provisions (corresponding tax)	(206,748)	(115,161)
Impact on deferred tax from the future legally approved change of tax rate	0	524,722
Effect of deferred tax that is estimated not to be offset	0	(128,815)
Utilisation of previously unrecognised tax losses	471,927	-
Provisions for tax differences	0	(3,737)
Income Tax	**1,083,961**	**743,401**

Audit Tax certificate

Upon completion of the tax audit for the fiscal year 2013, the statutory auditor or audit firm has issued to the entity a "Tax Compliance Report" which was subsequently submitted electronically to the Ministry of Finance. The Ministry of Finance has subsequently the right to select a sample of companies for tax auditing by the its relevant auditors. The audit of the sample of companies 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.

For the fiscal years 2014 and 2015, 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 Article 65 A of L.4174/2013. 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. The issuance of the relevant Decision of the General Secretariat of Public Revenue in cooperation with the Accounting and Auditing Oversight Board for the determination of the time and the procedure of said certificate is still pending.

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 of 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, Piraeus Bank has received a Tax Compliance report with an emphasis of matters on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other countries members of the European Union, according to which the abovementioned transactions are not subject to tax. For the fiscal year of 2014, the tax audit is being performed by PricewaterhouseCoopers S.A.

The Management does not expect that additional tax liabilities will arise, in excess of those already recorded and presented in the financial statements, upon the completion of the tax audit.

Amounts in thousand euros (unless otherwise stated)

15 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. There is no potential dilution on basic earnings/(losses) per share.

Basic and diluted earnings/(losses) per share	1/1-31/12/2014	1/1-31/12/2013
Profit/(loss) attributable to ordinary shareholders	(2,065,200)	2,506,328
Weighted average number of ordinary shares in issue	5,851,410,594	2,838,063,650
Basic and diluted earnings/(losses) per share (in €)	(0.3529)	0.8831

According to the requirements of IAS 33, the weighted average number of shares for the comparative year 2013 has been adjusted by 1.0297 factor, in order to adjust earnings/(losses) per share for the discount price of the rights issue of the share capital increase, that took place in April 2014.

16 Analysis of other comprehensive income

1/1 - 31/12/2014	Before- Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve (note 42)	(206,507)	53,692	(152,815)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations (note 42)	(38,365)	-	(38,365)
Other comprehensive income	**(244,873)**	**53,692**	**(191,181)**

1/1 - 31/12/2013	Before- Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
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 reserve of defined benefit obligations (note 42)	6,252	-	6,252
Other comprehensive income	**76,446**	**(22,985)**	**53,461**

17 Cash and balances with Central Bank

	31 December 2014	31 December 2013
Cash in hand	516,082	526,106
Nostros and sight accounts with other banks	106,484	221,231
Balances with Central Bank	1,017,389	110,514
Cheques clearing system - Central Bank	182,289	163,338
Included in cash and cash equivalents less than 90 days (note 44)	**1,822,245**	**1,021,188**
Blocked deposits	1,028,484	873,743
Mandatory reserves with Central Bank	13,505	17,547
Total	**2,864,234**	**1,912,478**

Mandatory reserves with the Central Bank 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.

18 Loans and advances to credit institutions

	31 December 2014	31 December 2013
Placements with banks	12,770	14,082
Cheques receivables	6	150
Reverse repurchase agreements	91,118	1,401
Included in cash and cash equivalents less than 90 days (note 44)	**103,894**	**15,633**
Placements with banks over 90 days	828,899	1,147,538
Total loans and advances to credit institutions	**932,793**	**1,163,172**

Amounts in thousand euros (unless otherwise stated)

	31 December 2014	31 December 2013
Current loans and advances to credit institutions (up to 1 year)	205,193	965,163
Non current loans and advances to credit institutions (more than 1 year)	727,599	198,009
	932,793	**1,163,172**

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

19 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:

At 31 December 2014	Contract/ Notional Amount	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Futures	70,000	-	-
Interest rate swaps	3,055,242	478,481	497,181
Currency swaps	1,645,675	-	-
FX forwards	87,770	10	-
Options and other derivative instruments	967,509	633	87
Cross Currency Interest Rate Swaps	3,145,012	9,309	40,992
		488,433	**538,260**
Embedded equity derivatives			
Customer deposits/ loans linked to options	-	21	-
Other embedded equity derivatives	161,836	18,488	-
Total recognised derivative assets/ liabilities		**506,942**	**538,260**

At 31 December 2014	Fair values	
	Assets	**Liabilities**
Current	974	968
Non-current	505,967	537,292
	506,941	**538,260**

At 31 December 2013	Contract/ Notional Amount	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Futures	652,963	-	-
Interest rate swaps	4,467,558	232,879	235,132
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	87,407	89,479
		321,262	**325,975**
Embedded equity derivatives			
Customer deposits/ loans linked to options	15,321	45	21
Total recognised derivative assets/ liabilities		**321,307**	**325,996**

At 31 December 2013	Fair values	
	Assets	**Liabilities**
Current	3,298	3,821
Non-current	318,009	322,174
	321,307	**325,996**

Amounts in thousand euros (unless otherwise stated)

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 60.14% of the transactions are conducted with other financial institutions (notional amount). The top four counterparties account for 60.7% of the total outstanding notional amount of interest rate swaps. The remaining 39.3% is executed through a number of counterparties. The ratio of the fair value of all derivatives (assets) to loans and advances to credit institutions is 54% approximately.

20 Financial assets at fair value through profit or loss

	31 December 2014	31 December 2013
Trading securities		
Greek government treasury bills	-	4,164
Foreign government bonds	-	4
Included in cash and cash equivalents less than 90 days (note 44)	**0**	**4,168**
Greek Government bonds	110,151	20,888
Greek Government treasury bills	-	1,196
Foreign Government bonds	-	1,440
Corporate entities bonds	23	-
Total over 90 days	**110,173**	**23,524**
Total trading securities (A)	**110,173**	**27,692**
Other financial assets at fair value through profit or loss (B)	**0**	**17,183**
Total (A) + (B)	**110,173**	**44,875**

From the above mentioned bonds of trading securities as at 31/12/2014, amount of € 109.2 million relates to fixed income securities (2013: € 10.4 million), amount of € 1 million relates to floating rate securities (2013: € 12.0 million) and there are no zero - coupon bonds (2013: € 5.3 million).

Securities pledged are presented in note 40.

21 Reverse repos with customers

	31 December 2014	31 December 2013
Reverse Repos with customers - individuals	57,058	6,353
Reverse Repos with customers - corporate entities	6,574	-
Total reverse repos with customers	**63,632**	**6,353**

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

Amounts in thousand euros (unless otherwise stated)

22 Loans and advances to customers

	31 December 2014	31 December 2013
Mortgages	16,493,547	16,307,914
Consumer/ personal and other loans	3,865,998	3,870,733
Credit cards	1,065,755	1,113,243
Loans to individuals	**21,425,300**	**21,291,889**
Loans to corporate entities and Public sector	**39,310,855**	**40,625,386**
Total loans and advances to customers (before allowances for losses)	**60,736,155**	**61,917,276**
Less: Allowance for impairment on loans and advances to customers	(6,749,087)	(4,518,159)
Total loans and advances to customers (net of provisions)	**53,987,068**	**57,399,117**

	31 December 2014	31 December 2013
Current loans and advances to customers (up to 1 year)	15,045,658	28,434,752
Non current loans and advances to customers (more than 1 year)	38,941,410	28,964,366
	53,987,068	**57,399,117**

Out of total loans and advances to customers (before allowances for losses) fixed rate loans amount to € 3,239 million (2013: € 4,193 million) and floating rate loans amount to € 57,497 million (2013: € 57,725 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.

Also, it is noted that the allowance for impairment of loans of the Group of former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank) Millennium Bank S.A. and Geniki Bank S.A., at their acquisition date by Piraeus Bank, has decreased the gross balance of loans in the tables above, as under IFRS 3 it has been included in the adjustment of loans to fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the provision.

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 and Public sector**	**Total**
Opening balance at 1/1/2013	**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)**
Other movements	(330)	(7,235)	(1,026)	**(8,590)**	(27,281)	**(35,872)**
Balance at 31/12/2013	**277,721**	**624,842**	**242,219**	**1,144,782**	**3,373,376**	**4,518,158**
Opening balance at 1/1/2014	**277,721**	**624,842**	**242,219**	**1,144,782**	**3,373,376**	**4,518,158**
Charge for the year	581,374	218,956	22,655	**822,985**	2,770,820	**3,593,804**
Loans written-off	(16,957)	(73,902)	(30,425)	**(121,283)**	(752,610)	**(873,893)**
Other movements	(66,445)	(50,681)	(7,525)	**(124,651)**	(364,331)	**(488,982)**
Balance at 31/12/2014	**775,693**	**719,215**	**226,925**	**1,721,833**	**5,027,255**	**6,749,087**

Amounts in thousand euros (unless otherwise stated)

23 Available for sale securities

	31 December 2014	31 December 2013
Greek Government bonds	310,799	38,573
Foreign government bonds	5,792	-
Greek Government treasury bills	1,457,146	381,825
Corporate entities bonds	782	25,611
Bank bonds	228	457
Total bonds and other fixed income securities (A)	**1,774,747**	**446,466**
Listed shares	50,082	196,413
Unlisted shares	158,027	140,429
Mutual funds	46,838	54,638
Other Variable Income Securities	30,223	50,592
Total shares and other variable income securities (B)	**285,170**	**442,072**
Total available for sale securities (A) + (B)	**2,059,917**	**888,538**

As at 31/12/2014, amount of € 316.8 million relates to investment portfolio bonds with fixed rates (2013: € 26.5 million) , amount of € 0.8 million relates to floating rate bonds (2013: € 38.1 million) and amount of € 1,457.1 million relates to zero coupon bonds (2013:€ 381.8).

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

	31 December 2014	31 December 2013
Opening balance	**888,538**	**4,340,092**
Opening balance of acquired banking operations	2,618	5,861
Additions	6,780,095	7,847,900
Disposals	(5,400,064)	(11,336,356)
Changes in fair value (note 42)	(169,899)	118,805
Impairment of available for sale portfolio	(9,723)	(30,760)
Foreign exchange differences	17	(376)
Transfers to subsidiaries (note 25)	-	(175)
Transfers to associates (note 25)	(31,667)	(56,452)
Closing balance	**2,059,917**	**888,538**

	31 December 2014	31 December 2013
Current available for sale securities (up to 1 year)	1,463,167	419,932
Non current available for sale securities (more than 1 year)	311,581	26,534
	1,774,747	**446,466**

24 Debt securities - receivables

	31 December 2014	31 December 2013
Corporate entities debt securities - receivables	5,152	4,535
Bank debt securities - receivables	23,846	23,846
Greek Government bonds debt securities - receivables	-	1,272,203
Foreign Government bonds debt securities - receivables and EFSF bonds	14,268,783	14,292,736
Total debt securities - receivables	**14,297,780**	**15,593,320**
Less: Allowance for impairment of debt securities - receivables	(23,846)	(23,846)
Total debt securities - receivables (less allowances for losses)	**14,273,935**	**15,569,474**

	31 December 2014	31 December 2013
Current debt securities - receivables (up to 1 year)	-	1,272,193
Non current debt securities - receivables (more than 1 year)	14,273,935	14,297,281
	14,273,935	**15,569,474**

Amounts in thousand euros (unless otherwise stated)

The decrease of the debt securities - receivables issued by the Hellenic Republic during the year 2014, is mainly due: (a) to the full redemption by the Bank of the total preference shares (Pillar I L.3723/2008) in the amount of amount € 750 million, issued to the Hellenic Republic by the Bank, in exchange for the debt securities of the Hellenic Republic, which were initially transferred to Piraeus Bank in order to cover the issuance of the preference shares, and (b) due to the expiration of a bond of the Hellenic Republic with a nominal value of € 462 million.

25 Investments in subsidiaries and associate companies

The investments of Piraeus Bank in subsidiaries and associates are:

A) Subsidiary companies

s/n	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	98.49%	Egypt
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus
8.	Piraeus Leases S.A.	Finance leases	100.00%	Greece
9.	Piraeus Leasing Romania S.R.L.	Finance leases	99.85%	Romania
10.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece
11.	Tirana Leasing S.A.	Finance leases	100.00%	Albania
12.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece
13.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom
14.	Piraeus Leasing Bulgaria EAD	Finance leases	94.83%	Bulgaria
15.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom
16.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece
17.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece
18.	Picar S.A.	City Link areas management	100.00%	Greece
19.	Bulfina S.A.	Property management	100.00%	Bulgaria
20.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece
21.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece
22.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece
23.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece
24.	ND Development S.A.	Property management	100.00%	Greece
25.	Property Horizon S.A.	Property management	100.00%	Greece
26.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece
27.	Piraeus Development S.A.	Property management	100.00%	Greece
28.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece
29.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
30.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.85%	Cyprus
31.	Lakkos Mikelli Real Estate LTD	Property management	40.00%	Cyprus
32.	Philoktimatiki Public LTD	Land and property development	6.39%	Cyprus
33.	IMITHEA S.A. (former New Evolution S.A.)	Organization, operation and management of hospital units	100.00%	Greece
34.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
35.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
36.	Vitria Investments S.A.	Investment company	100.00%	Panama
37.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
38.	Piraeus Insurance - Reinsurance Broker Romania S.R.L.	Insurance and reinsurance Brokerage	95.00%	Romania
39.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases - rent-a-car and long term rental of vehicles	94.00%	Greece
40.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia
41.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
42.	Piraeus Leasing Doo Beograd	Financial leasing	51.00%	Serbia
43.	Piraeus Capital Management S.A.	Venture Capital Fund	100.00%	Greece
44.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	83.52%	Greece
45.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
46.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
47.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
48.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
49.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
50.	Axia III APC LTD	SPE for securitization of corporate loans	-	United Kingdom
51.	Praxis II APC LTD	SPE for securitization of consumer loans	-	United Kingdom
52.	R.E. Anodus LTD	Consultancy services for real estate development and investments	100.00%	Cyprus
53.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus
54.	Achaia Clauss Estate S.A.	Property management	74.76%	Greece
55.	Kosmopolis A' Shopping Centers S.A.	Shopping Center’s Management	100.00%	Greece
56.	Pleiades Estate S.A.	Property management	14.76%	Greece
57.	Piraeus Real Estate Egypt LLC	Property management	99.90%	Egypt
58.	ATE Insurance S.A.	Insurance	100.00%	Greece
59.	Centre of Sustainable Entrepreneurship Excelixi S.A. (former ATExcelixi S.A.)	Consulting Services - Hotel - Training & Seminars	100.00%	Greece
60.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
61.	R.E. Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus
62.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece
63.	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom
64.	Kion Mortgage Finance No.3 Plc	SPE for securitization of mortgage loans	-	United Kingdom
65.	Kion CLO Finance No.1 Plc	SPE for securitization of mortgage loans	-	United Kingdom
66.	Tellurion Ltd	Holding company	100.00%	Cyprus

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
67.	Geniki Special Business Services S.A. (former Geniki Asset Management A.E.D.A.K.)	Advising, consultancy, organizational and training services.	100.00%	Greece
68.	Geniki Financial & Consulting Services S.A.	Financial & Consulting Services	100.00%	Greece
69.	Geniki Insurance Agency S.A.	Insurance Agency	80.00%	Greece
70.	Geniki Information S.A.	Assessment and collection of commercial debts	100.00%	Greece
71.	Marathon 1 Greenvale Rd LLC	Real Estate Development	99.95%	U.S.A.
72.	Holding Spectacles S.A.	Holding	100.00%	Greece

On 22/9/2014, the 100% subsidiary of Piraeus Bank SA, “New Evolution S.A.” was renamed to “IMITHEA S.A.”, which acquired the business operations of the nursing unit "ERRIKOS DUNANT Hospital Center", representing the rights on assets (property, plant and equipment, titles, etc.), in the context of the mandatory public auction, which was completed during the 4th quarter of 2014. The Bank intends to start the divesting procedures from this subsidiary and therefore the necessary actions will start immediately after the completion of the reorganization of the company, which is already being implemented in cooperation with a specialized external consultant.

Companies numbered 29, 41, 45, 46, 48-51 and 63-65 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 31, 32, 44, and 56, are included in the Bank’s subsidiaries portfolio due to the existence of control in Group level. In addition, the companies numbered 16, 35-36 and 72 are under liquidation as at 31/12/2014. Company numbered 58 has been classified in line "Assets held for sale" as the classification criteria IFRS 5 are met.

The movement for investments in subsidiaries is analysed as follows:

	31 December 2014	31 December 2013
Opening Balance	**1,707,317**	**1,921,587**
Opening balance of acquired banking activities	4,191	6,638
Additions	2,696	2,956
Participation in share capital increases of subsidiaries	214,132	43,102
Disposals	(1,678)	(886)
Impairment charge	(225,875)	(265,322)
Transfers from available for sale portfolio	0	175
Foreign exchange differences	(0)	69
Absorption of subsidiaries	(9,663)	(1,000)
Closing balance	**1,691,120**	**1,707,317**

Within the fourth quarter of 2014, Piraeus Bank S.A. absorbed its subsidiary , Geniki Bank S.A.

B) Associate companies

s/n	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

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
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.	Exus 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.	Interbanking company of development, operation and management of information systems	23.53%	Greece
19.	Pyrrichos S.A.	Property management	50.77%	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
22.	Olganos Real Estate S.A.	Property management/Electricity Production from Hydropower Stations	32.27%	Greece
23.	Exus Software Ltd.	IT products Retailer	49.90%	United Kingdom
24.	Marfin Investment Group Holding S.A.	Holding Company	17.78%	Greece

During December 2014, the Bank confirmed its ability to acquire further ownership percentage in MIG, through the pledged shares. This ability confirms the Bank's influence on MIG Group according to the IFRSs, and as a result this investment was transferred to the associate companies' portfolio and it was consolidated with the equity method. For accounting purposes, the initial cost of investment was estimated taking into account the share price as of 31/12/2014.

In the financial year 2014, the percentage of the Bank in the company Pyrrichos S.A. increased to 50.77% compared to 34.65% in 31/12/2013, due to the absorption of Geniki Bank S.A. Pyrrichos S.A. remained in the associate companies portfolio, as Piraeus Bank continues to exercise significant influence and not control.

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.

The movement of investments in associates is analysed as follows:

	31 December 2014	31 December 2013
Opening Balance	**291,901**	**240,239**
Opening balance of acquired banking activities	281	20
Participation in share capital increases of associates	331	6,628
Additions	32	12,477
Impairment charge	(44,037)	(23,911)
Return of capital due to share capital decrease	(1,023)	-
Disposals	-	(4)
Transfers from available for sale portfolio (note 23)	31,668	56,452
Closing balance	**279,154**	**291,901**

Amounts in thousand euros (unless otherwise stated)

During the year 2014, the Bank' s investment in subsidiary and associate companies was impaired by € 270 million. The recoverable amount of these companies was estimated taking into account the unfavourable developments in specific countries and sectors of the Greek economy, where subsidiaries and associates operate. The aforementioned impairment is included in line "Impairment on participations and investment securities". The most material amounts relate to companies that operate in Serbia (€ 104 million.), in Ukraine (€ 57 million), in Cyprus (€ 25 million) and companies that operate in the "property management" sector (€ 67 million).

26 Intangible assets

2014	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2014	-	360,522	26,795	387,318
Opening balance of absorbed banking activities	-	2,966	570	3,536
Additions	-	34,982	2,652	37,633
Write-Offs	-	(114)	(451)	(565)
Transfers in category	-	12,378	1,772	14,150
Cost as at 31 December 2014	**0**	**410,735**	**31,339**	**442,073**
Accumulated depreciation				
Opening balance as at 1 January 2014	-	(152,996)	(11,895)	(164,891)
Charge for the year	-	(35,281)	(3,994)	(39,276)
Write-Offs	-	91	451	542
Accumulated depreciation at 31 December 2014	**0**	**(188,186)**	**(15,439)**	**(203,625)**
Net book value as at 31 December 2014	**0**	**222,548**	**15,900**	**238,448**

During 2014, the Bank made transfers of an amount of € 14.2 million from "assets under construction" to intangible assets due to commencement of operational use.

2013	Goodwill	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	**0**	**(152,996)**	**(11,895)**	**(164,891)**
Net book value as at 31 December 2013	**0**	**207,526**	**14,900**	**222,427**

27 Property, plant and equipment

2014	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2014	514,580	301,211	41,689	8,918	244,713	1,111,112
Opening balance of absorbed banking activities	58,721	1,338	-	189	2,200	62,449
Impairment	(12,689)	-	(3,700)	-	-	(16,389)
Additions	27,231	33,139	20,517	501	25,114	106,502
Transfers in category	3,878	36	-	-	24	3,938
Transfers out of category	(14,338)	(0)	(14,215)	-	(345)	(28,898)
Disposals	-	(10,808)	(155)	(241)	-	(11,204)
Write - offs	(13)	(98)	0	(26)	(51,304)	(51,442)
Cost as at 31 December 2014	**577,371**	**324,818**	**44,135**	**9,342**	**220,403**	**1,176,069**

Amounts in thousand euros (unless otherwise stated)

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 2014	(19,777)	(208,198)	-	(6,833)	(90,490)	(325,298)
Charge for the year	(6,616)	(19,623)	-	(377)	(15,480)	(42,095)
Transfers in category	(14)	-	-	-	(1)	(14)
Transfers out of category	1,333	-	-	-	19	1,353
Disposals	-	10,339	-	224	-	10,562
Write - offs	4	98	-	5	18,120	18,227
Accumulated depreciation as at 31 December 2014	**(25,070)**	**(217,384)**	**0**	**(6,981)**	**(87,831)**	**(337,266)**
Net book value as at 31 December 2014	**552,302**	**107,433**	**44,135**	**2,361**	**132,572**	**838,804**

In the financial year 2014, the Bank assigned to independent valuers the fair value evaluation of a sample of own use property. Based on that evaluation, the difference between the fair value and the carrying value of the aforementioned property, was recognized as impairment loss in the profit or loss statement of the year.

During 2014, the Bank made a) transfers to “investment property” of € 9.3 million, b) transfers to " inventories property" of 0.1 million and c) transfers to “intangible assets” of € 14.2 million due to commencement of operational use.

Additionally, it is noted that during 2014 the output of depreciation is charged with an amount of € 33.4 million due to interruptions of branches operations. This amount is included in the above table in line "Write - offs".

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	7,482
Accumulated depreciation as at 31 December 2013	**(19,777)**	**(208,198)**	**0**	**(6,833)**	**(90,490)**	**(325,300)**
Net book value as at 31 December 2013	**494,803**	**93,013**	**41,689**	**2,085**	**154,223**	**785,813**

Amounts in thousand euros (unless otherwise stated)

28 Investment property

	31 December 2014	31 December 2013
Opening balance	291,058	435,871
Opening balance of acquired banking activities	0	10,869
Completion of the purchase price allocation	0	5,486
Additions	14,369	937
Revaluation	(7,569)	(13,878)
Transfers in category	36,845	32,636
Transfers out of category	(12,649)	(180,463)
Disposals	(226)	(134)
Write - offs	(193)	(265)
Closing balance	**321,636**	**291,058**

During 2014, the Bank made transfers a) of € 7.7 million to “inventories property” due to non-fulfillment of the criteria for classification under IAS 40, b) of € 4.9 million to owner occupied “Land and buildings”, c) of € 14.3 million from owner occupied “Land and buildings”, d) € 22.6 million from “inventories property”, due to lease of the property. Fair value of investment property of amount € 321.6 million has been categorized under Level 3.

29 Assets held for sale

Line “Assets held for sale” of € 10. 3 million as at 31/12/2014 and 31/12/2013 includes the carrying value of subsidiary ATE Insurance S.A.. Piraeus Bank has reached an agreement on August 2014 for the sale of 100% of ATE Insurance S.A. to ERGO Insurance Group, a subsidiary of Munich Re. The total consideration amounts to approximately € 90 million in cash and is subject to customary net asset value adjustments upon closing. The transaction is subject to regulatory approvals and is expected to be completed within the first semester of 2015.

30 Other assets

	31 December 2014	31 December 2013
Inventories property	523,883	351,498
Inventories property (A)	**523,883**	**351,498**
Prepaid expenses	33,345	163,996
Accrued income	47,576	8,038
Prepaid taxes and taxes withheld	55,051	92,750
Claims from tax authorities and the State	521,772	448,862
Dividends receivable	3,493	1,075
Credit cards	137,208	128,621
Receivables from subsidiaries	316,671	437,365
Receivables from Deposit Guarantee and Investors Compensation Scheme	362,355	318,397
Other items	472,600	506,829
Other receivables (B)	**1,950,071**	**2,105,932**
Other assets (A) + (B)	**2,473,954**	**2,457,430**

	31 December 2014	31 December 2013
Current other assets (up to 1 year)	1,325,906	1,979,724
Non current other assets (more than 1 year)	624,165	126,208
	1,950,071	**2,105,932**

Line “Other items” primarily includes balances of various accounts that relate to daily activities of the Bank.

During 2014, the Group’s results were burdened with an impairment loss of €106 million, relating mainly to provisions for the impairment of various receivables shown in Other assets (differences in acquisition figures that were migrated in the Bank's systems, temporary account differences that were deemed partially or totally irrecoverable, amounts from taxes with increased chance of not being collected, etc.), as part of the annual examination of collectability by the Management of the Bank and its subsidiaries and, in addition, losses from the impairment of the portfolio of fixed assets classified in inventories.

Amounts in thousand euros (unless otherwise stated)

31 Due to credit institutions

	31 December 2014	31 December 2013
Due to the Central Bank	14,101,145	17,750,000
Deposits from other banks	974,405	1,562,659
Repurchase agreement - credit institutions	9,169,248	7,592,977
Other obligations to banks	321,269	346,352
	24,566,067	**27,251,988**

	31 December 2014	31 December 2013
Current due to banks (up to 1 year)	21,863,194	27,248,652
Non current due to banks (more than 1 year)	2,702,873	3,336
	24,566,067	**27,251,988**

Balances due to credit institutions bear floating rates.

"Due to credit institutions" as at 31/12/2014, includes refinancing operations through repo transactions within the eurosystem amounting to € 14.1 billion (31/12/2013: € 17.8 billion). The decrease in the refinancing raised from the eurosystem during the year 2014 is mainly due to the improvement of liquidity due to the further deleveraging of the loan portfolio, the share capital increase (€ 1.75 billion), the increase of the balance of interbank repo transactions and the issue of a senior bond (€ 500 million).

32 Liabilities at fair value through profit or loss

As at 31/12/2014, the open short positions for Greek Government bonds and treasury bills, amount to € 1.9 million (2013: € 0.5 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 2014	31 December 2013
Corporate		
Current and sight deposits	6,161,212	6,098,036
Term deposits	4,980,518	4,663,162
Blocked deposits, guarantee deposits and other accounts	101,221	190,007
Repurchase agreements	1,476	855
Total (A)	**11,244,427**	**10,952,060**
Retail		
Current and sight deposits	2,402,931	1,994,802
Savings account	12,897,426	12,082,282
Term deposits	23,599,427	23,364,750
Blocked deposits, guarantee deposits and other accounts	8,688	11,370
Repurchase agreements	0	42
Total (B)	**38,908,471**	**37,453,247**
Cheques payable and remittances (C)	**87,446**	**93,084**
Total Due to Customers (A)+(B)+(C)	**50,240,344**	**48,498,391**

Other accounts include cheques payable and remittances of € 87.4 million (2013: € 93.1 million). Customer deposits (corporate and retail) with floating rates are € 21,551 million (2013: € 20,352.2 million) and with fixed rate are € 28,601.7 million (2013: € 28,052.2 million).

Amounts in thousand euros (unless otherwise stated)

	31 December 2014	31 December 2013
Current due to customers (up to 1 year)	50,169,673	48,318,094
Non current due to customers (more than 1 year)	70,671	180,297
	50,240,344	**48,498,391**

In accordance with the provisions of Law 4151/2013, every financial banking institute operating in Greece has the obligation, for all dormant accounts for which a period of 20 years has passed, to remit the cash balances plus interest of these dormant accounts, that were cancelled at 31.12 of the previous year, to the Greek State, until the end of April of each year. The Bank in 2014 remitted to the Greek State the amount of € 363,214.47, whereas for the acquired Geniki Bank the respective amount was € 922,013.16. In total, the Bank remitted in 2014 to the Greek State € 1,285,227.63 with respect to such dormant account balances.

34 Debt securities in issue

		31 December 2014	31 December 2013
Euro Medium Term Note	**Interest rate (%)**		
€ 60 m. floating rate notes due 2015	3.8%	60,000	60,000
€ 500 m. fixed rate notes due 2017	Fixed 5.00%	447,805	-
Accrued interest and other expenses		17,928	1,203
Total (A)		**525,733**	**61,203**
Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 m. floating rate notes due 2040	3M Euribor + 0.43 %	46,600	56,665
€ 1,250 m. floating rate notes due 2054	3M Euribor + 0.57 %	59,916	116,098
€ 600 m. floating rate notes due 2051	3M Euribor + 0.51 %	29,092	71,297
Total (B)		**135,607**	**244,060**
Total debt securities in issue (A)+(B)		**661,341**	**305,263**

	31 December 2014	31 December 2013
Current debt securities in issue (up to 1 year)	60,000	139
Non current debt securities in issue (more than 1 year)	601,341	305,124
	661,341	**305,263**

Apart from the debt securities in the table above, as at 31/12/2014 liabilities arising from securitisations of loans are retained by Piraeus Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively.

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

In February 2014, Piraeus Bank issued a € 1,750 million senior bond, due March 2015, with the unconditional and irrevocable guarantee of the Hellenic Republic, under Art. 2 of Law 3723/2008, through Piraeus Bank's EMTN programme. The bond pays a floating rate coupon of 3M Euribor plus 1200 bps and is retained by Piraeus Bank. In December 2014 Piraeus Bank issued a € 4,500 milion senior bond due March 2015 under Art. 2 of Law 3723/2008 retained by the bank. The bond pays a floating rate coupon of 3M Euribor plus 600 bps. In May, June and in December 2014 bonds of € 2,370 million, € 2,206.5 million and € 3,572.1 million respectively,issued in 2013 by Piraeus Bank with the unconditional and irrevocable guarantee of the Hellenic Republic (art. 2 of Law 3723/2008) and retained by Piraeus Bank, matured and were not renewed.

Amounts in thousand euros (unless otherwise stated)

In March 2014, Piraeus Bank issued a 3-year fixed rate senior bond in the amount of € 500 million through its subsidiary Piraeus Group Finance PLC under the EMTN programme in order to raise medium term funds. The new 3-year bond pays a 5.00% fixed coupon and is listed on the Luxembourg Stock Exchange.

Piraeus Bank, during the period 1/10/2014 – 31/12/2014, proceeded to the buy back of bonds of securitised loans of total amount after amortization of € 38.3 million.

35 Hybrid capital and other borrowed funds

		31 December 2014	31 December 2013
Hybrid Capital (Tier I)	**Interest rate (%)**		
€ 200 m. floating rate notes due 2034	3M Euribor + 2.25%	16,373	18,500
		16,373	**18,500**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	3M Euribor + 1.85%	215,132	236,490
Accrued interest and other expenses		876	1,014
		216,008	**237,504**
Total hybrid capital and other borrowed funds		**232,381**	**256,004**

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 .Since October 2014 the margin increased to 2.25% from 1.25% (step up).

Piraeus Bank, during the period 1/10/2014 – 31/12/2014, proceeded to the buy back of hybrid securities and subordinated securities of total amount € 11.3 million.

Total hybrid capital and other borrowed funds of amount € 232 million are classified in category non current (more than 1 year).

36 Other liabilities

	31 December 2014	31 December 2013
Prepaid income	117,432	6,535
Accrued expenses	66,698	48,771
Withholding taxes and contributions	79,401	81,492
Transactions with Interbank Systems (DIAS)	158,140	168,679
Creditors	88,408	108,034
Other liability accounts	169,697	243,317
Liability from collections on behalf of Public sector and third parties	67,340	29,455
	747,116	**686,283**

	31 December 2014	31 December 2013
Current other liabilities (up to 1 year)	643,044	665,083
Non current other liabilities (more than 1 year)	104,072	21,200
	747,116	**686,283**

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

"Other provisions" as at 31/12/2014 amount to € 27,665 thousand and are analysed in provisions for outstanding litigations of amount € 11,210 thousand and other provisions of amount € 16,454 thousand. The analysis is as follows:

Provisions for outstanding litigations	31 December 2014	31 December 2013
Opening balance	5,541	-
Opening balance of acquired banking activities	3,597	2,941
P&L charge for the year	2,073	2,600
Closing balance	**11,210**	**5,541**

	31 December 2014	31 December 2013
Current (up to 1 year)	2,891	14
Non-current (more than 1 year)	8,320	5,527
	11,211	**5,541**

Other provisions	31 December 2014	31 December 2013
Opening balance	15,337	232
Opening balance of acquired banking activities	-	11,656
P&L charge for the year	6,336	3,449
Provisions used during the year	(4,200)	-
Other movements	(1,019)	-
Closing balance	**16,454**	**15,337**

	31 December 2014	31 December 2013
Current (up to 1 year)	22	97
Non-current (more than 1 year)	16,432	15,240
	16,454	**15,337**

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 2014	31 December 2013
Pensions and other post retirement benefits	44,434	32,382
Impairment of loans and receivables	2,263,654	1,442,247
Other provisions	823	823
Securities valuation	15,676	(42,484)
Recognition of tax losses	515,069	226,337
Derivatives financial instruments valuation	12,856	1,374
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	(175,380)	(182,301)
Investment property valuation	2,282	(16,415)
Depreciation of property, plant and equipment	(59,006)	(39,093)
Intangible assets	58,758	45,315
Impairment of Greek Government Bonds	1,336,926	1,316,821
Other deferred tax items	(65,109)	(78,702)
Net deferred tax asset	**3,950,983**	**2,706,304**

Amounts in thousand euros (unless otherwise stated)

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

	2014	2013
Net deferred tax asset as at 1 January	**2,706,304**	**1,757,304**
Deferred tax asset of absorbed company	83,189	141,319
Effect of deferred tax on profit or loss	1,087,765	761,831
Available for sale portfolio securities (note 42)	53,692	(22,976)
Deferred tax on expenses of share capital increase	20,033	68,825
Net deferred tax asset as at 31 December	**3,950,983**	**2,706,304**

Deferred tax amounts directly recognised in Group's equity during 2014 are as follows: a) deferred tax of amount € 53,692 thousand relating to valuation of the available for sale securities, recorded under the available for sale reserve (note 42) according to the relevant IFRS regulations, b) amount of € 83,189 thousand relating to deferred tax asset of absorbed company and c) amount of € 20,033 thousand relating to share capital increase expenses.

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

Deferred tax (Income Statement)	1/1-31/12/2014	1/1-31/12/2013
Pensions and other post retirement benefits	11,173	8,010
Impairment of loans and receivables	737,313	813,130
Other provisions	(1,112)	62
Securities valuation	4,468	(52,445)
Recognition of tax losses	288,732	(29,475)
Derivative financial instruments valuation	11,482	2,204
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	6,921	(188,138)
Valuation of investment property	18,697	(3,029)
Depreciation of property, plant and equipment	(17,006)	(18,762)
Intangible assets	(6,591)	(4,711)
Impairment of Greek Government Bonds	20,105	274,026
Other deferred tax items	13,583	(39,040)
	1,087,765	**761,831**

Net deferred tax asset analysis:	1/1-31/12/2014	1/1-31/12/2013
Current	126,541	103,918
Non current	3,824,442	2,602,385
	3,950,983	**2,706,304**

Deferred tax additional information	1/1-31/12/2014	1/1-31/12/2013
Unused tax losses for which no deferred tax asset has been recognised in the balance sheet	124,495	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 employees of the Bank are entitled to compensation upon termination of service, based on their service, their salary and their classification group. The Bank supports additional programs that provide defined lump sum benefits based on members service, salary and the classification in various employee groups.

The Bank applied a voluntary redundancy scheme during 2014. The benefits paid, according to this scheme, are included in the disclosures for the non funded plans.

Amounts in thousand euros (unless otherwise stated)

Amounts recognised in the balance sheet	**31 December 2014**	**31 December 2013**
Pension schemes - funded	90,800	74,703
Other post retirement benefits - not funded	101,398	71,141
	192,198	**145,844**

Income statement	**1/1-31/12/2014**	**1/1-31/12/2013**
Pension schemes - funded	6,743	5,299
Other post retirement benefits - not funded	61,734	95,416
	68,478	**100,716**

A) Pension schemes - funded

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

	31 December 2014	**31 December 2013**
Present value of funded obligations	117,644	99,050
Fair value of plan assets	(26,843)	(24,347)
Liability in the balance sheet	**90,800**	**74,703**

Although, TEAPETE is no longer among funded benefits plans since 2006, it is included in the funded benefits plans for comparison purposes. The Bank paid the last annual installment of € 7.1 million for the settlement of the obligation according to L. 3455/2006 (article 26).

In funded plans, the Bank follows the recommendations of the insurance company concerning the amount of contributions. The expected Bank's contributions to funded post-employment defined benefit plans for the year 2015, amounts to € 3.6 million. It shall also be noted, that there are no commitments arising from the law concerning the level of funding for post-employment defined benefit plans provided by the Bank.

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

	2014	**2013**
Opening balance	99,050	103,806
Balance of acquired Banks/ Banking operations	-	15,073
Current service cost	5,032	5,078
Interest cost	3,428	3,567
Contributions by plan participants	1,130	1,237
Benefits paid from the fund	(2,863)	(19,380)
Benefits paid directly by the employer	(7,134)	(7,134)
Settlement/ Curtailment/ Termination loss/ (gain)	(1,063)	(4,340)
Past service cost	-	1,516
Actuarial (gains)/ losses	20,063	(372)
Closing balance	**117,644**	**99,050**

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

	2014	**2013**
Opening balance	24,347	40,127
Balance of acquired Banks/ Banking operations	-	82
Expected return on plan assets	731	770
Employer contributions	2,444	1,776
Employee contributions	1,130	1,237
Benefits paid from the fund	(2,863)	(19,380)
Expenses	(78)	(248)
Actuarial gains / (losses)	1,132	(17)
Closing balance	**26,843**	**24,347**
Return on plan assets	**1,863**	**753**

Amounts in thousand euros (unless otherwise stated)

The plan assets are invested as follows:

	31 December 2014	31 December 2013
Money market	53.24%	88.21%
Bonds	35.08%	9.70%
Deposits	11.57%	0.85%
Greek government treasury bills	-	1.25%
Shares	0.04%	-
Mutual Funds	0.06%	-

The amounts recognised in the income statement are analysed as follows:

Income statement	1/1-31/12/2014	1/1-31/12/2013
Current service cost	5,032	5,078
Net interest cost	2,697	2,797
Expenses	78	248
Past service cost recognised	-	1,516
Settlement/ Curtailment/ Termination loss/ (gain)	(1,063)	(4,340)
Total	**6,743**	**5,299**

The amounts recognised in equity are analysed as follows:

Remeasurements	31/12/2014	31/12/2013
Liability gain /(loss) due to changes in assumptions	(19,461)	6,258
Liability experience gain/ (loss) arising during the year	(602)	(5,886)
Return on plan assets excluding amounts included in interest income	1,132	(17)
Total amount recognised in equity	**(18,932)**	**355**

Based on the above mentioned, the movement in the liability recognised in the balance sheet is analysed as follows:

	2014	2013
Opening balance	74,703	63,679
Balance of acquired Banks/ Banking operations	-	14,990
Total expense recognised in the income statement	6,743	5,299
Employer contributions	(2,444)	(1,776)
Benefits paid directly by the employer	(7,134)	(7,134)
Amount recognised in equity	18,932	(355)
Closing balance	**90,800**	**74,703**

B) Other post retirement benefits - not funded

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

	31 December 2014	31 December 2013
Present value of unfunded obligations	101,398	71,141
Liability in the balance sheet	**101,398**	**71,141**

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

	2014	2013
Opening balance	71,141	67,584
Balance of acquired Banks/ Banking operations	6,377	19,166
Current service cost	3,136	7,613
Interest cost	1,926	2,174
Benefits paid directly by the employer	(57,549)	(105,190)
Settlement/ Curtailment/ Termination loss/ (gain)	56,351	84,364
Past service cost	321	1,266
Actuarial (gains)/ losses	19,695	(5,835)
Closing balance	**101,398**	**71,141**

Amounts in thousand euros (unless otherwise stated)

The amounts recognised in the income statement are analysed as follows:

Income statement	1/1-31/12/2014	1/1-31/12/2013
Current service cost	3,136	7,613
Interest cost	1,926	2,174
Past servise cost recognised	321	1,266
Settlement/ Curtailment/ Termination loss/ (gain)	56,351	84,364
Total	**61,734**	**95,416**

The amounts recognised in equity are analysed as follows:

Remeasurements	31/12/2014	31/12/2013
Liability gain /(loss) due to changes in assumptions	(18,310)	6,647
Liability experience gain/ (loss) arising during the year	(1,385)	(812)
Total amount recognised in equity	**(19,695)**	**5,835**

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

	2014	2013
Opening balance	71,141	67,584
Balance of acquired Banks/ Banking operations	6,377	19,166
Total expense recognised in the income statement	61,734	95,416
Benefits paid by the employer	(57,549)	(105,190)
Amount recognised in equity	19,695	(5,835)
Closing balance	**101,398**	**71,141**

The expected weighted average duration of the defined benefit obligation is 15.7 years.

The main actuarial assumptions used are as follows:

	31/12/2014	31/12/2013
Discount rate	2.00%	3.50%
Expected return on plan assets	2.00%	3.50%
Future increase in salaries	1.75%	1.75%

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.

Sensitivity analysis in defined benefit obligation

The sensitivity analysis in the post employment defined benefit obligation is as follows:

	Effect in realised defined benefit obligation		
Main assumptions	**Change in the assumptions**	**Increase**	**Decrease**
Discount rate	0.50%	-6.46%	7.18%
Pay increase	0.50%	6.52%	-6.43%
Voluntary withdrawal rate	decreased by 50%	-	4.76%

The aforementioned sensitivity analysis is based on changing each assumption, while keeping the other assumptions unchanged. However, in an economic environment assumptions do not change independently and are usually affected at the same time. The method adopted for the sensitivity analysis is the one used for the determination of the defined benefit obligation in the statement of financial position. The final cost of defined benefit plans depends on the actual future experience relating to the actual pay increases as well as other factors that affect the cost, like the mobility of the employees and the recruitment.

Amounts in thousand euros (unless otherwise stated)

40 Contingent liabilities and commitments

A) Legal procedures

It is noted that the Bank as at 31/12/2014 has raised a provision for outstanding litigations of amount € 11.2 million. against € 5,5 million at 31/12/2013. The legal proceedings outstanding against the Bank as at 31/12/2014, for which no provisions were recorded, are not expected to have any significant impact on the financial statements of the Bank.

B) Credit commitments

As at 31/12/2014 the Bank had the following capital commitments:

	31 December 2014	31 December 2013
Letters of guarantee	3,123,380	3,108,064
Letters of credit	30,861	46,647
Commitments to extent credit	1,443,145	1,279,749
	4,597,386	**4,434,461**

C) Assets pledged

	31 December 2014	31 December 2013
Cash and balances with Central Bank	1,028,484	873,743
Financial instruments at fair value through profit or loss	74,330	25,345
Investment securities	1,081,727	321,784
Loans and advances to customers	4,046,740	2,361,371
Debt securities - receivables	5,738,198	8,005,582
	11,969,479	**11,587,825**

The above mentioned assets pledged are mainly used for liquidity purposes. Apart from the aforementioned assets, the Bank also pledges debt securities of own issue amounting to € 6,284 million as at 31/12/2014 (31/12/2013: € 16,419 million). The amount of € 6,284 million includes securities of equal amount that had been issued with the unconditional and irrecoverable guarantee of the Hellenic Republic. The aforementioned securities are not included in Bank's assets. Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities amounting to € 8,531 million (31/12/2013: € 7,559 million) are also used for liquidity purposes.

It is also noted that the "Loans and advances to customers" include loans of € 2,998 million (31/12/2013: € 1,426 million) which have been pledged under Pillar III (L.3723 / 2008) for liquidity purposes.

D) Operating lease commitments

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

	31 December 2014	31 December 2013
Up to 1 year	65,673	83,368
From 1 to 5 years	267,155	339,773
More than 5 years	496,204	636,881
	829,032	**1,060,022**

Amounts in thousand euros (unless otherwise stated)

41 Share capital

	Share Capital	Share premium	Total
Opening balance at 1 January 2013	**1,092,998**	**2,953,356**	**4,046,353**
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	-
Balance at 31 December 2013	**2,271,770**	**10,008,734**	**12,280,505**
Opening balance at 1 January 2014	**2,271,770**	**10,008,734**	**12,280,505**
Increase of share capital	308,824	1,384,581	1,693,404
Repurchase of preferred shares	(750,000)	-	(750,000)
Balance at 31 December 2014	**1,830,594**	**11,393,315**	**13,223,910**

	Number of shares
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**
Opening balance at 1 January 2014	**6,416,802,751**
Increase of share capital	1,029,411,764
Preferred shares repurchase	(1,344,234,800)
Balance at 31 December 2014	**6,101,979,715**

On 1/1/2014, the Bank's share capital amounted 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 preference non-voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preference non-voting shares, each with a nominal value of € 0.30.

The Extraordinary General Meeting of the ordinary shareholders of the Bank which took place on 28/3/2014 (the decision of which was approved by the 28/3/2014 decision of the Extraordinary General Meeting of the preference shareholder of the Bank), decided the Bank's share capital increase in order to raise capital up to € 1.75 billion, through contribution in cash and the issuance of ordinary registered shares and the cancellation of the pre-emption rights of the existing shareholders. Specifically, it was decided a € 308,823,529.20 share capital increase of the Bank with the cancellation of the pre-emption rights of the existing shareholders and the issuance of 1,029,411,764 new ordinary registered voting shares with a nominal value of € 0.30 each and an offer price of € 1.70 per share. Further to the said increase, the Bank's share capital amounted to € 2,580,593,913.48 divided into 6,101,979,715 ordinary registered voting shares of a nominal value of € 0.30 each and 77,568,134 preference non-voting shares of a nominal value of € 4.77 each, and 1,266,666,666 preference non-voting shares of a nominal value of € 0.30 each.

The Share premium reserve increased by € 1,384,580,554.64 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 31/12/2014 amounted to € 76,480,966.17 before tax and € 56,595,914.97 after tax.

On 21 May 2014, Piraeus Bank S.A. fully redeemed to the Hellenic Republic the total amount of preference shares (Pillar I Law 3723/2008) in the amount of € 750 million, issued to the latter by the Bank. Following the redemption of preference shares, the share capital of the Bank on 31/12/2014 amounts to € 1,830,593,914.50 divided to 6,101,979,715 ordinary registered shares, with a nominal value of € 0.30 each. Relevant amendment to the articles of association of the Bank has been resolved by the Bank's Extraordinary General Meeting of Shareholders dated 30/10/2014, and it is subject to the approval of the supervising authority.

Amounts in thousand euros (unless otherwise stated)

The Annual Ordinary General Meeting of Shareholders, held on 16/5/2014, decided not to distribute dividend for the fiscal year 2013, according to the established provisions of article 1 of Law 3723/2008, as amended is in force, for the credit institutions participating in the Economy reinforcement plan, combined with article 44a of C. Law 2190/1920.

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 2014	31 December 2013
Legal reserve	69,442	69,442
Available for sale reserve	(44,777)	108,039
Reserve of defined benefit obligations	(32,114)	6,252
Total other reserves	**(7,449)**	**183,732**

The movement in the available for sale reserve is as follows:

Available for sale reserve	31 December 2014	31 December 2013
Opening balance	108,039	60,830
Opening balance of acquired banking activities	798	(1,558)
Gains/(losses) from the valuation of bonds and Greek government treasury bills	(95,331)	58,655
Gains/(losses) from the valuation of shares and mutual funds	(74,568)	60,150
Recycling to income statement of shares and mutual funds impairment	34,772	2,100
Recycling of the accumulated fair value adjustment of disposed securities (note 10)	(72,179)	(49,152)
Deferred income taxes (note 38)	53,692	(22,985)
Closing balance	**(44,777)**	**108,039**

Retained earnings movement	31 December 2014	31 December 2013
Opening balance	(4,195,148)	(6,920,981)
Profit/(loss) after tax	(2,065,200)	2,506,328
Absorption of companies	430,755	219,506
Closing balance	**(5,829,593)**	**(4,195,148)**

43 Dividend per share

For fiscal years 2013 and 2014 there is distributable profit or relevant amounts related to distributable reserves, according to the requirements of the Article of Association and the Law. Therefore article 44a of Law 2190/1920 applies and sonsequently payment of dividends by cash or shares is not allowed.

Therefore, the Annual Ordinary General Meeting of Shareholders, held on 16/5/2014, decided not to distribute dividend for the fiscal year 2013, for both ordinary and preference shares. For the same reasons the Board of Directors of Piraeus Bank will propose the non – distribution of dividends for the fiscal year 2014 in the Annual Ordinary General Meeting of Shareholders of 2015.

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Amounts in thousand euros (unless otherwise stated)

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 percentage set by the provisions of article 3, of Compulsory Law 148/1967 as valid.

Moreover, 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.

It is noted that additional restrictions to the distribution of dividend arise due to the requirements of Law 3664/2010 "Establishing the Hellenic Financial Stability Fund".

Finally, within the frame of the Single Supervisory Mechanism (SSM) and according to the Regulation (EU) No 1024/2013, credit institutions are subject to the provisions of the ECB Recommendations (ECB/2015/2) on dividend distribution policies providing for a conservative distribution policy for the fiscal year 2014, in the context of the aim of strengthening the safety and soundness of the euro – area banking system, as well as to the respective provisions of the Regulation (EU) No 575/2013 and those of the Directive 2013/36/EU, transposed in the national legal order by the Law 4261/2014.

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 2014	31 December 2013
Cash and balances with Central Bank (note 17)	1,822,245	1,021,188
Loans and advances to credit institutions (note 18)	103,894	15,633
Trading securities (note 20)	-	4,168
	1,926,139	**1,040,989**

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 the Board of Directors members and key management personnel, c) Companies having transactions with Piraeus Bank, 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, which in accordance with IAS 24 is related party of Piraeus Bank, after the recapitalization in the context of the law 3864/2010. There are no material transactions with companies related to HFSF. Transactions with EFSF and related parties are the following:

	31 December 2014	31 December 2013
Loans	101,100	141,747
Deposits	23,720	25,401

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2014 are € 3.4 million (31/12/2013: € 3.3 million). The total income that relates to members of the Board of Directors and the key management personnel for the year 2014 is € 3.4 million (year 2013 € 2.9 million). The total expense that relates to the prementioned related parties for the year 2014 is €1.4 million (year 2013: € 0.5 million).

Amounts in thousand euros (unless otherwise stated)

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.

Directors' remuneration	1/1 - 31/12/2014	1/1 - 31/12/2013
Wages, salaries, employers' share of social contributions and charges	9,341	7,882
Provisions for compensation and retirement programs	943	773

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 29.7 million, from € 26.6 million at 31/12/2013. The full amount of the above provisions has been included in the retirement benefit obligations (note 39).

Bank's balances from transactions with subsidiaries and associates from continuing and discontinued operations and the relevant results are as follows:

I. Subsidiaries

	31 December 2014	31 December 2013
Assets		
Cash and balances with Central Bank	16,844	7,107
Loans and advances to credit institutions	806,975	1,154,480
Loans and advances to customers	2,092,153	2,072,783
Other assets	316,671	455,165
Total	**3,232,644**	**3,689,535**
Liabilities		
Due to credit institutions	1,051,396	1,383,911
Due to customers	842,169	828,544
Debt securities in issue	731,367	458,190
Hybrid capital and other borrowed funds	232,381	256,004
Other liabilities	11,871	23,012
Total	**2,869,184**	**2,949,662**

	1/1-31/12/2014	1/1-31/12/2013
Revenues		
Interest and similar income	76,395	73,646
Fee and commission income	11,615	10,740
Other income	1,560	2,333
Total	**89,569**	**86,718**
Expenses		
Interest expense and similar charges	(108,370)	(84,109)
Fee and commission expense	(8,939)	(5,786)
Operating expenses	(42,501)	(37,213)
Total	**(159,810)**	**(127,108)**

Letters of guarantee to subsidiaries of the Group as at 31/12/2014 are € 181.9 million (31/12/2013: € 302.3 million).

Amounts in thousand euros (unless otherwise stated)

II. Associates

	31 December 2014	31 December 2013
Deposits and other liabilities	124,661	32,924
Loans and other receivables	908,522	230,646

The increase in the balance of deposits and other liabilities, as well as in the balance of loans and other receivables, is mainly due to the transfer of the company Marfin Investment Group S.A. from the available for sale portfolio to the associate companies portfolio.

	1/1-31/12/2014	1/1-31/12/2013
Total expense and capital expenditure	(10,757)	(9,960)
Total income	8,517	7,896

Letters of guarantee to associates of the Group as at 31/12/2014 are € 13.9 million (31/12/2013: € 2.8 million).

46 Absorption of Geniki Bank S.A. and Piraeus Wealth Management A.E.P.E.Y.

On 30/5/2014, the Board of Directors of Piraeus Bank decided to proceed with the merger by absorption of the subsidiary company "Geniki Bank S.A.", which was approved by the extraordinary general meetings of the two banks on 30/10/2014.

Piraeus Bank completed the operational and information consolidation with Geniki Bank S.A. in November 2014, having secured all necessary legal and regulatory approvals.

On 17/6/2014, Piraeus Bank proceed with the merger by absorption of the 100% subsidiary company "Piraeus Wealth Management A.E.P.E.Y.".

Therefore, the assets and liabilities of Geniki Bank S.A. and Piraeus Wealth Management A.E.P.E.Y. that were absorbed by Piraeus Bank S.A. on 24/11/2014 and 17/6/2014 respectively, were as follows:

	Geniki Bank S.A.	Piraeus Wealth Management
Assets		
Cash and balances with Central Banks	750,453	5,298
Loans and advances to customers	1,649,804	-
Other assets	256,824	1,880
Total assets	**2,657,081**	**7,178**
Liabilities		
Due to credit insitutions	104,427	-
Due to customers	2,101,173	-
Other liabilities	13,578	2,885
Total liabilities	**2,219,177**	**2,885**
Shareholders' equity	437,903	4,293
Total liabilities and shareholders' equity	**2,657,081**	**7,178**

Shareholders' equity of the companies Geniki Bank S.A. and Piraeus Wealth Management A.E.P.E.Y. mentioned above, includes an amount of € 434.4 million and € -3.6 million respectively that were settled, at the absorption of the aforementioned companies, to the Bank's retained earnings. Relevant is note 42.

Amounts in thousand euros (unless otherwise stated)

47 Independent Auditor's fees

For the years ended at 31 December 2014 and 2013 the legal auditor's fees of the Bank are analysed below, as stated in article 43a of Codified Law 2190/1920 and as amended by article 30 of Law 3756/2009.

	31 December 2014	31 December 2013
Statutory audit fees	1,493	1,461
Tax audit fees	222	186
Other audit related fees	791	498
Other non audit related fees	475	848
Total	**2,980**	**2,992**

48 Purchase and acquisition of banking operations for the year 2013

a. Acquisition of the Greek banking operations of Cypriot Banks

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. From the above transaction resulted negative goodwill of a total amount € 3.4 billion, which was recognized in the income statement for the year 2013.

b. Acquisition of Millennium Bank S.A.

On 19/6/2013, Piraeus Bank completed the acquisition of the 100% of Millennium BCP´s subsidiary in Greece Millennium Bank S.A. with total asset of € 4.6 billion, for a total consideration of € 1 million.

In December 2013, the Bank having secured all necessary legal and regulatory approvals completed the operational and information consolidation with the ex-Millennium Bank Branch network

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

In the year 2013, the purchase price allocation exercise of ATEbank S.A. was completed. The negative goodwill of € 84.4 million was recognized in “Negative goodwill due to acquisitions” in the income statement for the year 2013.

49 Changes in presentation of financial information for the comparative year

In the statement of financial position as at 31/12/2014, “Trading securities” are included in the “Financial instruments at fair value through profit or loss”. Therefore, in the statement of financial position of 31/12/2013, the presentation of the “Trading securities” of amount € 27.7 million has been changed and it has been included in the “Financial instruments at fair value through profit or loss”.

In the income statement of the period 1/1-31/12/2014, “Net trading income” is included in the “Net income from financial instruments designated at fair value through profit or loss”. Therefore, in the income statement of the period 1/1-31/12/2013, the presentation of the “Net trading income” of amount € 99.4 million has been changed and it has been included in the "Net income from financial instruments designated at fair value through profit or loss”.

50 Events subsequent to the end of the year

On January 7, 2015, relative to the procedure of warrants exercise, the Bank announced that, after the settlement of warrant exercise orders, 3,568 warrants in total were exercised on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF). Exercised warrants corresponded to 15,969 common shares, i.e. to 0.00026% of the outstanding number of common shares, with a corresponding increase in free float. The total amount paid by the warrant holders to the HFSF amounted to €28,911.87. Following this 3rd exercise of warrants, the percentage of the HFSF in the share capital of the Bank stood at 66.93%.

• During the Board of Directors Meeting of January 21, 2015, Mr. Apostolos Tamvakakis was elected as an Independent Non-Executive Member of the Board, in replacement of the resigned Independent Non-Executive Board Member Mr. George Alexandridis, while the conclusion of the suitability assessment of the newly elected member, pursuant to the new regulatory framework for significant supervised financial institutions, is pending before the Supervisory Authority (SSM/ECB).

On February 4, 2015, ECB decided to lift the waiver for accepting Greek sovereign bonds and bonds guaranteed by the Greek State as collateral for refinancing post February 11, a decision that is anticipated to be reconsidered based on the successful course of the current programme's implementation (MFFA) that has been extended until June 30, 2015.

• During the Board of Directors Meeting of February 25, 2015, the resignation of Mr. Panayiotis Roumeliotis from the position of Vice-Chairman and Non-Executive Board Member was accepted, while on the recommendation of the Nomination Committee, Mr. Nikolaos Christodoulakis was elected on March 18, 2015 for the replacement of the resigned. It is noted that the conclusion of the suitability assessment of the newly elected member, is pending before the Supervisory Authority (SSM/ECB).

• On March 9, 2015, the company PASAL Development S.A. announced that it signed an agreement with Piraeus Bank for the settlement of the company's loan obligations against the Bank. Following this agreement, Piraeus Bank informed investors that on March 23, 2015 acquired 20,353,776 TRASTOR REIC shares from PASAL DEVELOPMENT S.A. Piraeus Bank, indirectly, had the relevant voting rights as of 07.10.2014, which have been suspended by judicial decisions and could not be exercised. As a result, the total number and percentage of voting rights, directly and indirectly held by Piraeus Bank amounts to 38,953,302 and 70.9684% respectively. Furthermore, Piraeus Bank announced on March 27, 2015 that pursuant to entering an agreement with PASAL DEVELOPMENT S.A. on 23.03.2015, PASAL DEVELOPMENT S.A. has been provided by the Bank a call option in regards to 10,176,888 common TRASTOR REIC shares which correspond to 18.54% of the total voting rights of the existing share capital of TRASTOR REIC.

On March 19, 2015, Piraeus Bank announced that by virtue of relevant Ministerial Decision of the Minister of Finance (Government Gazette, vol. Specialized Placement of Employees and Administrators in the Public Sector, issue 104/6.3.2015), Mr. Gerassimos Tsiaparas, was appointed as representative of the Greek State to Piraeus Bank's Board of Directors (the conclusion of the suitability assessment of the newly elected representative, is pending before the Supervisory Authority, SSM/ECB), pursuant to the provisions of L.3723/2008, to replace Mr. Athanassios Tsoumas who has resigned. The term of such appointment shall commence on the date of promulgation in the Government Gazette and shall expire at the end of Piraeus Bank's participation in the ambit of L.3723/2008, as in force.

Amounts in thousand euros (unless otherwise stated)

Lastly, within the framework of deteriorating liquidity conditions prevailing in the Greek banking market as of December 2014 and during the first months of 2015, it is highlighted that Piraeus Bank's deposits in Greece had also a similar course, with outflows proportionate to its market share € (7) bn in January -February 2015 vs. € (21) bn respective outflow for the total market). It is underlined that this trend of deposit outflows has not been accompanied by any increase in interest cost, while large part of them has ended up in money in circulation and only a small part has exited Greece through money transfer remittances. The largest outflow up to the date of publication of financial statements took place in January, while from late February onwards the outflows from private sector deposits have been significantly contained. Deposit decline (as well as decrease of interbank transactions) has been covered via Eurosystem funding increase, with balance reaching € 29 bn for Piraeus Bank at the end of February 2015 (up from €14 bn on 31 December 2014) vs. € 104 bn for total market (up from € 56 bn respectively).

Athens, March 31st, 2015

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
(Former 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, 2014

(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 Economy, Infrastructure, Shipping and Tourism
Company's web side:	www.piraeusbankgroup.com
Date of Approval of Financial Statements:	March, 31st 2015
The Certified Auditor:	Dimitrios A. Sourbis
Auditing Company:	PricewaterhouseCoopers S.A.
Type of Auditor's Report:	Non qualified - Emphasis of matter

Emphasis of matter: Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments, that affect the banking sector and in particular its liquidity. These material uncertainties may cast significant doubt on the Group's ability to continue as a going concern.

BOARD OF DIRECTORS COMPOSITION

(at the date of approval of financial statements)

Michalis G. Sallas	Chairman of the Board
Iakovos G. Georganas	Non Executive Vice Chairman
Apostolos S.Tamvakakis	Independent Non Executive Vice Chairman
Stavros M. Lekkakos	Managing Director & CEO
Anthimos K. Thomopoulos	Managing Director & CEO
Charikleia A. Apalagaki	Authorized Executive Director
Chariton D. Kyriazis	Independent Non Executive Member
Argyro A. Athanasiou	Independent Non Executive Member
Stylianos D. Gkolemis	Independent Non Executive Member
Petros A. Pappas	Independent Non Executive Member
Eftichios Th. Vassilakis	Non Executive Member
Vasileios S. Fourlis	Non Executive Member
Nikolaos M. Christodoulakis	Non Executive Member
Gerassimos K. Tsiaparas	Representative of the Greek State
Aikaterini K. Beritsi	HFSF Representative

STATEMENT OF FINANCIAL POSITION

Amounts in thousand euros

	GROUP				BANK			
		31 December 2014		31 December 2013		31 December 2014		31 December 2013
ASSETS								
Cash and balances with Central Banks		3,837,541		2,874,771		2,864,234		1,912,478
Loans and advances to credit institutions		297,109		293,035		932,793		1,163,172
Financial instruments at fair value through profit or loss		299,562		214,113		110,173		44,875
Derivative financial instruments - assets		508,928		325,032		506,941		321,307
Reverse repos with customers		64,299		7,124		63,632		6,353
Loans and advances to customers (net of provisions)		57,143,022		62,365,774		53,987,068		57,399,117
Available for sale securities		2,533,587		1,377,749		2,059,917		888,538
Debt securities - receivables		14,400,421		15,628,221		14,273,935		15,569,474
Held to maturity		27,180		58,041		-		-
Assets held for sale		38,022		34,743		10,307		10,307
Inventories property		844,994		669,125		523,883		351,498
Investment property		989,504		902,859		321,636		291,057
Investments in subsidiaries		-		-		1,691,120		1,707,317
Investments in associated undertakings		298,672		304,967		279,154		291,901
Property, plant and equipment		1,435,942		1,416,404		838,804		785,813
Intangible assets		313,072		300,345		238,448		222,427
Deferred tax assets		4,018,745		2,861,716		3,950,983		2,706,304
Other assets		1,934,171		2,017,916		1,950,071		2,105,932
Assets from discontinued operations		304,925		357,657		-		-
TOTAL ASSETS		89,289,696		92,009,592		84,603,099		85,777,870
LIABILITIES								
Due to credit insitutions		23,690,331		26,274,952		24,566,067		27,251,988
Due to customers		54,732,834		54,279,320		50,240,344		48,498,391
Liabilities at fair value through profit or loss		1,853		549		1,853		549
Derivative financial instruments - liabilities		544,026		329,618		538,260		325,996
Debt securities in issue		661,350		305,361		661,341		305,263
Current income tax liabilities		32,566		35,390		9,007		17,583
Deferred tax liabilities		37,772		42,300		-		-
Retirement benefit obligations		211,944		161,397		192,198		145,844
Other provisions		42,733		39,882		27,665		20,879
Other liabilities		1,275,911		1,185,346		747,116		686,284
Hybrid capital and other borrowed funds								
Hybrid capital (Tier I)	16,373		18,500		16,373		18,500	
Subordinated debt capital (Tier II)	216,008	232,381	237,504	256,004	216,008	232,381	237,504	256,004
Liabilities from discontinued operations		503,753		556,574		-		-
Total Liabilities		81,967,454		83,466,693		77,216,232		77,508,781
EQUITY								
Share Capital		1,830,594		2,271,770		1,830,594		2,271,770
Share premium		11,393,315		10,008,734		11,393,315		10,008,734
Less: Treasury shares		-		(113)		-		-
Other reserves and retained earnings		(6,032,535)		(3,874,588)		(5,837,042)		(4,011,415)
Amounts recognized directly in equity relating to non-current assets from discontinued operations		18,787		18,106		-		-
Capital and reserves attributable to equity holders of the parent entity		7,210,161		8,423,909		7,386,867		8,269,089
Non controlling interest		112,081		118,990		-		-
Total Equity		7,322,242		8,542,899		7,386,867		8,269,089
TOTAL LIABILITIES AND EQUITY		89,289,696		92,009,592		84,603,099		85,777,870

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amounts in thousand euros

	GROUP						BANK	
	1 Jan - 31 Dec 2014			1 Jan - 31 Dec 2013			1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total		
Interest and similar income	3,476,093	2,055	3,478,148	3,566,498	2,126	3,568,624	3,001,573	2,966,648
Interest expenses and similar charges	(1,475,647)	(261)	(1,475,908)	(1,904,344)	(194)	(1,904,538)	(1,360,615)	(1,671,502)
Net interest income	2,000,446	1,794	2,002,240	1,662,154	1,932	1,664,086	1,640,958	1,295,146
Fee and commission income	374,919	-	374,919	329,805	-	329,805	247,284	209,596
Fee and commission expense	(41,625)	-	(41,625)	(43,122)	(49)	(43,171)	(28,904)	(20,805)
Net fee and commission income	333,294	-	333,294	286,683	(49)	286,634	218,380	188,791
Dividend income	15,390	59	15,449	15,368	64	15,432	20,442	19,996
Net income from financial instruments designated at fair value through profit or loss	(104,321)	(103)	(104,424)	92,355	3,107	95,462	(76,330)	108,794
Results from investment securities	74,950	44	74,994	54,329	-	54,329	72,814	59,145
Other operating income	204,145	36,695	240,840	24,232	64,841	89,073	193,423	68,073
Negative goodwill due to acquisitions	-	-	-	3,810,338	-	3,810,338	-	3,498,036
Total net income	2,523,904	38,489	2,562,393	5,945,459	69,895	6,015,354	2,069,687	5,237,981
Staff costs	(771,927)	(13,409)	(785,336)	(884,841)	(29,377)	(914,218)	(581,678)	(629,271)
Administrative expenses	(604,090)	(9,934)	(614,024)	(625,656)	(11,533)	(637,189)	(483,659)	(473,664)
Depreciation and amortisation	(156,959)	(1,492)	(158,451)	(126,826)	(1,861)	(128,687)	(114,752)	(73,326)
Total operating expenses before provisions	(1,532,976)	(24,835)	(1,557,811)	(1,637,323)	(42,771)	(1,680,094)	(1,180,089)	(1,176,261)
Profit before provisions, impairment and income tax	990,928	13,654	1,004,582	4,308,136	27,124	4,335,260	889,598	4,061,720
Provisions and impairment	(4,043,048)	(4,002)	(4,047,050)	(2,531,654)	(4,730)	(2,536,384)	(4,038,759)	(2,298,793)
Share of profit of associates	5,021	-	5,021	(28,770)	-	(28,770)	-	-
Profit/ (Loss) before tax	(3,047,099)	9,652	(3,037,447)	1,747,712	22,394	1,770,106	(3,149,161)	1,762,927
Income tax	1,068,254	(2,802)	1,065,452	768,535	7,518	776,053	1,083,961	743,401
Profit/ (Loss) after tax (A)	(1,978,845)	6,850	(1,971,995)	2,516,247	29,912	2,546,159	(2,065,200)	2,506,328
Less: Non controlling interest	(6,905)	(2)	(6,907)	(15,929)	(1)	(15,930)	-	-
Profit/ (Loss) after tax attributable to equity holders of the parent entity	(1,971,940)	6,852	(1,965,088)	2,532,176	29,913	2,562,089	(2,065,200)	2,506,328
Other comprehensive income, net of tax (B)	(191,985)	683	(191,302)	76,267	8,803	85,070	(191,181)	53,460
Total comprehensive income for the year,net of tax (A+B)	(2,170,830)	7,533	(2,163,297)	2,592,514	38,715	2,631,229	(2,256,381)	2,559,788
-Attributable to equity holders of the parent entity	(2,164,120)	7,534	(2,156,586)	2,608,336	38,717	2,647,053	-	-
-Non controlling interest	(6,710)	(1)	(6,711)	(15,822)	(2)	(15,824)	-	-
Profit/ (Loss) after tax per share (in euros):								
- Basic and diluted	(0.3370)	0.0012	(0.3358)	0.8922	0.0105	0.9027	(0.3529)	0.8831

STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
Opening balance	8,542,899	(2,324,307)	8,269,089	(2,744,356)
Total comprehensive income for the year, net of tax	(2,163,297)	2,631,229	(2,256,381)	2,559,788
Increase of share capital	1,693,405	8,234,151	1,693,405	8,234,151
Preferred shares repurchase	(750,000)	-	(750,000)	-
Prior year dividends of ordinary shares	(162)	(1,049)	-	-
(Purchases)/ Sales of treasury shares	61	36	-	-
Expenses on Increase of share capital of subsidiary companies	-	(1,626)	-	-
Acquisitions, disposals, absorprions, liquidation and movement in participating interest	(664)	4,465	430,754	219,506
Closing balance	7,322,242	8,542,899	7,386,867	8,269,089

CASH FLOW STATEMENT

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
Net cash inflow/ (outflow) from continuing operating activities	1,090,254	(4,843,385)	509,750	(4,523,953)
Net cash inflow/ (outflow) from discontinued operating activities	(23,685)	(35,679)	-	-
Total inflows/ (outflows) from operating activities	1,066,569	(4,879,064)	509,750	(4,523,953)
Net cash inflow/ (outflow) from continuing investing activities	(1,618,281)	3,449,110	(1,625,484)	3,154,116
Net cash inflow/ (outflow) from discontinued investing activities	25,281	36,745	-	-
Total inflows/ (outflows) from investing activities	(1,593,000)	3,485,855	(1,625,484)	3,154,116
Net cash inflow/ (outflow) from continuing financing activities	1,243,544	826,363	1,229,107	910,793
Net cash inflow/ (outflow) from discontinued financing activities	-	-	-	-
Total inflows/ (outflows) from financing activities	1,243,544	826,363	1,229,107	910,793
Net increase/ (decrease) in cash and cash equivalents of the year	717,113	(566,846)	113,373	(459,044)
Effect of exchange rate changes on cash and cash equivalents	58,554	(29,468)	21,054	(20,836)
Total inflows/ (outflows) for the year	775,667	(596,314)	134,427	(479,880)
Cash and cash equivalents at the beginning of the year	1,888,467	2,473,085	1,040,989	1,389,561
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 companies	-	-	750,723	119,612
Cash and cash equivalents at the end of the year	2,664,134	1,888,467	1,926,139	1,040,989

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 2013.

2) In the 3rd quarter 2014, the management of the Bank taking into account new information and available evidence that have arisen during 2014, revisited some of its estimates regarding the future cash flows of its loan portfolio, which are used as inputs in both the collective and the individual impairment assessment models. The management's revision of estimates in 2014, which was finalized in the 4th quarter, considered the recent events and current political developments, which affect the economic conditions of the country and create significant uncertainty regarding the future of the Greek economy.This change qualifies as a "change in accounting estimates" under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as the measurement basis of loans has not changed but the Management's estimates regarding parameters which are part of the measurement methodology of the recoverable amount, have been updated based on new facts and events that took place during 2014. Consequently, the result of the above revaluation, only affects the financial statements of the year 2014, as defined by paragraph 5 of IAS 8. Relevant is the note 4 - "Critical accounting estimates and judgements in the application of the accounting policies" of the consolidated and stand alone financial statements for the year 2014.

3) Property, plant and equipment are free of any liens or encumbrances.

4) 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 of 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, Piraeus Bank has received a Tax Compliance report with an emphasis of matters on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other countries members of the European Union, according to which the abovementioned transactions are not subject to tax. For the fiscal year of 2014, the tax audit is being performed by PricewaterhouseCoopers S.A. The Management does not expect that additional tax liabilities will arise, in excess of those already recorded and presented in the financial statements, upon the completion of the tax audit. Further information is provided in note 14 of the Bank's Consolidated Financial Statements as well as in note 15 of the Consolidated Financial Statements.

5) The Bank's provisions for outstanding litigations amount to € 11.2 million, whereas the Group's provision amounts to € 14.6 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, which is included in the current tax liabilities, amounts for the Group to € 3.3 million from continuing operations and € 2.8 million from discontinued operations. Other provisions amount for the Bank to € 16.5 million and for the Group to € 28.1 million for the continuing operations and € 469.3 million for the discontinued operations, relating mostly to insurance provisions.

6) The companies which have been consolidated as at 31/12/2014, 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 Consolidated Financial Statements.

7) The following companies that are consolidated under the full method of consolidation as at 31/12/2014, had not been included in the consolidation as at 31/12/2013: a) "Akinita Ukraine LLC", b) "Daphne Real Estate Consultancy SRL", c) "Rhesus Development Projects SRL", d) "Varna Asset Management EOOD", e) "Piraeus Real Estate Tirana Sh.P.K.", f) "Priam Business Consultancy SRL", g) "Marathon 1 Greenvale Rd LLC", h) "Cielo Concultancy Sh.p.k.", i) "Edificio Enterprise Sh.p.k.", j) "Tierra Projects Sh.p.k." and k) "Holding Spectacles S.A.". From these companies, the companies numbered (a)-(f) were consolidated under the full method of consolidation as at 30/9/2014, as well. The company numbered (a) was acquired in January 2014, whereas the companies numbered (b)-(c) were established in February 2014. The company numbered (d) was established in April 2014, whereas the company numbered (e) started operating during the 2nd quarter of 2014. The company numbered (f) was established on 30/6/2014 and started operating during the 3rd quarter of 2014. The company numbered (g) started operating during the 4th quarter of 2014. The companies numbered (h)-(j) were established in October 2014, whereas the company numbered (k) was acquired in November 2014. The companies: a) Piraeus Wealth Management A.E.P.E.Y., b) Piraeus Real Estate Consultants Doo, c) Piraeus Insurance Brokerage Egypt, d) Geniki Bank S.A., e) Piraeus Egypt for Securities Brokerage Co., f) Topuni Investments Ltd, g) Albalate Company Ltd, h) Akimoria Enterprises Ltd and i) Exus Software Ltd that were fully consolidated as at 31/12/2013, are not included in the consolidation as at 31/12/2014. The company numbered (a) was merged through absorption with Piraeus Bank S.A. in June 2014, whereas the company numbered (b) has been liquidated and removed from the relevant Register in October 2014. In October 2014, 97% of the share capital of the company numbered (c) was disposed and as a result, the company was transferred to the portfolio of assets held for sale. The company numbered (d) was merged through absorption with Piraeus Bank S.A. in November 2014, whereas the companies numbered (e)-(h) were liquidated and removed from the relevant Register in December 2014. The company numbered (i) was transferred in December 2014 to the associates portfolio due to loss of control. 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", "Praxis II APC Limited", "Kion Mortgage Finance Plc", "Kion Mortgage Finance No.3 Plc" and "Kion CLO Finance No.1 Plc" are consolidated as special purpose entities. Note 47 of the Consolidated Financial Statements includes information about the changes in the subsidiaries' portfolio of the Group. The companies "ATE Insurance S.A." and "ATE Insurance Romania S.A." have been classified in the Assets held for sale, 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." are presented as "Discontinued operations". Relevant are the notes 14 and 26 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 S.A.", c) "ELSYP S.A.", d) "Blue Wings Ltd", e) "Piraeus Bank's Congress Centre", f) "Piraeus Bank Group Cultural Foundation", g) "Torborg Maritime Inc.", h) "Isham Marine Corp.", i) "Cybele Management Company", j) "Alegre Shipping Ltd", k) "Maximus Chartering Co.", l) "Lantana Navigation Corp.", m) "Bayamo Shipping Co.", n) "Pallas Shipping S.A.", o) "Sybil Navigation Co.", p) "Zephyros Marine INC.", q) "Procas Holding Ltd", r) "Phoebe Investments SRL", s) "Core Investments Project SRL", t) "Amaryllis Investments Consultancy SRL", u) "ETVA Fund Management S.A." and v) "ETVA Development S.A.". The companies numbered (a)-(c) are fully depreciated, under liquidation status. The company numbered (d) is under idle status. The companies numbered (g), (h) and (m)-(p) have been inactivated and they will be set under dissolution. The companies numbered (i)-(l) have been dissolved and set under liquidation. The companies numbered (q)-(v) have not started operating yet. The consolidation of the above mentioned companies does not affect the financial position and result of the Group.

8) The following companies that are consolidated under the equity method of accounting as at 31/12/2014, had not been included in the consolidation as at 31/12/2013: a) "Gaia S.A.", b) "Olganos S.A.", c) "«Exus Software Ltd" and d) "Marfin Investment Group Holding S.A.". The companies (a)-(b) were consolidated under the equity method of accounting as at 30/9/2014, as well. The company numbered (a) was established in January 2014. The company numbered (b) was established in January 2014 and started operating during the 2nd quarter of 2014. The company numbered (c) was transferred in December 2014 from the subsidiaries' portfolio as a result of loss of control. During December 2014, the Bank confirmed its ability to acquire further ownership percentage in the company numbered (d), through the pledged shares. This ability confirms the Bank's influence on MIG Group and as a result, according to the IFRSs, this investment was transferred to the associate companies' portfolio and it was consolidated with the equity method. The company "Good Works Energy Photovoltaics S.A." has not been included in the consolidation as at 31/12/2014, as on 4/12/2014 the proceeds from the liquidation of the company where distributed to its shareholders. The associate company "Evrytania S.A. Agricultural Development Company" has been excluded from the consolidation under the equity method of accounting since it is under idle status. Note 47 of the Consolidated Financial Statements includes information about the changes in the associates' portfolio of the Group.

9) The Group's balances with related parties are as follows: assets € 1,037.7 million, liabilities € 160.1 million, letters of guarantee € 3.4 million, income € 16.2 million and expense € 26.2 million. The Bank's balances with related parties (subsidiaries included) are as follows: assets € 4,242.3 million, liabilities € 3,017.6 million, letters of guarantee € 199.2 million, income € 101.5 million and expense € 172.0 million. The balances of assets and liabilities of the Group with members of the Board of Directors and key management personnel amount to€ 101.1 million and € 34.6 million respectively. The respective amounts for the Bank amount to € 101.1 million and € 23.7 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 € 10.3 million.

10) Piraeus Group as well as the Bank did not hold any treasury shares as at 31/12/2014. Relevant information is provided in note 42 of the Consolidated Financial Statements.

11) 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 € 0.4 million from continuing operations and € 0.2 million from discontinued operations for the Group and the change in available for sale reserve of € - 151.4 million from continuing operations and € 0.5 million from discontinued operations for the Group and € - 152.8 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 € -41.0 million from continuing operations for the Group and € -38.4 million for the Bank.

12) Changes in the presentation of financial information for the year 2013 were presented in the Stand alone as well as the Consolidated Financial Statements of 31 December 2014. More specifically, in the statement of financial position of 31/12/2013, the presentation of the "Trading securities" has been included in the "Financial instruments at fair value through profit or loss" and in the income statement of the year 2013, the presentation of the "Net trading income" has been included in the "Net income from financial instruments designated at fair value through profit or loss". Further information is provided in note 49 of the Bank's Financial Statements as well as in note 50 of the Consolidated Financial Statements.

13) 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. On 10/4/2014, Piraeus Bank's share capital increase of € 1.75 billion was completed. Further information is provided in notes 2.1 and 41 of the Bank's Financial Statements as well as in notes 2.1 and 42 of the Consolidated Financial Statements.

14) For fiscal years 2013 and 2014 there is distributable profit or relevant amounts related to distributable reserves, according to the requirements of the Article of Association and the Law. Therefore article 44a of Law 2190/1920 applies and sonsequently payment of dividends by cash or shares is not allowed. Therefore, the Annual Ordinary General Meeting of Shareholders, held on 16/5/2014, decided not to distribute dividend for the fiscal year 2013, for both ordinary and preference shares. For the same reasons the Board of Directors of Piraeus Bank will propose the non – distribution of dividends for the fiscal year 2014 in the Annual Ordinary General Meeting of Shareholders of 2015.

15) On 21 May 2014, Piraeus Bank S.A. fully redeemed to the Hellenic Republic the total amount of preference shares (Pillar I Law 3723/2008) in the amount of €750 million, issued to the latter by the Bank. The Extraordinary General Meeting of Shareholders that was held on October 30, 2014, approved the redemption and cancellation of the Greek State preference shares of Law 3723/2008 issued by the Bank in favour of the Greek State. Additionally, it approved the reduction of the Bank's share capital by the amount corresponding to the redeemed preference shares of Law N. 3723/2008, which were owned by the Greek State, and will be cancelled, i.e. by the amount of € 749,999,998.98. Following the share capital increase and the redemption of preference shares, the share capital of the Bank on 31/12/2014 amounted to € 1,830,593,914.50 and was divided into 6,101,979,715 ordinary registered shares, with a nominal value of € 0.30 each.

16) On 07/07/2014, Piraeus Bank announced that on 02/07/2014 4,951,260 warrants in total were exercised on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) corresponding to 22,160,707 common shares of the Bank, or 0.363% of the total shares outstanding. The total consideration paid by the warrant holders to the HFSF amounted to EUR 39,180,129.98. Furthermore, on January 7, 2015, the Bank announced that, after the settlement of warrant exercise orders, 3,568 warrants in total were exercised on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF). Exercised warrants correspond to 15,969 ordinary shares, i.e. to 0.00026% of the outstanding number of ordinary shares, with the total amount paid by the warrant holders to the HFSF amounting to €28,911.87. Following the 3rd exercise of warrants, the HFSF percentage of Bank's total share capital stood at 66.93%.

17) On 23/07/2014, the European Commission announced the approval of the Restructuring Plan of Piraeus Bank, as submitted to the European Commission (DG Competition) through the Ministry of Finance on 19 June 2014.

18) On 14/08/2014, Piraeus Bank announced the agreement for the sale of 100% of ATE Insurance to ERGO Insurance Group, a subsidiary of Munich Re. The total consideration amounts to€ 90.1 million in cash and is subject to customary net asset value adjustments upon closing. The transaction is subject to regulatory approvals and is expected to be completed within the first half of 2015.

19) Following the October 7, 2014 decision of the Board of Directors, an Extraordinary General Meeting of Shareholders (EGM) was held on October 30, 2014, which approved the merger of the Bank with its subsidiary "GENIKI BANK S.A." according to the provisions of the article 79 of Codified Law 2190/1920, articles 1-5 of Law 2166/1993 and article 16 of Law 2515/1997, as currently in force and authorized the appropriate members of the Board to carry out any action, in order to complete the merger. On November 20, 2014, the General Electronic Commercial Registry (G.E.MI) registered the decision No. 61164/20.11.2014 of the Ministry of Development & Competitiveness regarding the approval of the merger of Piraeus Bank and Geniki Bank S.A., by absorption of the latter by the former, with the assets and liabilities of Geniki Bank S.A. to be fully absorbed by Piraeus Bank on 24/11/2014.

20) On October 26, 2014, ECB announced the results of the Comprehensive Assessment which was conducted by the European Central Bank ("ECB") in cooperation with the European Banking Authority ("EBA") and the Central Bank of Greece. Further information is provided in note 3 of the Bank's Financial Statements as well as in note 3 of the Consolidated Financial Statements.

21) The Extraordinary General Meeting of Shareholders held on 19/12/2014 approved the Bank's opting into the special regime enacted by article 27A of Law 4172/2013, as in force, regarding the voluntary conversion of deferred tax assets arising from temporary differences into final and settled claims against the Greek State through the creation of a special reserve and the free issuance and allocation to the Greek State of securities (conversion rights) representing the right to acquire ordinary shares. Further information is provided in note 14 of the Bank's Financial Statements as well as in note 15 of the Consolidated Financial Statements.

22) During the Board of Directors Meeting of January 21, 2015, Mr. Apostolos Tamvakakis was elected as an Independent Non-Executive Member of the Board, in replacement of the resigned Independent Non-Executive Board Member Mr. George Alexandridis, while the conclusion of the suitability assessment of the newly elected member, pursuant to the new regulatory framework for significant supervised financial institutions, is pending before the Supervisory Authority (SSM/ECB).

23) On February 4, 2015, ECB decided to lift the waiver for accepting Greek sovereign bonds and bonds guaranteed by the Greek State as collateral for refinancing post February 11, a decision that is anticipated to be reconsidered based on the successful course of the current programme's implementation (MFFA) that was extended until June 30, 2015.

24) During the Board of Directors Meeting of February 25, 2015, the resignation of Mr. Panayiotis Roumeliotis from the position of Vice-Chairman and Non-Executive Board Member was accepted, while on the recommendation of the Nomination Committee, Mr. Nikolaos Christodoulakis was elected on March 18, 2015 for the replacement of the resigned. It is noted that the conclusion of the suitability assessment of the newly elected member, is pending before the Supervisory Authority (SSM/ECB).

25) On March 09, 2015, the company PASAL Development S.A. announced that it signed an agreement with Piraeus Bank for the settlement of the company's loan obligations against the Bank. Following this agreement, Piraeus Bank informed investors that on March 23, 2015 acquired TRASTOR REIC shares from PASAL DEVELOPMENT S.A. Piraeus Bank, indirectly, had the relevant voting rights since 07.10.2014, have been suspended by judicial decisions and could not be exercised. As a result the total number and percentage of voting rights, directly and indirectly held by Piraeus Bank, amounts to 38.953.302 and 70.9684% respectively. Furthermore, Piraeus Bank announced on March 27, 2015 that pursuant to entering an agreement with PASAL DEVELOPMENT S.A. on 23.03.2015, PASAL DEVELOPMENT S.A. has a call option in regards to 10.176.888 common TRASTOR REIC shares which correspond to 18,54% of the total voting rights of the existing share capital of TRASTOR REIC.

26) On March 19, 2015, Piraeus Bank announced that by virtue of relevant Ministerial Decision of the Minister of Finance (Government Gazette, vol. Specialized Placement of Employees and Administrators in the Public Sector, issue 104/6.3.2015), Mr. Gerassimos Tsiaparas, was appointed as representative of the Greek State to Piraeus Bank's Board of Directors (the conclusion of the suitability assessment of the newly elected representative, is pending before the Supervisory Authority (SSM/ECB)), pursuant to the provisions of L.3723/2008, to replace Mr. Athanassios Tsoumas who has resigned. The term of such appointment shall commence on the date of promulgation in the Government Gazette and shall expire at the end of Piraeus Bank's participation in the ambit of L.3723/2008, as in force.

27) On December 31st 2014, the number of staff employed by the Bank was 14,418 people and by the Group 22,372 people out of which 199 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 2013 was 14,253 people and by the Group 22,718 people out of which 208 people referred to discontinued operations (ATE Insurance S.A., ATE Insurance Romania S.A.).

Athens, March 31st, 2015

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 2014, 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
Announcement on the outcome of the Sale of Fractional Balances, resulted from the Reverse Split of the shares of Piraeus Bank	2/1/2014
Results of the exercise of titles representing share ownership rights (Warrants) – 1st Exercise (02/01/2014)	8/1/2014
Notification of important changes concerning voting rights under L.3556/2007	10/1/2014
Announcement - Relocation Shareholders	26/2/2014
Piraeus Bank announces European investor roadshow ahead of potential senior unsecured transaction	6/3/2014
Piraeus Bank invitation to the extraordinary general meeting of shareholders of ordinary shares	6/3/2014
Full Year 2013 Results	6/3/2014
Equity Issue	6/3/2014
Financial Calendar 2014	6/3/2014
Oversubscribed by 6 times with investor interest exceeding 3 billion Euros issue of 3 year €500 million senior unsecured bond	18/3/2014
Launch of the international book-building for the share capital increase of Piraeus Bank	24/3/2014
Completion of the international book-building for the share capital increase of Piraeus Bank	26/3/2014
Resolutions of Extraordinary General Meeting of Shareholders	28/3/2014
Shareholder Approval of the €1.750 BN equity offering	28/3/2014
Voting Results at the extraordinary General Meeting	1/4/2014
Announcement regarding the take up of the share capital increase of Piraeus Bank	10/4/2014
Announcement regarding the take up of the share capital increase of Piraeus Bank	10/4/2014
Announcement regarding the admission to trading of the New Shares following the completion of the share capital increase of Piraeus Bank, with contribution in cash and cancellation of pre-emption rights of the existing shareholders	14/4/2014
Notification of important changes concerning voting rights under L.3556/2007	17/4/2014
Notification of important changes concerning voting rights under L.3556/2007	24/4/2014
Notification of important changes concerning voting rights under L.3556/2007	24/4/2014

a) Announcements to the Athens Stock Exchange - Press releases	Date
Invitation to the ordinary general meeting of shareholders of ordinary shares	24/4/2014
Announcement of regulated information according to Law 3556/2007	29/4/2014
Announcement of participations according to Law 3864/2010	30/4/2014
Announcement of voting rights according to Law 3864/2010	7/5/2014
Announcement of voting rights according to Law 3864/2010	7/5/2014
Announcement date of first quarter 2014 results	8/5/2014
Notification of important changes concerning voting rights under L.3556/2007	14/5/2014
Piraeus Bank-MIG Agreement	16/5/2014
Press Release	16/5/2014
Resolutions of Ordinary General Meeting	16/5/2014
Constitution of the Board of Directors	16/5/2014
Piraeus Bank Announcement	19/5/2014
Voting Results at the ordinary General Meeting held on 16.05.2014	21/5/2014
Redemption of the Hellenic Republic's Preference Shares	22/5/2014
Announcement	28/5/2014
Q1 2014 Financial Results	30/5/2014
Announcement	30/5/2014
Change in the Constitution of the Board of Directors	30/5/2014
Announcement	13/6/2014
Process regarding the exercise of titles representing share ownership rights (Warrants) and the settlement of participation orders	20/6/2014
Final results of the exercise of the Titles Representing Share Ownership Rights (Warrants) – 2nd Exercise	7/7/2014
Announcement Date of First Half 2014 Results	11/7/2014
Announcement Date of First Half 2014 Results (Amendment)	16/7/2014
Announcement	22/7/2014
Approval of Piraeus Bank’s Restructuring Plan	23/7/2014
Announcement of participations according to Law 3864/2010	31/7/2014
Piraeus Bank agrees to sell ATE Insurance to ERGO Insurance Group	14/8/2014
Announcement	20/8/2014
H1 2014 Financial Results	29/8/2014

a) Announcements to the Athens Stock Exchange - Press releases	Ημερομηνία
Announcement	29/8/2014
Announcement of voting rights according to Law 3864/2010	26/9/2014
Piraeus Bank Invitation to the extraordinary General Meeting of Shareholders	7/10/2014
Piraeus Bank S.A. submits a Mandatory Tender Offer to the Shareholders of “Trastor REIC”	9/10/2014
Presentation of Comprehensive Assessment Results	26/10/2014
Press Release : Comprehensive Assessment Results	26/10/2014
Resolutions of Extraordinary General Meeting	30/10/2014
Voting Results At The Extraordinary General Meeting	3/11/2014
Announcement Date of Nine Month 2014 Results	7/11/2014
Announcement of the merger of Piraeus Bank and GENIKI Bank - Consideration Payment Procedure to the GENIKI Bank shareholders	20/11/2014
Presentation 9month 2014 Finacial Results	25/11/2014
9month 2014 Finacial Results	25/11/2014
Invitation to the Extraordinary General Meeting of Shareholders	27/11/2014
Notification of important changes concerning voting rights under L.3556/2007	1/12/2014
Piraeus Bank announces an agreement for the transfer and securitization of a €1.2BN portfolio of assets to a new structure managed and/or controlled by KKR	18/12/2014
Resolutions of Extraordinary General Meeting	19/12/2014
Voting results at the extraordinary general meeting of the shareholders of Piraeus Bank held on 19.12.2014	22/12/2014
Process regarding the exercise of titles representing share ownershiprights (warrants) and the settlement of participation orders	22/12/2014

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 at the section Investor Relations - Stock Data - Notification of Transactions (link: http://www.piraeusbankgroup.com/~/media/Com/2015/Files/Investor-Relations/Notification-of-Transactions/Notification_of_Transactions_En_140115.xls).

b) Interim stand alone and consolidated financial information	Date
Q1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	30/5/2014
Q1 Interim Condensed Financial Information	30/5/2014
Q1 Consolidated Interim Condensed Financial Information	30/5/2014
H1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	29/8/2014
Mid year financial report	29/8/2014
9M Financial Statements Information of Piraeus Bank Group and Piraeus Bank	25/11/2014
9M Interim Condensed Financial Information	25/11/2014
9M Consolidated Interim Condensed Financial Information	25/11/2014

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 2013

The annual financial report of Piraeus Bank for the year 2013 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 2013 - Corporate Responsibility Report 2013

The annual report of the year 2013 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 2013 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 Issuance Volume 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 2014, 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

PIRAEUS BANK S.A.
General Commercial Reg. No 225501000
[Former Companies Reg. No 6065/06/B/86/04]

USE OF FUNDS RAISED FROM THE BANK'S SHARE CAPITAL INCREASE THROUGH PAYMENT IN CASH AND ISSUANCE OF ORDINARY REGISTERED SHARES AND CANCELLATION OF PRE-EMPTION RIGHTS OF THE EXISTING SHAREHOLDERS, IN ACCORDANCE WITH THE DECISION OF THE EXTRAORDINARY GENERAL MEETING OF THE ORDINARY SHAREHOLDERS HELD ON 28.03.2014 AS APPROVED BY VIRTUE OF A DECISION OF THE PREFERENCE SHAREHOLDER'S EXTRAORDINARY GENERAL MEETING DATED 28.03.2014

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 1,029,411,764 new ordinary registered shares with voting rights and the total funds raised amounted to € 1,749,999,998.80. Total expenses of the share capital increase amounted to € 76,480,966.17 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 € 1,673,519,032.63. The Bank's Board of Directors certified the payment of the share capital increase at its meeting held on 10.04.2014. Athens Exchange approved on 14.04.2014 the admission to trading on ATHEX of the 1,029,411,764 new shares. The new shares commenced trading on the ATHEX on 16.04.2014.

TABLE OF USE OF FUNDS RAISED

Use of Funds raised	Total funds raised (amounts in €)	Use of funds as of 30.6.2014 (amounts in €)	Balance of Funds as of 30.6.2014 (amounts in €)
1. Enhancement of Core Tier I Capital and the redemption of preference shares owned by the Hellenic Republic	1,673,519,032.63	1,673,519,032.63	-
2. Issue Costs	76,480,966.17	76,480,966.17	-
Total	1,749,999,998.80	1,749,999,998.80	-

Athens, August 29th, 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

Report of factual findings in connection with the 'TABLE OF USE OF FUNDS RAISED'

To the Board of Directors of PIRAEUS BANK SA

We have performed the procedures prescribed and agreed with the Board of Directors of PIRAEUS BANK SA and enumerated below with respect to the 'TABLE OF USE OF FUNDS RAISED' which relates to the share capital increase paid in cash during 2014. 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 01/01/2014 to 30/06/2014, for which we have issued a separate review report, as of 29/08/2014.

Athens, 29 August 2014
THE CERTIFIED AUDITOR

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