PIRAEUS BANK

ANNUAL FINANCIAL REPORT

For the period from 1st January to 31st December 2015

According to Law 3556/ 2007

March 2016

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 2015

International Environment and Economic Developments

In 2015, the **global economy** was characterized mainly by Central Bank interventions and the significant decline in international energy prices. Global GDP grew by 3.1% from 3.4% in 2014, due to the deceleration in emerging and developing economies (to 4.0% from 4.6% respectively), while acceleration was marginal in developed economies (to 1.9% from 1.8% respectively). For 2016, the growth rate for the global economy is estimated to accelerate slightly to 3.3%.

In particular, the **US economy** continued in 2015 at the same growth rate of 2.4% as in 2014, but with almost zero inflation, due to the significant decline in international energy prices. An important event was the US Fed's decision to increase its main intervention rate from 0%-0.25% to 0.25%-0.50% in December 2015, for the first time since the end of 2008, signaling the start of the process towards returning to monetary "normalcy". For 2016, the growth rate is estimated to contract to 2.0%, given the absence of major growth levers and the reality of increased uncertainty. The Fed is expected to proceed to a mild and slow tightening of its monetary policy.

During 2015, the growth rate for the **Eurozone economy** accelerated to 1.5% from 0.9% in 2014, while inflation stood to almost zero. An important catalyst was the decision by the ECB to expand its balance sheet, with securities purchases of € 60 bn on a monthly basis, from March 2015 to at least March 2017, targeting an active treatment for the worryingly low inflation and its return to the desired level of slightly lower than 2.0%. Moreover, the ECB reduced its deposit facility rate to -0.30% during 2015. For 2016, economic growth is expected to remain at the level of 1.5% and inflation to marginally rise. In parallel, the ECB proceeded at the beginning of March 2016 with further policy relaxation, reducing its main refinancing rate to 0.0% and its deposit facility rate to -0.40%. The result of the upcoming referendum on the United Kingdom's stay or not in the EU (Brexit), and also important developments like managing the refugee and immigrant flows are expected to bring the issue of European integration to the forefront within 2016. At the same time, the deceleration of China's growth rate in 2015 to 6.9% from 7.3% in 2014, the lowest level in the last 25 years, with estimates for further deceleration to 6.5% in 2016, is expected to negatively affect the exporting activity of Eurozone countries and other large economies.

Developments in the Greek Economy and the Greek Banking System

2015, was characterized by intense political and economic developments. The delay in reaching an agreement with European partners, the referendum held, the bank holiday and the imposition of restrictions on withdrawals and transfers of capital, plus the snap elections declaration for a second time within the year in September 2015, constituted major factors of uncertainty.

On August 19, the European Commission signed a Memorandum of Understanding with Greece, as the European Stability Mechanism (ESM) approved further support tied to a **third three year economic adjustment programme** for the country. A basic goal for the programme is the resetting of the Greek economy towards a course of sustainable growth through further consolidation of public finances, competitiveness increase, support of employment and financial stability. The agreement includes a financial assistance facility from the ESM, having as final goal coverage of total financing needs up to € 86 bn. Within the programme's framework, Greece must implement a wide reform programme based on four pillars: restoration of fiscal viability, ensuring financial stability, strengthening of competitiveness and growth, and modernization of the state and public administration.

The dense political and economic developments of 2015, were reflected in the **economic** sentiment index that retreated in August to 76.1 units, the lowest level since the beginning of 2009. However, the signing of the agreement with the institutions and the successful recapitalization of banks contributed considerably to the reversal of the negative sentiment and the swift recovery of confidence indices towards the end of the year. For 2015 as a whole, the economic sentiment index stood at 89.4 units from 100 units in 2014.

In 2015, based on seasonally adjusted data, a **marginal recession** for the Greek economy was recorded with real GDP contraction of 0.3%, an estimate certainly better than what was expected according to the Economic Adjustment Programme (-2.3%). In the meantime, the unemployment rate since the 2^{nd} quarter of 2014 has been steadily deescalating, but still remains at a high level. In particular, in 2015 the rate of unemployment stood on average at 25.2% versus 26.5% for 2014. In 2015, inflation remained in negative territory for a third consecutive year (-1.7%). On a sector level, after a long recessionary period, the industrial production index rose in 2015, while in particular the index for manufacturing improved for a second consecutive year.

The previous year, the **Greek banking system** had to address major challenges, like the high deposit outflows, the further increase of non-performing loans and also face unprecedented events in the country, like the bank holiday and the imposition of capital controls. The last quarter of the year was characterized by the Comprehensive Assessment conducted by the ECB and the recapitalization process of the 4 systemic banks. In the equity capital increases concluded by the beginning of December 2015, the 4 Greek banks managed to raise € 10 bn through common equity share issuance, of which € 8 bn were covered by the private sector, while Piraeus Bank and National Bank of Greece additionally raised € 4 bn of capital through contingent convertible bonds, subscribed by the Hellenic Financial Stability Fund (HFSF),in order to cover the adverse scenario of the Comprehensive Assessment. In total, HFSF contribution amounted to € 5.4 bn, much smaller than the initial adjustment programme's estimate for € 25 bn.

The **recapitalization** created significant buffers of additional capital that further improve Greek banks' balance sheets, while they also contribute to the gradual restoration of confidence for depositors and investors alike, despite the adverse conditions in international markets during the first months of 2016.

The **deposit outflows** in the Greek banking market that started in December 2014, continued intensely during the first half of 2015, a trend that was offset by the Eurosystem's liquidity support measures, from which the total financing utilized amounted to € 127 bn at the end of June 2015. However, this trend was reversed after the end of the bank holiday and until the end of December, as liquidity support through the Eurosystem declined by € 19 bn compared to June 2015, manifesting signs of gradual market sentiment improvement and deposits' stabilization.

In particular, since the beginning of December 2014, Greek market **deposits** declined by € 39 bn or -23% to € 134 bn in December 2015. However, it is notable that the main part of the liquidity reduction has remained in the country as the increase in "Currency in Circulation-M0" in Greece constituted almost 45% of the total private sector deposit outflow from the Greek banking system from the beginning of December 2014 till December 2015. "Currency in Circulation-M0" in December 2015 amounted to € 48 bn, € 18 bn higher than the level at the beginning of December 2014.

In regards to **loans** in the Greek banking market, the annual adjusted rate of change of domestic private sector financing in December 2015 reached -2.0% for total loans to reach € 204 bn. The loans to deposits ratio for the Greek banking market improved to 128% in December 2015 from the high level of 137% in June 2015 caused by the significant deposit outflows of the first half 2015.

Events that Regard Piraeus Bank Group

On the business level, the most important corporate events for Piraeus Bank Group during 2015 and up to the publication of the 2015 annual financial statements, were the following:

- On January 07, 2015, with respect to the process of warrants exercise, Piraeus Bank announced that following the settlement of warrants exercise orders, in total 3,568 warrants on shares issued by the Bank and owned by the HFSF were exercised. Exercised warrants, corresponded to 15,969 common shares of the Bank, or 0.00026% of at the time total shares outstanding, increasing commensurately to the Bank's free float. The total consideration paid by the warrant holders to the HFSF amounted to € 28,911.87. Following the third warrant exercise, the HFSF's stake, at that time, in the share capital of the Bank remained at 66.93%.

- On the meeting of the Board of Directors (BoD) dated on 21.01.2015, Mr. Apostolos Tamvakakis was elected as Independent Non – Executive Member, following the resignation of the Independent Non – Executive Member, Mr. Georgios Alexandridis.

- On the meeting of the BoD dated on 25.02.2015, the resignation of Mr. Panagiotis Roumeliotis, as Vice Chairman, Non Executive Member, was accepted, while in order to replace him Mr. Nikolaos Christodoulakis was elected on 18.03.2015.

- On March 19, 2015, Piraeus Bank announced that by virtue of a Ministerial Decision by the Minister of Finance, Mr. Gerassimos Tsiaparas was appointed as representative of the Greek State to Piraeus Bank's Board of Directors, pursuant to the provisions of L.3723/2008, to replace Mr. Athanasios Tsoumas, who resigned.

- On April 17, 2015 Piraeus Bank acquired the "good" part of Panellinia Bank, contributing that way to the further consolidation of the Greek banking system. The acquired perimeter included € 504 mn customer deposits, € 261 mn net loans as well as 26 branches and 163 employees. The funding gap amounted to € 297 mn, as determined by the auditor designated by the Bank of Greece and was covered in cash by the Hellenic Deposit and Investment Guarantee Fund (EME 23/1/26.11.15).

- On June 29, 2015 Banks operating in Greece were put under banking holiday, while restrictions in the movement of capital abroad and in cash withdrawals were imposed. The banking holiday ended on July 20, 2015, but restrictions on the movement of capital and cash withdrawals, despite being gradually relaxed with the passage of time, are still in force until the time of publication of the annual financial statements of 2015, as provisioned by the respective legislative Acts.

- Following the imposition of capital controls, credit rating agencies proceeded with downgrades of the credit rating of Piraeus Bank and of the other Greek banks in 2015. On June 29, 2015, Fitch downgraded the long term credit rating of the Bank to Restricted Default status "RD" from CCC. On June 30, 2015 Standard & Poor's downgraded the credit rating of Piraeus to Selective Default "SD" from CCC with negative outlook, while on July 2nd, Moody's set the Bank's credit rating to Review for Downgrade from Caa3 with negative outlook previously. The agency's revision was concluded on September 4th, the date on which the credit rating of the Bank's deposits was confirmed to Caa3, with negative outlook, while senior unsecured and subordinated bonds of the Bank were downgraded to "C".

- On July 2, 2015, with regards to the exercise process of warrants, the Bank announced that no warrant on shares issued by the Bank and owned by the HFSF had been exercised. Following the fourth warrant exercise period, the HFSF's stake at the time share capital of the Bank remained at 66.93%.

- On July 19, 2015 Piraeus Bank, successfully concluded the integration of the systems of Panellinia Bank into the Group's IT environment, within a period of just 3 months since the acquisition of the "good" part of Panellinia.

- On September 30, 2015 total amount of special securities of total nominal value of € 2.2 bn that Piraeus Bank had received as part of Pillar III of Law 3723/2008, were returned to the PDMA. The mentioned securities had been provided to Piraeus Bank in return for pledging loan claims as collateral by virtue of a bilateral agreement executed between Piraeus Bank and the Greek State with maturity on April 22, 2016.

- On October 15, 2015 the Bank invited holders of the existing guaranteed preferred non-voting non-cumulative floating rate Series A securities of total € 200 mn issued by Piraeus Group Capital Limited, and the existing subordinated callable step-up floating rate Notes issued by Piraeus Group Finance PLC of € 400 mn due 2016, and also Notes issued by Piraeus Group Finance PLC of € 500 mn with 5.00 per cent due 2017, to offer to exchange any or all of such existing securities for non-transferable receipts issued by the Bank. The exchange offers were made to strengthen the Bank's capital base, which had been impacted by the impaired macro-economic conditions experienced during 2015 in the Hellenic Republic that had affected all Greek financial institutions. In addition, the Exchange Offers in relation to the 2016 Securities and the Perpetual Securities reflected the fact, if State aid was required to meet any part of the additional capital requirements that may had been imposed as a result of the Comprehensive Assessment by the Single Supervisory Mechanism (SSM) or otherwise, burden-sharing would need to be achieved to the maximum extent possible through contributions by holders of equity, hybrid capital and subordinated debt of the Bank (see announcement:
  http://www.piraeusbankgroup.com/~/media/Com/2015/Files/Press-Office/October/ICM22921795v1RNSLaunchAnnouncementFINAL.PDF).
  It should be noted, that the result of the Comprehensive Assessment was published a few days later, and indeed it also required State aid to cover the capital needs, in conjunction with the contribution on the part of the private sector.

- On October 16, 2015 the credit rating agency Standard & Poor's downgraded the credit rating of the Bank to "D" from "SD" following the Bank's securities' exchange offer announced on October 15.

- On October 31, 2015 ECB announced the results of the Comprehensive Assessment that it conducted to the four Greek systemic banks. For Piraeus Bank the Asset Quality Review (AQR) resulted to total adjustments of € 3.2 bn. The capital shortfalls that resulted (before any mitigating actions) on a consolidated basis, after the AQR and stress test results were considered, totaled € 2.2 bn under the baseline scenario and € 4.9 bn under the adverse scenario. For more information on the Comprehensive Assessment results, see
  http://www.piraeusbankgroup.com/en/~/media/2F187251564B445A91AFEAFC58E93263.ashx

- On November 11, 2015, Piraeus Bank announced the completion of the sale of its stake (98.5%) in its Egyptian subsidiary Piraeus Bank Egypt S.A.E. (PBE) to Al Ahli Bank of Kuwait K.S.C.P. (ABK), after receiving all required approvals from the Central Bank of Egypt and other regulatory authorities in Egypt, Kuwait and Greece, including the Hellenic Financial Stability Fund. ABK paid USD 149.7 mn for Piraeus Bank's stake in PBE (1.5x PBE's book value as of 31 December 2014). The transaction improved the financial position of Piraeus Bank, as it increased the CET 1 capital ratio by c. 30 bps and improved the Group's liquidity by c. € 140 mn.

- On November 13, 2015, following discussions with the Single Supervisory Mechanism of the European Central Bank in relation to capital actions to be taken into account in order to reduce the capital requirements arising from the Comprehensive Assessment, Piraeus Bank announced that a total of € 873 mn of capital actions had been approved (including € 602 mn stemming from the conducted liability management exercise and € 271 mn from other actions). On the basis of that approval, the amount of the capital requirement for Piraeus Bank was reduced to € 4,662 mn (€ 4,933 mn minus € 271 mn from other actions), with a respective reduction in the amount of capital needed to be raised from the share capital increase. In the amount of € 4,662 mn the amount stemming from the Liability Management Exercise was also included, given that it was part of the capital strengthening.

- On November 15, 2015, an Extraordinary General Meeting of Shareholders of Piraeus Bank was held, resolving in the following decisions and taking the necessary authorizations for implementing these decisions (please see: http://www.piraeusbankgroup.com/~/media/Com/2015/Files/Press-Office/November/Resolutions_EGM_15_11_2015_Eng.pdf) :

1. The increase of the nominal value of each ordinary share and the simultaneous reduction of the total number of ordinary shares of the Bank (reverse split), in a ratio that will not be lower than one hundred (100) existing ordinary shares for each one (1) new ordinary share.
2. The consequent share capital increase via capitalization of part of the reserve of Article 4 para. 4a of C.L. 2190/1920 for the purposes of achieving an integral number of shares.
3. The creation of special reserve of article 4 para. 4a of C.L. 2190/1920 by means of reduction of the share capital of the Bank through the decrease of the nominal value of each ordinary share post the reverse split, without altering the total number of the Bank's ordinary shares, as it will be determined based on the resolution of the aforementioned first item.
4. The increase of the share capital of the Bank pursuant to L. 3864/2010 with the issuance of new ordinary registered shares in order to raise funds up to the amount of € 4,662 mn (as a result of the reduction of the initial capital needs that amounted to € 4,993 mn by the amount of the approved by SSM capital mitigating actions of € 271 mn), which will be covered through contribution in cash and / or through capitalization of liabilities and / or through contribution in kind, and cancellation of the pre-emption rights of existing shareholders.
5. An issue of a bond loan with Contingent Convertible Securities pursuant to the provisions of article 7 of the L. 3864/2010 and the based on its authorization issued Cabinet Act up to the amount of € 2,040 mn (i.e. equal to 75% of the difference between the capital requirements of the Bank pursuant to the results of the adverse scenario of the stress test and the capital requirements of the Bank pursuant to the results of the baseline scenario), in case the raised funds from the share capital increase were less than the amount of € 4,662 mn. The aforementioned bond loan is to be subscribed exclusively by the Hellenic Financial Stability Fund, having waived the pre-emptive rights of existing shareholders.
6. The authorization to the Board of Directors is valid for five (5) years:

   A. (a) to decide upon the increase of the share capital of the Bank in order to raise funds up to the amount of Euro one bn (€ 1,000,000,000) under the provisions of articles 13 para. 1, of C.L. 2190/1920, with the aim to raise funds so as to cover, especially but not exclusively, the payment of interest and /or repayment, in all or in part, of any contingent convertible securities which may be subscribed by the Hellenic Financial Stability Fund and (b) to determine the specific terms of the share capital increase, including the subscription price of new shares, as well as to proceed to any necessary action for the issuance and placement of those.

   B. (a) to decide upon the issuance of a bond loan with convertible securities up to an amount of Euro one bn (1,000,000,000) under the provisions of article 3a para.1 of C.L. 2190/1920, with the aim to raise funds so as to cover, especially but not exclusively, the payment of interest and /or repayment, in all or in part, of any contingent convertible securities which may be subscribed by the Hellenic Financial Stability Fund as per the aforementioned and (b) to determine the specific terms of the bond loan issuance, including the offer price of the convertible securities, as well as to proceed to any necessary action for the issuance and placement of these securities.

- On November 21, 2015, Piraeus Bank announced that it had completed the book-building process related to its € 1,340 mn offering of new ordinary registered shares to institutional and other selected investors for cash.

- On November 30, 2015, Piraeus Bank announced that the European Commission approved its amended Restructuring Plan, as per the Commission's press release on November 29, 2015 (http://europa.eu/rapid/press-release_IP-15-6193_en.htm).

- On December 2, 2015, 61,019,798 new ordinary registered shares of Piraeus Bank commenced trading in the Athens Exchange, under their new nominal value of € 0.30 per common share, following the reverse split.

- On December 2, 2015, Piraeus Bank announced the completion of the capital raising by a total amount of € 4.7 bn through share capital increase in cash, the capitalization of liabilities equivalent to cash contribution and the contribution in kind of ESM bonds, as well as the issuance of contingent convertible bonds exclusively covered by the HFSF.

- On December 3, 2015, Piraeus Bank announced the results - following the expiry period - in relation with the non-transferable receipts issued by Piraeus Bank S.A. in exchange for each of the outstanding € 200 mn Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of Piraeus Group Capital Limited (XS0204397425), € 400 mn Subordinated Callable Step-up Floating Rate Notes of Piraeus Group Finance PLC due 2016 (XS0261785504) and € 500 mn Notes of Piraeus Group Finance PLC due March 2017 (XS1048577529),
(kindly refer to http://www.piraeusbankgroup.com/en/~/media/8E3F9228DD384C9CB4CF6ADBD2F1408E.ashx)

- Following the issue of Cabinet Act 43/2.12.2015 (Greek Government Gazette A 163/2.12.2015), which amends Cabinet Act 38/9.11.2012 on the adjustment of the exercise terms and conditions of the Warrants, and further to the increase of the nominal value of each share and the simultaneous reduction of the total number of the existing shares (Reverse Split), by a ratio of one (1) new share to one hundred (100) old shares, and the decrease, in turn, of the nominal value of each share, pursuant to the resolution of the Extraordinary General Meeting of Shareholders of the Bank dated 15.11.2015, as specified by the Board of Directors resolution dated 17.11.2015, the number of shares corresponding to each Warrant and the exercise price of each Warrant were adjusted accordingly.

- On December 3, 2015, the Bank announced the commencement of trading for 8,672,163,482 new, common, dematerialized, registered voting shares of the Bank, with a nominal value of € 0.30 each and subscription price € 0.30 per share. The New Shares were issued as a result of the share capital increase of the Bank pursuant to the decision of the Extraordinary General Meeting of the Shareholders held on 15.11.2015, as further specified by the resolutions of the Board of Directors of 20.11.2015 and 02.12.2015, with cancellation of pre-emption rights of the existing shareholders.

- On December 4, 2015, the rating agency Standard & Poor's upgraded Piraeus' credit rating to "SD" from "D" and the credit rating rating of its senior bonds to "CCC+" from "D" following the completion of Piraeus Bank's securities exchange offer.

- Beginning January 1st, 2016, the Single Resolution Mechanism (SRM) for Eurozone banks, to which Piraeus Bank belongs, became fully operational. The SRM ensures that if, despite tighter supervision, a bank that belongs to the SRM has serious difficulties, its resolution can be treated effectively and with minimum cost to taxpayers and the real economy. The SRM will apply in practice the strict rules of the Directive for the recovery and resolution of credit institutions [Directive 2014/59]. Based on SRM, a Single Resolution Fund (SRF) was established in the Eurozone that is under the control of a Single Resolution Board (SRB). SRB consists of representatives from the European Commission, the ECB and the competent national authorities. The European Commission will decide whether and when a bank should be placed under resolution regime and will set the framework for the use of resolution tools and the Single Resolution Fund, based on the recommendations of the SRB.

- On January 5th, 2016, with regards to the exercise process of the titles representing share ownership rights ("Warrants"), the Bank announced that no Warrant on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) had been exercised. Consequently, the issued Warrants currently outstanding amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF.

- On January 15, 2016, Mr. Anthimos Thomopoulos resigned from his duties as Managing Director and Chief Executive Officer (CEO) of the Bank.

- On January 18, 2016, the Bank's Board Nomination Committee engaged an international executive search firm, Egon Zehnder, to assist in selecting suitable candidates to be nominated to the Board of Directors in the near term for the position of CEO. It is noted that this process is in progress at the time of the publication of the 2015 Annual Financial Report.

- On January 20, 2016, further to the resignation of its Executive Member, Managing Director and CEO Mr. Anthimos Thomopoulos, the Board of Directors was reconstituted as a corporate body and appointed its member Mr. Stavros Lekkakos as Managing Director and CEO, until the appointment of the new CEO.

- The Board of Directors on its meeting of January 27, 2016, further to the resignations of its Non – Executive Vice Chairman, Mr. N. Christodoulakis and its Independent Non – Executive Member, Mr. S. Golemis and upon recommendation of the Board Nomination Committee, elected Mr. David Hexter, as a new Independent Non – Executive Member for the remaining term of the Board and Messrs Alexander Blades, and Andreas Schultheis, as Non- Executive Members for the remaining term of the Board. The assessment of the suitability of the new members by the Single Supervisory Mechanism (SSM) is pending at the time of 2015 Annual Financial Report publication.

- On February 19, 2016, Moody's upgraded Piraeus Bank's senior debt rating to "Ca" with a stable outlook from "C". Further, it confirmed Piraeus Bank deposits' rating to "Caa3", changing the outlook to stable from negative.

Evolution of Volumes and Results of Piraeus Bank Group during 2015

The assets and liabilities of the "good" Panellinia Bank that were acquired in April 2015 have been consolidated in the Piraeus Group balance sheet as at December 31, 2015, while the results of Panellinia have been consolidated in the income statement of the Group for the period from 15.04.2015 to 31.12.2015.

In addition, it is noted that the operations of ATE Insurance and of its subsidiary ATE Insurance Romania have been characterized as **discontinued** regarding the full year 2015, both for the balance sheet and the income statement. The delay of the ATE Insurance sale is due to factors beyond the Bank's control, while Piraeus Bank continues to maintain its commitment to the implementation of the plan for the sale of the company.

The on-sale Group's activities in Cyprus were classified as discontinued in the financial statements of December 2015, and as such the balance sheet of December 31, 2015 include those activities in the discontinued operations, while the annual financial results have been classified in the results of discontinued operations.

Furthermore, following the sale of Egyptian activities in Q4.2015, the balance sheet of December 31, 2015 no longer includes these activities, while the results until the time of sale are incorporated in the results of discontinued operations.

Relative to the financial position of Piraeus Bank Group during 2015**, total assets** amounted to € 87.5 bn on December 31, 2015.

Group's customer **deposits**, after a significant drop in the nine months 2015 (-30%) due to the uncertainty in the country, recovered in the fourth quarter by € 1.8 bn and amounted to € 39.0 bn in December 2015, increasing by 5% versus September 2015 on a comparable basis. This increase resulted mainly from Greece, where deposits rose by € 1.6 bn to € 36.1 bn. The decline in the cost of time deposits continued throughout 2015, with the cost of new time deposits standing at 0.95% in December 2015 compared with 1.77% a year earlier. Deposits of international operations amounted to € 2.8 bn.

The sharp decline of deposits in the first half of 2015 led Piraeus Bank to an increased use of liquidity by the **Eurosystem** and retapping of the Emergency Liquidity Mechanism (ELA). However, the agreement for the country's 3rd Financial Assistance Programme in conjunction with the completion of the recapitalization process of the banks in December 2015, led to a substantial reduction in funding from the Eurosystem which stood at € 32.7 bn at the end of 2015 from € 35.8 bn at end September 2015 (€ 14.1 bn in December 2014).

Gross loans before adjustments stood at € 68.1 bn at year end 2015. Total loans in Greece reached € 63.9 bn, from which € 1 bn was related to the disbursement of an agri-loan towards OPEKEPE for the distribution of European Commission subsidies towards approximately 700 thousand farmers. Loans from international operations amounted to € 4.2 bn at end 2015. By business line, Group business loans were € 44.5 bn, accounting for 65% of the total loan portfolio, while retail loans amounted to € 23.5 bn, or 35% of the total. Total loans after provisions stood at € 50.6 bn, with the Group net loans to deposits ratio stood at 130%, burdened during the year due to significant deposit withdrawals in Greece, albeit improving during the last quarter of the year (from 138% at the end of September 2015).

The Group's **loans in arrears over 90 days ratio** was 39.5% at the end of December, while the respective ratio for domestic operations was 39.4%. The Group coverage ratio of loans in arrears over 90 days by cumulative provisions came to 65.0% in December and in Greece to 64.9%. The particularly high level of cumulative provisions over gross loans ratio of the Group should be highlighted, which reached 25.7% at the end of 2015, as well as the fact that during the 4th quarter of 2015 the amount of NPLs formation in the Group and Greece decelerated, despite the adverse conditions in the economic environment, through the intensive efforts of the Bank's Recovery Banking Unit. A consequence of the above was the decline in loans in arrears above 90 days to 39.5% from 40.5% at the end of September 2015, after a long period of rise.

The Group's **net interest income** amounted to € 1.9 bn during 2015 and net commission income to € 0.3 bn, out of which 89% from commercial banking activities. Total net revenues for 2015 were € 2.4 bn. The Group's total **operating expenses** in 2015 stood at €1.5 bn. The operating costs include €110 mn one-off expenses for a voluntary exit program to be implemented in 2016 (commencement of submission of applications March 23, 2016). The Bank, as part of its restructuring plan commitments, booked a provision for this amount, while the exact expense amount will be finalized in 2016, depending on the employees' participation in the program. Additionally, within 2015 the general administrative expenses of the Bank included € 34 mn costs for the new resolution strand of the Deposit and Investment Guarantee Fund, while it is noted that the contribution also included the Bank's share for the resolution of Panellinia Bank.

As a result of the above, Group **pre-tax and provision profitability** for 2015 was € 0.9 bn, while on a recurring basis it amounted to € 1.1 bn. The results of 2015 were burdened by significant provisions for loans amounting to € 3.5 bn, thus further fortifying the Group's balance sheet and bringing the accumulated provisions at the end of 2015 to € 17.5 bn, thus 26% of the loan portfolio. This trend during 2015 is primarily associated with the change of domestic market conditions and the further fall in property prices. The sizeable level of accumulated provisions enables the Bank to cope effectively with long-term solutions to the problem of NPLs, something that has already begun to be implemented through the Recovery Banking Unit. In addition, other receivables and assets were impaired by € 0.4 bn from € 0.3 bn in 2014.

The **Group's pre-tax result** amounted to a loss of € 2.9 bn, while the net results from continuing operations attributable to shareholders amounted to a loss of € 1.9 mn in 2015.

As at 31 December 2015, the Group's **total equity** amounted to € 10.0 bn, thus significantly stronger versus September 2015, as a result of the capital raising, which was concluded in December. Accordingly, the Group's Basel III total capital adequacy ratio stood at 17.5% at the end of 2015 just as the Common Equity Tier 1(CET 1) ratio, when taking into consideration the reduction of risk weighted assets attributed to the forthcoming sale of the discontinued operations CET 1 ratio was 17.8%. The amount of deferred tax assets which is included in the Group's regulatory capital in accordance with the provisions of L. 4172/2013, 4302/2014, 4340/2015, as of December 31,2015 was € 4.1 bn. The Group's fully loaded CET 1 is estimated at 16.6%, taking into consideration the reduction of risk weighted assets attributed to the forthcoming sale of the discontinued operations. However, in the case that the impact of the relevant legislation is not considered, the aforementioned fully loaded CET 1 ratio is estimated to be at 10.7%.

Piraeus Group **branch network** at the end of December 2015, totaled 989 units, of which 709 operated in Greece and 280 in 7 other countries. The branch network in Greece was reduced by 120 units during 2015 as a result of the rationalization plan, following the acquisitions. At the same time, the **Group's headcount** totaled 19,279 employees in the continuing operations, of which 15,599 were employed in Greece and 3,680 abroad.

The **Group's international continuing operations** on December 31, 2015, accounted for 6% of its total assets, 28% of its branch network and 19% of its headcount.

Related Party Transactions

With reference to the transactions of the Bank with related parties, such as members of the Board of Directors and the management of the Bank, these were not material in 2015, in any case these transactions are included in the Group's 2015 Financial Statements (please refer to note 46).

Share Capital

On December 31, 2015, the share capital of the Bank stood at the sum of € 2,619,954,984 divided into 8,733,183,280 ordinary shares bearing 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 843,637,022 warrants to the private investors that participated in the 2013 capital increase.

Implementation of the Restructuring Plan

In July 2014, the EU Directorate General for Competition approved the Restructuring Plan of Piraeus Bank. Despite the positive signs in 2014, the events that led to the agreement on the support programme provided by the European Stability Mechanism

(ESM) to Greece in August 2015, changed the assumptions and forecasts, upon which the restructuring plans of the Greek banks had been approved.

The ESM support programme agreed for Greece includes financing of any potential capital needs of the banking sector. As state aid requiring approval in accordance with European Union rules, and on the basis of a restructuring plan, the Bank in November 2015 submitted a revised restructuring plan to the European Commission, which was approved by the Financial Stability Fund and the European Commission (on November 29, 2015 for the latter).

The new commitments under the revised plan do not deviate from the basic commitments approved in the 2014 restructuring plan and are in line with the medium-term strategic and financial objectives of the Bank. Furthermore, under the revised restructuring plan, the Bank's targeting focuses on its domestic activities in Greece. The revised Restructuring Plan of the Bank was based on macro-economic assumptions as provided by the European Commission as well as regulatory assumptions, and comprises the following principal commitments:

- the reduction of the number of our branches in Greece to a maximum of 650 branches by December 31, 2017;
- the further reduction of the number of the employees in Greece versus the initial commitment to maximum of 15,350 by 31 December 2017;
- the reduction of the total operating costs in Greece to a maximum of € 1.1 bn for the year ending December 31 2017;
- the reduction of the Bank's cost of funding by December 31, 2018, through the decrease in the cost of deposits collected in Greece in order to restore the Bank's pre-provision profitability in Greece;
- the reduction of the net loan to deposit ratio for Piraeus' Greek banking activities to no higher than 115% by 31 December 2018;
- the annual growth rate of gross loans cannot be higher than the growth rate of the market as according to the estimates of the European Commission;
- by June 30, 2018, the further reduction of Piraeus Bank's portfolio of foreign assets;
- the sale of the activities of ATE Insurance and ATE Insurance Romania by December 31 2016;
- divestment of our portfolios of listed and unlisted securities, by 30.06.2016 and 31.12.2017, respectively, in each case comprising investments greater than € 5 mn (subject to certain exceptions);
- refraining from purchasing on-investment grade securities until 30.06.2017 (subject to certain exceptions);
- to implement a cap on the remuneration of the Bank's employees and managers;
- certain other commitments, including restrictions on: (a) payment of dividend on the Bank's common shares up until (i) 31.12.2017 or (ii) the repayment of the hybrid capital instruments that have been characterized as state aid namely the € 2,040 mn contingent convertible bonds held by HFSF (b) the Bank's ability to make certain acquisitions, unless either exceptional approval is granted by the EU Directorate General for Competition or the acquisition price is less than a certain highest limit.

It should be noted that the underlying macroeconomic assumptions, upon which the figures contained in Piraeus Bank's Restructuring Plan were consistent with the assumptions of the economic adjustment programme of Greece, at the time of the Restructuring Plan's preparation. Piraeus Bank's Restructuring Plan is being implemented, to date, according to the commitments assumed and within the set time limits.

Description of Major Risks and Uncertainties for 2016

The **Risk Management Framework** of Piraeus Bank is presented analytically in note 3 of the Annual Consolidated Financial Statements as of December 31, 2015. More specifically, during the past year the major initiatives, aiming at upgrading the Group's Risk Management Framework, were the following:

- update of the Group's Policy and Procedures of Piraeus Bank Group's Credit Risk Management;
- gap analysis for SREP reviewed under the standard of the EBA guidance to supervisory authorities (EBA / GL / 2014/13 Guidelines on common procedures and methodologies for the supervisory review and evaluation process);
- expansion of both processes and infrastructure for the collection and incident management and operational risk losses;
- development of control methods and mitigation techniques on operational risk (Business Continuity Plan, insurance coverage, intensive risk level monitoring and infrastructure improvement projects);
- Implementation of the diagnostic project on risk weighted asset optimization and allocation of regulatory capital;
- operation of new enhanced intra-group platform to support the calculation operations and reporting of capital requirements (Moody's Risk Authority);
- Project implementation for the automated production of reports for regulatory reporting requirements (COREP and FINREP) through a new platform;
- updating of the internal capital adequacy assessment process framework (ICAAP) under Pillar II of Basel;
- development & validation of the Implementation and Monitoring of Group's Risk Appetite Policy
- development an integration plan with a view to migrating to the IRB approach for credit risk;
- conduct of independent assessments and regular monitoring of developments in the quality of post approval credit exposures, as well as in the practices of credit risk monitoring.

The economic and political situation in Greece remains the prime risk factor for the domestic banking sector in general, but also for Piraeus Bank in particular. Potential 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 changes in relation to the framework that deals with the management of loans in arrears in Greece, could, under certain conditions, negatively affect the Bank's ability to recover obligations through the liquidation of collateral, bearing an impact on asset quality and relevant provision coverage ratios. Lastly, the current refugee-migrant issue experienced by the country, combined with geopolitical developments in the region, comprise uncertain factors which, if heightened, could bear an adverse effect on the economy and the Greek banking system.

Estimates for the Development of Piraeus Group's Operations in 2016

At the outset of 2016, in an undoubtedly volatile situation for both the domestic and international economic environment, we focus on all the significant potential and recovery opportunities that certainly exist for the Greek economy, in a horizon of 2 to 4 years.

European aid to the Greek economy is important and is not restricted to the support programme mentioned earlier: by 2020 the Greek economy can benefit considerably from both the inflow of approximately € 36 bn from the European structural and investment funds, as well as the Investment Programme for Europe (totaling over € 300 bn in 2017) on behalf of the European Commission and the European Fund for Strategic Investments. At the same time, investments in Greece are supported by both the European Investment Bank and the financing of international financial institutions such as EBRD, which recently also invested in the four major Greek banks' share capital (€ 70 mn in Piraeus Bank).

During 2015, the Greek banking system, as well as Piraeus Bank, have experienced what is possibly the biggest challenge of recent years, due to the harsh deterioration of liquidity, driven by the heightened concern about the developments in the country, the bank holiday and the capital controls. The consequences, although having an overall negative impact, have proved to be manageable, up to this point.

Main challenges to be addressed for 2016, remain the improvement in asset quality via new solutions to the non-performing loans issue, the liquidity strengthening through the gradual return of deposits and the recovery of profitability, by continuous improvement of revenue sources, as well as operational effectiveness. Furthermore, we will continue to attempt further deleveraging of the Group's international operations, in accordance with the commitments set by the Restructuring Plan. These issues will be addressed by both the Board of Directors and the Management team, led by the new CEO, whose appointment is expected within the following period.

Following the completion of the recapitalization process, and within the new market conditions, the accelerated implementation of Piraeus Bank's business plan is now feasible. Furthermore, it is possible to implement initiatives which, apart from being the first bank in the Greek banking sector, will establish Piraeus Bank as pioneer, innovator, and top bank in the country, for the benefit of its customers, shareholders and employees.

Towards this direction, Piraeus Bank will continue to proceed dynamically and to systematically support the effort to bring the Greek economy in recovery, reinforcing every viable initiative, aiming at the development of entrepreneurship and competitiveness in the country.

On behalf of the Board of Directors

Michalis G. Sallas

Chairman of the BoD

EXPLANATORY REPORT

This Board of Directors of Piraeus Bank explanatory report of 31.12.2015 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 31.12.2015 Piraeus Bank's share capital amounted to two billion six hundred and nineteen million nine hundred and fifty four thousand, nine hundred eighty four euros (€ 2,619,954,984) divided into eight billion, seven hundred and thirty three million, one hundred and eighty three thousand, two hundred and eighty (8,733,183,280) 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 3864/2010 which provides for special rights to the common shares held by the Hellenic Financial Stability Fund (HFSF, see below), 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 in 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 3723/2008 and Law 3864/2010, the total dividend distribution cannot exceed the aforementioned initial dividend percentage. Additionally, the Bank is not allowed to pay any dividends on ordinary shares until the earlier of (i) 31 December 2017 or (ii) the repayment of the contingent convertible securities covered from HFSF in the context of capital enhancement.

- 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. It is noted that for the period during which the HFSF holds shares of the Bank, in the event that the Bank is placed under liquidation, the HFSF is satisfied in priority before all other shareholders.

- 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.

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.

It is noted that the disposal of the shares of the Bank held by the HFSF is made pursuant to the provisions of art.8 of Law 3864/2010 and Cabinet Act 38/9.11.2012, as amended and in force.

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 38/9.11.2012 in conjunction with Cabinet Decision 6/5.6.2013, 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 38/9.11.2012 as amended by Cabinet Decision 43/2.12.2015 and in force) 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 38/9.11.2012, 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 38/9.11.2012.

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

On 31.12.2015 the HFSF held directly 26.42% of the total voting rights of the Bank.

Furthermore, "Paulson Co. Inc..", as of 08.12.2015, held (indirectly) 796,960,850 voting rights corresponding to an equal number of common, registered, voting, dematerialized shares (9.12% of the total voting rights of the Bank) and titles representing shares ownership rights (Warrants), which if exercised in full, correspond to 1,214,567 voting rights (0.01% of the total voting rights of the Bank). As a result, the voting rights corresponding to common shares and Warrants, in case they are exercised in full, amount in total to 798,175,417 or 9.13% of the total voting rights of the Bank. Paulson & Co. Inc. is an investment advisor registered with the US SEC under the Investment Advisors Act of 1940 and furnishes investment advice to and manages investment funds.

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 Article 10 of Law 3864/2010, as amended and in force, which include, inter alia:

1. The right to appoint a representative to the Board of Directors with special rights and in particular:

(a) the right to call a general meeting of shareholders

(b) the right to veto key corporate decisions of the Bank's Board of Directors:
   - i) Related to dividend distributions and the remuneration policy relating to the Chairman, the Managing Director and the other Board members, general managers and their deputies

ii) Related to any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the Bank, including business strategy and asset/ liability management

iii) Related to corporate actions of art. 7A par.3 of Law 3864/2010 which may significantly affect HFSF's shareholding in the Bank

(c) the right to request an adjournment of a Board meeting for three business days in order to receive instructions from the HFSF Executive Committee, such right may be exercised until the end of the Board meeting

(d) the right to call a Board meeting

(e) the right to approve the appointment of the Chief Financial Officer

2. to have free access to all books and records of the Bank through executives and consultants of his choise

3. the right to evaluate the corporate governance of the Bank, the members of the Board of Directors and of its committees based on specific criteria and, in case of non compliance with the criteria, the right, under specific circumstances, to call the General Meeting of Shareholders and/or to publish the results of the evaluation

4. the right to be satisfied in priority before all other shareholders in the event that the Bank is placed under liquidation.

Further to the above, for the period during which the HFSF holds shares or contingent convertible bonds of the Bank, the relationship between the Bank and the HFSF is additionally governed by the Relationship Framework Agreement dated 27.11.2015 (RFA). By virtue of the RFA, the HFSF has the following rights:

- the HFSF representative to the BoD has the right to participate in the Board of Directors Committees, e.g. the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Board Nomination Committee and the Strategic Planning Committee, In addition, an Observer appointed by the HFSF is present without voting right in the Board of Directors' and the above Committees' meetings,

- the HFSF representative to the BoD has the right to include items in the agenda of the meetings of the committee in which he participates,

- the HFSF representative has the right to include items in the agenda of the General Meeting of Shareholders convened by the Board of Directors,

- the HFSF provides its prior written consent for a number of material matters, as such are designated in the agreement, including, *inter alia* (a) the restructuring plan and any amendments thereof (b) any material transactions and corporate transformations and (c) the management of NPLs and any amendments, revisions and deviations thereof,

- the HFSF may review the annual self-assessment exercise of the Board of Directors. In addition, the HFSF will perform its own evaluation of the corporate governance arrangements and of the Board of Directors and its Committees, through independent consultants of international reputation and established experience and practice, in accordance with the art.10 of L. 3864/2010. Based on this assessment, the HFSF may proceed to suggestions for improvements or possible changes to the Bank's corporate governance framework,

- the HFSF monitors the implementation of the Restructuring Plan and the Bank's NPL management framework as well as the Bank's performance on those.

In the exercise of his rights, the representative of the HFSF to the Board of Directors takes into account the business autonomy of the Bank.

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 arising in connection with its ordinary shares. According to Article 7A par. 2 case a) and par.3 of Law 3864/2010 , the HFSF exercises its voting rights attached to the shares acquired under the abovementioned share capital increase of 2013 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 aforementioned shares of the HFSF are not taken into account when deciding on matters other than the above.

The abovementioned restrictions do not apply to the voting rights attached to the shares acquired by the HFSF in the context of the state aid provided for the recapitalization of the Bank in December 2015 under the revised Law 3864/2010.

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 is at least nine (9). In the event the members of the Board of Directors are less than nine (9), the Board is obliged to elect temporary members for the rest of the departed members' term, in order to complete the minimum number of nine (9) members. This resolution of election must be published according to the provisions of article 7b of C.L. 2190/1920 and is announced by the Board to the next General Meeting of Shareholders, which can replace the elected directors even if it is not on the Agenda. In every case, the acts of a member of the Board of Directors elected in such manner are deemed valid, even if such election is not approved by the General Meeting.

The regulations provided in the Bank's Articles of Association regarding members' appointment and replacement as well as amendment of the respective provisions, comply with the provisions of Cod. Law 2190/1920.

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

The HFSF appoints one representative to the Board with the aforementioned rights, pursuant to Law 3864/2010 art. 10 para.2.

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, the Board members' appointment or replacement or renewal of term of office is subject to the positive assessment of their suitability by the SSM.

In addition, for the period during which the HFSF holds common shares or contingent convertible bonds of the Bank, Board members must fulfill the criteria set out in Law 3864/2010 and are subject to the evaluation process provided for by the latter.

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 other than the authorization granted to the Board of Directors by the Extraordinary General Meeting of the shareholders dated 15.11.2015 to decide for the increase of the share capital of the Bank up to the amount of Euro one billion (€ 1,000,000,000.00) pursuant to the provisions of art.13. par.1 of CL 2190/1920 and to determine the terms of same, including the offer price of the new shares and to proceed to all necessary actions for the issuance and sale of the shares. The abovementioned authorization is valid for five years.

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. Finally, during the period of validity and implementation of the approved by the European Commission revised Restructuring Plan, the Bank cannot purchase its own shares unless the European Commission agrees to an exemption.

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 takeover 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 at the reporting date of 31/12/2015.

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.

Finally, in the context of the entry of the Bank under the provisions of Law 3864/2010, a Relationship Framework Agreement (“RFA”) dated 27.11.2015 was entered between the Bank and the Hellenic Financial Stability Fund (“HFSF”) The RFA governs the relationship between the Bank and the HFSF for matters related, amongst others, (a) the corporate governance of the Bank, (b) the Restructuring Plan and its monitoring, (c) the monitoring of the implementation of the Bank’s NPL management framework and of the Bank’s performance on NPL resolution, (d) the rights and obligations of the HFSF’s representative in the Board, (e) the HFSF’s consent for material matters, (f) the monitoring of the Bank’s actual risk profile against the approved Risk and Capital Strategy.

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 3723/2008 and 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. It is noted that for the period during which the HFSF holds shares of the Bank, in the event that the Bank is placed under liquidation, the HFSF is satisfied in priority before all other shareholders.
- 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.
Ordinary shares held by the HFSF provide it with the special rights stated in article 10 of Law 3864/2010.

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 Hellenic 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. In addition, for the period during which the Bank is subject to the provisions of Law 3864/2010, Board members have to fulfill the criteria and are subject to the evaluation of article 10 of same law.
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

The following is the composition on 31.12.2015 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. Lekkakos Stavros, Vice Chairman, Non Executive Member
3. Christodoulakis NIkolaos, Vice Chairman, Non Executive Member
4. Tamvakakis Apostolos, Vice-Chairman, Independent Non-Executive Member
5. Thomopoulos Anthimos, Managing Director & CEO, Executive Member
6. Apalagaki Charikleia, Authorized Executive Director, Executive Member
7. Athanasiou Argyro, Independent Non – Executive Member
8. Vassilakis Eftichios, Non-Executive Member
9. Georganas Iakovos, Non-Executive Member

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

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. Their powers are stated in Laws 3723/2008 and 3864/2010 respectively.

On the date of the publication of the present, the Board of the Directors has the composition stated below following changes (resignations, replacements etc of members) and reconvening as a body:

1. Sallas Michail, Chairman of the Board, Non-Executive Member
2. Tamvakakis Apostolos, Vice-Chairman, Independent Non-Executive Member
3. Lekkakos Stavros, Managing Director & CEO, Executive Member
4. Apalagaki Charikleia, Authorized Executive Director, Executive Member
5. Athanasiou Argyro, Independent Non – Executive Member
6. Vassilakis Eftichios, Non-Executive Member
7. Georganas Iakovos, Non-Executive Member
8. Kyriazis Chariton, Independent Non – Executive Member
9. Pappas Petros, Independent Non-Executive Member
10. Fourlis Vasileios, Non-Executive Member
11. Blades Alexander, Non-Executive Member
12. Hexter David, Independent Non-Executive Member
13. Schultheis Andreas, Non-Executive Member

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

The Bank’s Board of Directors includes eleven (11) non-executive members, of whom Messrs. Tamvakakis Apostolos, Athanasiou Argyro, Kyriazis Chariton, Pappas Petros and Hexter David are independent non-executive members in accordance with the provisions of Law 3016/2002 on corporate governance.

It is noted that the assessment of the suitability of the new members by the Single Supervisory Mechanism (SSM) is pending. The evaluation of all members of the Board which is to be conducted by the HFSF is also pending.

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.

Pursuant to the provisions of Law 3864/2010, the HFSF's Representative in the Board of Directors has the following rights:

(a) the right to call a general meeting of shareholders

(b) the right to veto key corporate decisions of the Bank's Board of Directors

  i) Related to dividend distributions and the remuneration policy relating to the Chairman, the Managing Director and the other Board members, general managers and their deputies,

  ii) Related to any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the Bank, including business strategy and asset/ liability management

  iii) Related to corporate actions of art. 7A par.3 of Law 3864/2010 which may significantly affect HFSF's shareholding in the Bank ;

(c) the right to request an adjournment of a Board meeting for three business days in order to receive instructions from the HFSF Executive Committee, such right may be exercised until the end of the Board meeting;

(d) the right to call a Board meeting;

(e) the right to approve the appointment of the Chief Financial Officer

In exercising his rights, the HFSF Representative shall respect the Bank's business autonomy.

Further to the above, by virtue of the RFA, the HFSF has, amongst others, the following rights:

- the HFSF representative to the BoD has the right to participate in the Board of Directors Committees, e.g. the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Board Nomination Committee and the Strategic Planning Committee. In addition, an Observer appointed by the HFSF is present without voting right in the Board of Directors and the above Committees' meetings
- the HFSF representative to the BoD has the right to include items in the agenda of the meetings of the committee in which he participates
- the HFSF representative has the right to include items in the agenda of the General Meeting of Shareholders convened by the Board of Directors
- the HFSF provides its prior written consent for a number of material matters, as such are designated in the agreement, including, *inter alia* (a) the restructuring plan and any amendments thereof (b) any material

transactions and corporate transformations and (c) the management of NPLs and any amendments, revisions and deviations thereof

- the HFSF may review the annual self assessment exercise of the Board of Directors. In addition, the HFSF will perform its own evaluation of the corporate governance arrangements and of the Board of Directors and its Committees, through independent consultants of international reputation and established experience and practice, in accordance with the art.10 of L. 3864/2010. Based on this assessment, the HFSF may proceed to suggestions for improvements or possible changes to the Bank's corporate governance framework.
- the HFSF monitors the implementation of the Restructuring Plan and the Bank's NPL management framework as well as the Bank's performance on those..

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 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 fourteen (14) times during year 2015 and all the decisions were taken unanimously.

The main duties of the Audit Committee are:

- 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;
- proposing measures for specific areas requiring further investigation by internal or external auditors;
- 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;
- Identify weaknesses, make solutions' proposals and monitor the implementation of measures decided by the Board of Directors;
- 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
- monitoring and evaluating on an annual basis the work of the Group Compliance Division

- Monitoring and evaluating on an annual basis of the Report of the Competent Executive on Money Laundering and Terrorist Financing.

The Audit Committee following its duties and competences during year 2015 has fulfilled the below tasks:

- Reviewed and approved the regular and annual financial statements on an individual and consolidated basis, prior to publication, discussing and asking for clarifications on the accounting standards followed
- Discussed with the Management of the Bank matters related to the financial statements and the implementations of the corrective measures adopted, following recommendations of the Internal and External Audits and the Supervising Authorities
- 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.
- Review and approved the assignment of non-audit related activities to the regular auditor.
- Approved the remuneration paid to the regular auditor
- Approved and systematically monitored with diligence, Internal Audit Department's Annual Action Plan for year 2015.
- Approved and systematically monitored with diligence, Group Compliance Divisions Annual Action Plan for year 2015.
- Was notified of the Internal Audit Department's Annual Action Plan for year 2016, approved its implementation and submitted it for approval to the Board of Directors
- Was notified of the Internal Group Compliance Divisions Annual Action Plan for year 2016, approved its implementation and submitted it for approval to the Board of Directors
- Proceeded to its self- assessment.

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 noted 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 2016, 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.

Within the year 2015, the Audit Committee assigned to external auditors the work for the "Assessment of the Adequacy of the Internal Audit System for the period 1/1/2013-31/12/2015". The work will be completed in June 2016 and will be sent to the Bank of Greece until 30.06.2016.

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.

On 31/12/2015 and until today, the Audit Committee has the following composition, as this has resulted after changes (resignations, replacements, etc):

Chairman	Kyriazis Chariton, Independent Non-Executive Member
Members	Tamvakakis Apostolos, Independent Non-Executive Vice Chairman
	Pappas Petros, Independent Non-Executive Member
	Georganas Iakovos, Non- Executive Member

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

Executive Secretary Koutkia Christina

Secretary Vyzantinou Nina

HFSF's Observer is present in the meetings of the Committee.

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% (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) and the Greek Government Representative on the Board of Directors of the Bank also participate, 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 to 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 Bank.
- 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 exposures (NPEs)
  - 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:

On 31.12.2015 the Risk Management Committee had the following composition:

Chairman	Tamvakakis Apostolos, Independent Non-Executive Vice Chairman
Deputy Chairman	Lekkakos Stavros, Non-Executive Vice Chairman
Members	Christodoulakis Nikolaos, Non-Executive Vice- Chairman
	Vassilakis, Eftichios, Non Executive Member
	Athanasiou Argyro, Independent Non Executive Member

Mrs Beritsi, HFSF Representative, and Mr Tsiaparas, Greek Government Representative participate in the Committee, with full voting rights. The Chairman of the Senior Credit Committee Mr Theodoros Mylonas is present in the meetings of the Committee.

On the date of the present Declaration, following changes (resignations, replacement of members), the Risk Management Committee has the following composition:

Chairman	Tamvakakis Apostolos, Independent Non-Executive Vice-Chairman
Members	Vassilakis Eftichios, Non-Executive Member
	Athanasiou Argyro, Independent Non-Executive Member
	Hexter David, Independent Non-Executive Member
	Schultheis Andreas, Non-Executive Member

Mrs Beritsi, HFSF Representative and Mr Tsiaparas, Greek Government Representative, participate in the Committee with full voting rights.

The Chairman of the Senior Credit Committee Mr. Theodoros Mylonas and the HFSF and the Monitoring Trustee's Observers are present in the meetings of the Committee.

Executive Secretary Mantakas Georgios, General Manager, Chief Risk Officer

Secretary Zapanti Maria, Corporate Secretary

3) Remuneration Committee

Composition - Operation

- The Remuneration Committee consists of three (3) to six (6) non-executive members of the Board of Directors, 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. The HFSF's Representative and the Greek Government Representative participate as members in the Remuneration Committee. 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 Bank (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 Bank, 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, Law 4261/2014, Law 3864/2010 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:

On 31.12.2015, the Committee had the following composition:

Chairman	Kyriazis Chariton, Independent Non- Executive Member

Members Lekkakos Stavros, Non Executive Vice Chairman
Pappas Petros, Independent Non Executive Member
Fourlis Vasileios, Non Executive Member
Athanasiou Argyro, Independent Non Executive Member

Mrs Beritsi, HFSF Representative and Mr Gerassimos Tsiaparas, the Greek Government representative, participate in the Committee with full voting rights.

On the date of the present, the composition of the Remuneration Committee is as follows, further to changes (resignations, replacements etc of members):

Chairman Kyriazis Chariton, Independent Non-Executive Member
Members Pappas Petros, Independent Non-Executive Member
Fourlis Vasileios, Non-Executive Member
Athanasiou Argyro, Independent Non-Executive Member

Mrs Beritsi, HFSF Representative and Mr Tsiaparas, Greek Government Representative participate in the Committee, with full voting rights.

The Observers of the HFSF and the Monitoring Trustee are present in the meetings of the Committee.

Executive Secretary Konstantinos Georgiou, Senior General Manager

Secretary Zapanti Maria, Corporate Secretary

4) Board of Directors Members Nomination Committee

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 Hellenic Financial Stability Fund.

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 Bank 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.

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:

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

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

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

Candidates will be selected with the following characteristics:

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

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

(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.

In addition, for the nomination of members for the Board of Directors the special criteria set by the legal, regulatory and contractual context in which the Bank is subject are taken into consideration and largely determines its respective policy. Nominee members of the BoD must meet the special criteria, amongst others, set out in articles 80 and 83 of Law 4261/2014, art.10 of Law 3864/2010 (for the period during which the HFSF holds shares or contingent convertible bonds of the Bank), the BoG Governor's Act 2577/2006 and the RFA.

Composition of BoD Member Nomination Committee:

On 31/12/2015, the composition of the Nomination Committee had as follows:

Chairman	Sallas Michalis, Non Executive Chairman
Deputy Chairman	Christodoulakis Nikolaos, Non Executive Vice-Chairman
Members	Georganas Iakovos, Non-Executive Member
	Fourlis Vasileios, Non Executive Member
	Athanasiou Argyro, Independent Non-Executive Member

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

On the date of the present Declaration, the composition of the Committee is as follows, further to changes (resignations, replacements etc of members):

Chairman	Chariton Kyriazis, Independent Non- Executive Member
Members	Fourlis Vasileios, Non- Executive Member
	Athanasiou Argyro, Independent Non-Executive Member
	Pappas Petros, Independent Non-Executive Member
	Blades Alexander, Non- Executive Member
	Hexter David, Independent Non-Executive Member

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

HFSF's Observer is present in the meetings of the Committee.

Executive Secretary: George Liakopoulos, Group General Counsel

Secretary: Zapanti Maria, Corporate Secretary

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:

On 31/12/2015, the Strategic Planning Committee had the following composition:

Chairman	Sallas, Michael, Non Executive Chairman
Deputy Chairman	Tamvakakis Apostolos, Independent Non-Executive Vice Chairman
Members	Lekkakos, Stavros, Non Executive Vice Chairman
	Christodoulakis Nikolaos, Non Executive Vice Chairman
	Thomopoulos Anthimos, CEO
	Georgiou Konstantinos, Senior General Manager
	Kaselaki Eftichia, Senior General Manager
	Milis Ilias, Senior General Manager
	Papaspyrou Spyridon, Senior General Manager
	Poulopoulos Georgios, Senior General Manager
	Sgourovassilakis Ioannis, Senior General Manager
	Loizides Konstantinos, Head of Corporate Development
	Manos Alexandros, Chief Transformation Officer

On the day of the present, further to changes of members (resignations/ replacements etc), the Committee has the following composition:

Chairman	Sallas, Michael, Non Executive Chairman
Deputy Chairman	Tamvakakis Apostolos, Independent Non-Executive Vice Chairman
Members	Lekkakos Stavros, Managing Director & CEO, Executive Member
	Georgiou Konstantinos, Senior General Manager
	Kaselaki Eftichia, Senior General Manager
	Milis Ilias, Senior General Manager
	Papaspyrou Spyridon, Senior General Manager
	Poulopoulos Georgios, Senior General Manager
	Sgourovassilakis Ioannis, Senior General Manager
	Loizides Konstantinos, Head of Corporate Development
	Manos Alexandros, Advisor to Management

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

The Observers of the HFSF and the Monitoring Trustee are present in the meetings of the Committee.

Secretary Zapanti Maria, Corporate Secretary

C) Executive and Administrative Committees

1) Group Executive Committee

Operation

The Committee meets regularly every second Monday being convened by its Chairman, and extraordinarily as many times as necessary. 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 3016/2002 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	Over €5 million (limit of the Expenditure & Budget Committee) and up to €50 million per case	€50 million and over per case

	Approval competency	Approval authority	
		Executive Committee	Board of Directors
	shareholder with a percentage of over 20%, except if said individual participates in the management of the company representing the Bank.		
(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 Group Executive Committee:

On 31.12.2015, the Group Executive Committee had the following composition:

Chairman	Thomopoulos Anthimos, Managing Director and CEO
Vice Chairmen	Milis Ilias, Senior General Manager
	Papaspyrou Spyridon, Senior General Manager
Members	Georgiou Konstantinos, Senior General Manager
	Kaselaki Eftichia, Senior General Manager
	Poulopoulos Georgios, Senior General Manager
	Sgourovassilakis Ioannis, Senior General Manager
	Mantakas Georgios, Chief Risk Officer

The Chairman of the Senior Credit Committee Mr Theodoros Mylonas is present in the meetings of the Committee.

On the date of the present Declaration and further to changes (resignations, replacements etc of members), the Group Executive Committee has the following composition:

Chairman	Lekkakos Stavros, Managing Director and CEO, Executive Member
Vice Chairmen	Milis Ilias, Senior General Manager
	Papaspyrou Spyridon, Senior General Manager
Members	Georgiou Konstantinos, Senior General Manager
	Kaselaki Eftichia, Senior General Manager
	Poulopoulos Georgios, Senior General Manager
	Sgourovassilakis Ioannis, Senior General Manager
	Mantakas Georgios, Chief Risk Officer

The Chairman of the Senior Credit Committee Mr Theodoros Mylonas is present in the meetings of the Committee.

The Observer of the Monitoring Trustee, which has been appointed by the European Committee, is present in the meetings of the Committee.
Secretary Stampoulelli Aikaterini, Manager

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 refers to the Board of Directors through the Audit Committee, 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 Committee consists of nine members, its Chairman being the Bank’s Managing Director & CEO. Members of the Committee are one of the Vice Chairmen of the Bank’s Board, Senior General Managers, General Managers, as well as other Top Management executives of the Bank. The Committee is supported by an Executive Secretary. The Committee meets monthly and its main duties are the implementation of the Bank's strategy in developing assets and liabilities; the management of assets and liabilities exercising at the same time a pricing policy in products and services; the approval for the introduction of new deposit or loan products, the follow-up of equity adequacy in relation to the risks, the examination of stress test scenarios and the decision making on preserving the available Group liquidity at acceptable levels.

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 22.05.2015 and by a resolution of the Bank's Board of Directors of 27.05.2015, is compliant with the provisions of Law 4261/2014 "Access to the activity of credit institutions and prudential supervision of credit institutions and investment firms", Law 3864/2010 "Establishing the Hellenic Financial Stability Fund", Law 3723/2008 related to the "Economy liquidity support for the confrontation of the impacts of the international financial crisis" and No. 2650/19.01.2012 Act of the Bank of Greece Governor.

STATEMENT OF ARTICLE 4 PAR. 2 OF LAW 3556/2007

To the best of our knowledge, the Full Year 2015 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 2015 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	Apostolos S.Tamvakakis	Stavros M. Lekkakos
Chairman of BoD	Independent Non Executive Vice Chairman	Managing Director & CEO

AVAILABILITY OF ANNUAL FINANCIAL REPORT

The Annual Financial Report for the year 2015 which includes:

- The Board of Directors' Management Report
- The Explanatory Report
- The Corporate Governance Statement
- The Remuneration Committee Statement
- The Statement of article 4 par 2 of Law 3556/2007
- The Independent Auditor's Report
- The Consolidated Financial Statements for the year ended 31/12/2015
- The Financial Statements for the year ended 31/12/2015
- The Financial Statements Information for the year ended 31/12/2015
- 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 Audit of 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 2015and 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, 2015, 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 could adversely affect the going concern assumption.

Report 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(par.3a), 108 and 37 of Codified Law 2190/1920.

pwc

Athens, 31 March 2016

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

THE CERTIFIED AUDITOR

Dimitris Sourbis
SOEL Reg. No. 16891

PIRAEUS BANK

PIRAEUS BANK GROUP

Consolidated Financial Statements

31 December 2015

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 30th 2016 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.

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Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INCOME STATEMENT	Note	Year ended 31 December 2015	Year ended 31 December 2014
Interest and similar income	6	2,967,477	3,367,703
Interest expense and similar charges	6	(1,090,257)	(1,414,826)
NET INTEREST INCOME		**1,877,220**	**1,952,877**
Fee and commission income	7	345,167	351,228
Fee and commission expense	7	(39,509)	(37,335)
NET FEE AND COMMISSION INCOME		**305,659**	**313,893**
Dividend income	8	8,200	13,606
Net income from financial instruments designated at fair value through profit or loss	9	71,362	(106,694)
Results from investment securities	10	38,068	74,688
Other results	11	92,599	203,333
TOTAL NET INCOME		**2,393,107**	**2,451,704**
Staff costs	12	(771,908)	(736,722)
Administrative expenses	13	(588,995)	(591,727)
Depreciation and amortisation	27, 28	(111,778)	(114,541)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,472,681)**	**(1,442,989)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**920,426**	**1,008,714**
Impairment losses on loans	23	(3,486,807)	(3,708,839)
Impairment losses on other receivables	31	(157,515)	(165,321)
Impairment on participation and investment securities	26, 43	(27,180)	(87,367)
Impairment of tangible and intangible assets	27, 28	(120,299)	(54,373)
Impairment on assets held for sale	30	(9,342)	(2,150)
Other provisions	38	(36,470)	(9,592)
Share of profit of associates	26	(12,766)	4,696
PROFIT/ (LOSS) BEFORE INCOME TAX		**(2,929,953)**	**(3,014,232)**
Income tax	15	1,068,562	1,068,985
PROFIT/ (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**(1,861,390)**	**(1,945,248)**
Profit/ (loss) after income tax from discontinued operations	14	(34,606)	(26,746)
PROFIT/ (LOSS) AFTER TAX		**(1,895,996)**	**(1,971,994)**
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity		(1,858,220)	(1,938,349)
Non controlling interest		(3,170)	(6,899)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity		(34,628)	(26,738)
Non controlling interest		22	(8)
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):			
From continuing operations			
- Basic and Diluted	16	(0.8369)	(1.1990)
From discontinued operations			
- Basic and Diluted	16	(0.0156)	(0.0165)

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME	**Note**	**Year ended 31 December 2015**	**Year ended 31 December 2014**
CONTINUING OPERATIONS			
Profit/ (loss) after tax (A)		**(1,861,390)**	**(1,945,248)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	17	78,662	(152,846)
Change in currency translation reserve	17	(11,784)	(12,309)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	17	25,282	(40,725)
Other comprehensive income, net of tax (B)	17	**92,160**	**(205,880)**
Total comprehensive income, net of tax (A)+(B)		**(1,769,231)**	**(2,151,127)**
- Attributable to equity holders of the parent entity		(1,770,526)	(2,144,279)
- Non controlling interest		1,295	(6,849)
DISCONTINUED OPERATIONS			
Profit/ (loss) after tax (C)		**(34,606)**	**(26,746)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	17	3,520	1,986
Change in currency translation reserve	17	(10,800)	12,863
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	17	2,076	(272)
Other comprehensive income, net of tax (D)	17	**(5,204)**	**14,577**
Total comprehensive income, net of tax (C)+(D)		**(39,810)**	**(12,170)**
- Attributable to equity holders of the parent entity		(35,478)	(12,307)
- Non controlling interest		(4,332)	138

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**Note**	**31 December 2015**	**31 December 2014**
ASSETS			
Cash and balances with Central Banks	18	3,644,821	3,837,541
Loans and advances to credit institutions	19	179,523	297,109
Financial assets at fair value through profit or loss	21	240,398	299,562
Derivative financial instruments - assets	20	437,678	508,928
Reverse repos with customers	22	641	64,299
Loans and advances to customers (net of provisions)	23	50,591,193	57,143,022
Available for sale securities	24	2,739,687	2,533,587
Debt securities - receivables	25	16,985,336	14,400,421
Held to maturity	24	182	27,180
Assets held for sale	30	34,089	38,022
Inventories property	31	847,386	844,994
Investment property	29	1,035,911	989,504
Investments in associated undertakings	26	297,738	298,672
Property, plant and equipment	28	1,474,160	1,435,942
Intangible assets	27	274,159	313,072
Deferred tax assets	39	5,074,769	4,018,745
Other assets	31	2,076,129	1,934,171
Assets from discontinued operations	14	1,594,414	304,925
TOTAL ASSETS		**87,528,216**	**89,289,696**
LIABILITIES			
Due to credit institutions	32	34,490,583	23,690,330
Due to customers	34	38,951,880	54,732,834
Liabilities at fair value through profit or loss	33	2,499	1,853
Derivative financial instruments - liabilities	20	445,819	544,026
Debt securities in issue	35	102,314	661,350
Current income tax liabilities		51,737	32,566
Deferred tax liabilities	39	31,499	37,772
Retirement benefit obligations	40	192,780	211,944
Other provisions	38	182,500	42,733
Other liabilities	37	1,571,196	1,275,911
Hybrid capital and other borrowed funds	36	-	232,381
Liabilities from discontinued operations	14	1,484,883	503,753
TOTAL LIABILITIES		**77,507,690**	**81,967,454**
EQUITY			
Share capital	42	2,619,955	1,830,594
Share premium	42	13,074,688	11,393,315
Contingent convertible securities	42	2,040,000	-
Less: Treasury shares	42	(460)	-
Other reserves	43	(7,766)	(111,240)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	43	21,863	18,787
Retained earnings	43	(7,840,635)	(5,921,295)
Capital and reserves attributable to equity holders of the parent entity		**9,907,644**	**7,210,161**
Non controlling interest		112,882	112,081
TOTAL EQUITY		**10,020,526**	**7,322,242**
TOTAL LIABILITIES AND EQUITY		**87,528,216**	**89,289,696**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Note	Attributable to owners of the parent							
		Share Capital	Share Premium	Contingent Convertible securities	Treasury shares	Other reserves	Retained earnings	Non controlling interest	TOTAL
Opening balance as at 1 January 2014		**2,271,770**	**10,008,734**	**0**	**(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**	**0**	**(191,499)**	**(1,965,087)**	**(6,711)**	**(2,163,297)**
Increase of share capital	42	308,824	1,441,176						1,750,000
Share capital increase expenses	42		(56,595)						(56,595)
Repurchase of preferred shares	42	(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	43						(628)	(34)	(662)
Balance as at 31 December 2014		**1,830,594**	**11,393,314**	**0**	**0**	**(92,453)**	**(5,921,295)**	**112,082**	**7,322,242**
Opening balance as at 1 January 2015		**1,830,594**	**11,393,314**	**0**	**0**	**(92,453)**	**(5,921,295)**	**112,082**	**7,322,242**
Other comprehensive income, net of tax	17, 43					86,845		111	86,955
Results after tax	43						(1,892,848)	(3,148)	(1,895,996)
Total recognised income for the year 2015		**0**	**0**	**0**	**0**	**86,845**	**(1,892,848)**	**(3,037)**	**(1,809,041)**
Increase of share capital	42	2,601,649		2,040,000					4,641,649
Share capital increase expenses	42		(130,915)						(130,915)
Decrease of the nominal value of ordinary shares	42	(1,812,288)	1,812,288						0
Prior year dividends of ordinary shares								(95)	(95)
(Purchases)/ sales of treasury shares	42, 43				(460)		(1,412)		(1,873)
Transfer between other reserves and retained earnings	43					28,347	(28,347)		0
Acquisitions, disposals and movement in participating interest	43					(8,643)	3,268	3,932	(1,443)
Balance as at 31 December 2015		**2,619,955**	**13,074,687**	**2,040,000**	**(460)**	**14,096**	**(7,840,635)**	**112,882**	**10,020,526**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT	Note	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities from continuing operations			
Profit/ (Loss) before tax		(2,929,953)	(3,014,232)
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		3,837,613	4,027,642
Add: depreciation and amortisation charge	27, 28	111,778	114,541
Add: retirement benefits and estimated cost of voluntary exit scheme	12	133,191	78,108
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		103,660	(94,691)
(Gains)/ losses from investing activities		(15,826)	(51,010)
Cash flows from operating activities before changes in operating assets and liabilities		1,240,463	1,060,358
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Banks		(331,900)	(199,419)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		74,557	(108,084)
Net (increase)/ decrease in debt securities - receivables		8,599	1,295,539
Net (increase)/ decrease in loans and advances to credit institutions		(13,638)	(27,160)
Net (increase)/ decrease in loans and advances to customers		1,963,344	1,653,056
Net (increase)/ decrease in reverse repos with customers		63,658	(57,176)
Net (increase)/ decrease in other assets		(334,010)	61,151
Net increase/ (decrease) in amounts due to credit institutions		10,727,463	(2,587,008)
Net increase/ (decrease) in liabilities at fair value through profit or loss		513	1,304
Net increase/ (decrease) in amounts due to customers		(14,200,642)	(9,442)
Net increase/ (decrease) in other liabilities		301,213	794
Net cash flow from operating activities before income tax payment		(500,382)	1,083,914
Income tax paid		(19,317)	(11,919)
Net cash inflow/ (outflow) from continuing operating activities		**(519,699)**	**1,071,996**
Cash flows from investing activities of continuing operations			
Purchases of property, plant and equipment	28, 29	(257,372)	(309,329)
Sales of property, plant and equipment		44,106	65,386
Purchases of intangible assets	27	(36,702)	(45,693)
Purchases of assets held for sale	30	(12,270)	(6,929)
Sales of assets held for sale		10,024	9,541
Purchases of investment securities	24	(8,557,045)	(7,017,298)
Disposals/ maturity of investment securities	24	8,277,097	5,662,292
Acquisition of subsidiaries excluding cash & cash equivalents acquired		(43,905)	(185)
Sales of subsidiaries excluding cash and balances sold		(134,795)	-
Establishments, acquisition and participation in share capital increases of associates		(58,887)	(1,291)
Sales of associates		32,563	1,261
Dividends received		8,197	13,500
Net cash inflow/ (outflow) from continuing investing activities		**(728,989)**	**(1,628,745)**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(346,143)	305,500
Increase of share capital	42	1,340,000	1,750,000
Share capital increase expenses	42	(130,915)	(76,481)
Repurchase of preferred shares	42	-	(750,000)
Purchases/ sales of treasury shares and preemption rights		(1,873)	61
Other cash flows from financing activities		21,519	14,465
Net cash inflow/ (outflow) from continuing financing activities		**882,589**	**1,243,544**
Effect of exchange rate changes on cash and cash equivalents		4,897	59,669
Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)		**(361,202)**	**746,465**
Net cash flows from discontinued operating activities		193,580	(5,427)
Net cash flows from discontinued investing activities		(220,596)	35,744
Net cash flows from discontinued financing activities		-	-
Effect of exchange rate changes on cash and cash equivalents		(2,459)	(1,116)
Net incease/ (decrease) in cash and cash equivalents from discontinued activities (B)		**(29,475)**	**29,202**
Cash and cash equivalents at the beginning of the year (C)	45	**2,664,133**	**1,888,466**
Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank (D)		**3,303**	**-**
Cash and cash equivalents at the end of the year (A)+(B)+(C)+(D)	45	**2,276,758**	**2,664,133**

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 4261/2014 on credit institutions, and other relevant laws. According to its statute, the scope of the Bank is to execute any 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 and Western Europe. The Group employs in total 20,719 people of which 520 people, refer to discontinued operations (ATE Insurance S.A., ATE Insurance Romania S.A. and Piraeus Bank Cyprus LTD group of companies).

Apart from the ATHEX General Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Large Cap, Banks), FTSE (All World, Emerging Europe, Mid Cap, Med 100), MSCI (Emerging Markets, EM EMEA, Greece), Euro Stoxx (TMI, TMI Banks, All Europe, Greece TM) and S&P (Global BMI, Eurozone BMI, Greece BMI), Dow Jones Sustainability Index (Emerging Markets).

2 General accounting policies of the Group

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

2.1 Basis of preparation of the consolidated financial statements

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

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

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.

<u>Going concern basis</u>

The annual consolidated financial statements have been prepared on a going concern basis. Piraeus Bank's Management assessing the macroeconomic and financial environment in Greece, the Group´s capital adequacy and the liquidity, estimates that the Group will continue in operational existence for the foreseeable future, as described below:

Macroeconomic environment

The volatile macroeconomic and financial environment in Greece, in combination with the political developments, remains the main risk factor for the Greek banking sector. The intensified political and economic uncertainty in 2015 peaked on June 28, 2015 with the imposition of capital controls and bank holiday in the country. The bank holiday lasted for 3 weeks, with the banks reopening on 20 July 2015 and capital control measures began gradually to relax. Capital controls include, among others, a weekly limit on all cash withdrawals (€ 420) per customer and restrictions on capital transfers and payments abroad, affecting mainly dealings with foreign suppliers and creditors. It is estimated that capital controls, although harsh in nature, have rather limited and short-term negative effects in the economy due to the following factors:

a) Significant increase of banknotes in circulation in the Greek economy, that took place in the period end November 2014 to end June 2015.

b) Ability to conduct electronic transactions without restrictions through alternative channels and networks within the country, which was given from the first moment of the imposition of capital controls, reducing significantly the impact for the transacting parties and the economy.

c) The majority of companies (especially the larger ones trading internationally) were prepared for the possibility of capital controls and, as a consequence, their operation was not disrupted as much as it was initially expected.

d) Limited impact on tourism. The initial concerns about a significant impact on tourism did not materialise, as in 2015 revenues from tourism increased for third consecutive year by 6.0% to € 14.2 million and the tourist arrivals increased by 7.0% to 23.6 million. In 2015 the real GDP decreased by 0.3% (significantly better than the forecast of the economic adjustment programme for -2.3%), while the unemployment rate in the first nine months of the year – although it remained high – was limited to 25.1% against 26.6% in the comparative period of 2014.

On 8 July 2015, Greece made an official request for stability support – in the form of a loan facility – to the European Stability Mechanism (ESM) to be used for meeting debt obligations and to ensure stability of its financial system. A separate request for financial assistance was sent to the IMF on 23 July 2015. The Greek authorities passed a set of legislation on 11th, 15th and 22nd July 2015, as well as on 14th August 2015. On 19th of August 2015, the European Commission signed a Memorandum of Understanding (MoU) with Greece following approval by the ESM Board of Governors for further stability support accompanied by a third economic adjustment program. The new program passed with great majority of the parliament (c.74%). Moreover, the Greek authorities signed a Financial Assistance Facility Agreement with the ESM to specify the financial terms of the loan. The total amount of the loans from the ESM is up to € 86 billion (period: August 2015 – August 2018). The disbursement of funds is linked to progress in delivery of policy conditions, in accordance with the MoU.

A first disbursement of funds under the program in the amount of € 13 billion was made available on 20 August 2015 to allow the Greek state to cover financing needs, make overdue payments, as well as repay a short-term bridge loan of € 7.16 billion that was disbursed under the European Financial Stabilisation Mechanism on 20 July 2015. Moreover on 20th of August 2015, an additional amount of € 10 billion was made available immediately in a segregated account at the ESM for potential bank recapitalization and resolution costs. On 16th of October 2015, on 19th of November 2015 and on 15th of December 2015 the voting of a sequence of prerequisite measures was completed, leading to the disbursement of the relevant instalments. In total by the end of 2015, Greece through ESM had received € 21.4 billion, of which € 16 billion related to funds in order to cover financing needs and € 5.4 billion to the recapitalisation of the banking system, which was completed in December 2015, following the announcement of the results of the Comprehensive Assessment conducted by ECB on 31/10/2015.

However, the critical point is the completion of the 1st evaluation of the 3rd Greek adjustment program and the assurance of the smooth disbursement of the remaining instalments, as servicing of the debt has already begun for 2016. The completion of the evaluation is expected to lead to an improvement in the economic environment, contributing to the implementation of privatizations, to the gradual liberalization of capital movements, to a return to positive rates of GDP, to the acceptance of Greek bonds as collateral by the ECB and their participation in ECB´s quantitative easing program. At the same time, the assessment is a prerequisite for the start of discussions with respect to the debt.

Piraeus Bank's management closely monitors the developments and assesses periodically the negative impact that might have in its operations.

Capital adequacy

According to the Eurogroup statement on the ESM program for Greece on August 14, 2015, the total € 86 billion envelope includes a buffer of up to € 25 billion for the banking sector, in order to address capital needs and resolution costs. The first sub-tranche of € 10 billion was made available in a segregated account at the ESM, as part of the € 23 billion instalment of the program paid on 20th of August 2015. The MoU required the Comprehensive Assessment ("CA" i.e. Asset Quality Review and Stress Tests) which was carried out by ECB/ Single Supervisory Mechanism (SSM) to quantify the capital shortfalls, which were included in the above mentioned buffer, after the legal framework is applied (i.e. transposition of the Bank Recovery and Resolution Directive).

The announcement of the outcome of the CA by the relevant European regulatory authorities (ECB/ SSM), was made on October 31, 2015. Reference to the results of the Comprehensive Assessment is made in note 3.1.11.

Based on the results of the Comprehensive Assessment, the Bank completed its share capital increase of € 4.6 billion in December 2015, aiming at:

- The cover of its capital needs, as determined by the Comprehensive Assessment conducted by the ECB,
- The significant strengthening of its capital base,
- The enhancement of the image of the Bank, thus contributing towards the expected recovery for a part of deposits that were lost in Greece during the 1st semester of 2015 and the reduction of the funding from Eurosystem and more specifically from the ELA.

The Bank's management has been informed in writing by the regulator (SSM), that an onsite inspection will take place for the purpose of assessing the accuracy of the capital adequacy ratios calculation. The inspection will commence in March 2016 and the Bank's management cannot, at present, estimate the result of the above mentioned inspection.

Liquidity

During the year of 2015, the Greek banking system had to raise liquidity from the emergency liquidity assistance (ELA) mechanism to cover the short term financing needs resulting from a) the decision of the ECB to suspend acceptance of securities issued or guaranteed by the Greek government for Main Refinancing Operations, b) the minimized access to international repo markets as well as c) the significant reduction of domestic deposits due to the uncertainty that prevailed in the country in the 1st semester of 2015.

During the year 2015, domestic market deposits (private and public sector) reduced by € 39 billion, amounting to € 134 billion. The exposure of all Greek banks in the Eurosystem increased from € 45 billion at the end of November 2014 (no contribution from the Emergency Liquidity Assistance existed) to € 108 billion at the end of December 2015, of which about € 69 billion was covered by the Emergency Liquidity Assistance ELA (the provision of liquidity support by the ELA is granted to adequately capitalized credit institutions that have acceptable assets as collateral, and is assessed on a regular basis by the ECB). Following the banks reopening on 20 July 2015, given the capital control measures, customer deposits present stabilization with a slightly growing trend, while Eurosystem funding shows a decreasing trend compared to the maximum point of € 127 billion on June 30th 2015.

More specifically, during the 2nd semester of 2015, Piraeus Bank's Group exposure to the Eurosystem reduced by approximately € 4.5 billion, supported by the successful recapitalization of the Bank at the end of 2015, which contributed both to its capital enhancement and to the increase of the available acceptable guarantees for ECB financing, due to the receipt of the ESM bonds, of amount € 680 million, complying with the Fund´s activation process. Also, in the context of the Liability Management Exercise, the Group reduced its long term financing, reducing simultaneously its total capital needs. Finally, with the stabilization of conditions in the banking sector at the end of the 2nd semester of 2015, the Group returned to the interbank Repo market with repo transactions of amount € 1.7 billion. Reference to the liquidity management is made in note 3.11.

Piraeus Bank's management, after taking into account the introduction of the new economic adjustment program, the liquidity provided by the Eurosystem to the Greek banking system, as well as the successful completion of the share capital increase, 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 reporting period year (Section A) or subsequent years (Sections B and C), are as follows:

(A) The following interpretation as well as the improvements to IFRS have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and they are effective from 1.1.2015:

- **IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2015).** The interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This amendment has no significant impact in the consolidated financial statements.

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

- **IFRS 3 (Amendment), "Business Combinations" (effective for annual periods beginning on or after 1 January 2015).** 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 January 2015).** 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 January 2015).** 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.

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

(B) The following amendments and improvements to IFRS have been issued by the International Accounting Standards Board and have been endorsed by the E.U. up to December 2015. They are not effective in 2015 and they have not been early adopted by the Group:

- **IAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 February 2015).** 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.

- **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 "business".

- **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.

- **IAS 27 (Amendment), "Separate Financial Statements" effective for annual periods beginning on or after 1 January 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 structure of financial statements and the disclosures of accounting policies, as well as the presentation of items of other comprehensive income arising from equity accounted investments. Also, the amendment clarifies that the minimum required disclosures by any I.F.R.S. may not be provided in the financial statements, if they are considered immaterial.

<u>**Annual Improvements to IFRSs 2010 - 2012 Cycle (December 2013)**</u>

- **IFRS 2 (Amendment), "Share-based Payment" (effective for annual periods beginning on or after 1 February 2015).** The amendment clarifies the definition of vesting conditions.

- **IFRS 3 (Amendment), "Business Combinations" (effective for annual periods beginning on or after 1 February 2015**). The objective of this amendment is to clarify the accounting treatment of contingent consideration in a business combination.

- **IFRS 8 (Amendment), "Operating Segments" (effective for annual periods beginning on or after 1 February 2015).** 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 February 2015).** 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 February 2015**). 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 February 2015).** 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 2012-2014 (September 2014)

- **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 it is not 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 (Amendment) "Interim financial reporting" (effective for annual periods beginning on or after 1 January 2016).** The relevant amendment clarifies that the required information according to IAS 34 shall be disclosed in the interim financial statements. In case such information is presented in sections of the interim financial report other than disclosures, cross-references shall be used.

(C) The following new IFRSs, amendments and improvements to IFRSs have been issued by the International Accounting Standards Board but they have not been endorsed by the E.U. up to December 2015 and they have not been adopted by the Group:

- **IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).** IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors disclose information in a manner that faithfully represents those transactions, as well as introduces a single lessee accounting model and requires to recognize assets and liabilities of lessee with a term of more than 12 months, unless the underlying asset is of low value. The standard has not yet been endorsed by the EU.

- **IAS 12 (Amendment)) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017).** These amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendment has not yet been endorsed by the EU.

- **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. Piraeus Bank Group has commenced a specific project for the implementation of the International Financial Reporting Standard (IFRS) 9. Part of this project is to assess the effect of the implementation of the standard. At this stage the process of assessing the effect of the implementation has not been completed. The EU has not yet endorsed IFRS 9.

- **IFRS 15, "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).** 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, 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.

- **IAS 7 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after 1 January 2017).** These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

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 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, in the context of the reporting of their financial data for consolidation purposes.

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.

In the context of the reporting of their financial data for consolidation purposes, 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.

The net investment in Group subsidiaries includes, apart from capital contributions, any loans granted by the Group, provided that there is no intent of immediate settlement for these loans and that it is reasonably expected that these loans will be continuously rolled over (in case of short-term debt) or renewed at maturity (in the case of long-term debt). On consolidation, exchange differences arising from the translation into euro of the net investment in foreign entities 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. On disposal of the net investment in subsidiaries or the settlement of any loans included in net investment, the related exchange differences are recognized in the income statement.

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 into the presentation currency at the date of the consolidated financial statements based on the respective exchange rate of the reporting date.

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. In the case of credit default swaps, it is agreed to exchange payments based on the nominal value of credit instruments (i.e. bonds or loans), that are the underlying instruments of the agreements in this category, when defined credit events take place.

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 or the 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 International Swaps and Derivatives Association (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. 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.

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.

The hedging transactions are classified to the following categories:

(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 directly 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.

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 directly 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.

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.

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.

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. 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, except in the case of counterparty’s bankruptcy. If the securities are sold to a third party, the Group recognises the consideration received as well as the corresponding obligation to return the securities, at fair value in the consolidated financial statements.

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.

The held to maturity portfolio after the reclassification to the available for sale portfolio is measured at fair value, reflecting any difference with the carrying amount in the available for sale reserve. In such case, the Group will not be able to classify any financial assets to the held to maturity portfolio for the next two years.

The following cases of sale or reclassification are exceptional to the aforementioned accounting treatment under I.A.S. 39:

- the held to maturity securities are so close to maturity that any changes in the market rate of interest would not have a significant effect on the financial asset´s fair value,
- the sale or reclassification of held to maturity securities occurs after the substantial collection all of the financial asset´s original principal,
- the sale or reclassification of held to maturity securities are attributable to an isolated event, unexpected on their acquisition, that is beyond the Group´s control and nonrecurring.

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.

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 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.

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 these financial assets are no longer held for sale in the foreseeable future and that they meet the definition of the category to which they are transferred at the date of reclassification.

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 the category to which they are transferred 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 conditions that should be met, in order to prove intention and ability to hold the financial assets for the foreseeable future or until maturity:

- the business plan should not include profit from short term movements in prices,
- there should be no intention of disposing the asset within the following six months and
- there should be neither internal nor external restriction on the Group’s ability to hold the financial asset.

For financial assets reclassified as described above, out of the “Financial instruments at fair value through profit or loss” category or out of the “Available for sale securities” category to “Loans and receivables to customers” category, the fair value at the date of reclassification is considered the new amortized cost at that date. Any gain or loss from revaluation 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 reclassification.

Reclassification of financial assets from 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.

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. arrears bucket, industry sector, customer segment, collateral type, the currency in which the loan is denominated 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.

Forborne loans are loans to which a convercion of the original contractual terms and conditions or refinancing of the borrower´s debt on more favorable terms due to current or expected financial difficulties has been done and are not applicable to borrowers of similar risk profile.

Interest on forborne 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

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

(a) those that the Group classifies as “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 Derecognition of financial assets and financial liabilities

<u>Derecognition of financial assets</u>

A financial asset or a part of a financial asset is derecognized when:

- the contractual rights to receive the cash flows arising from this financial asset have expired;
- the Group has transferred its contractual rights to receive the cash flows from that financial asset and has also transferred substantially all the risks and rewards related to ownership;
- the Group has retained the contractual right to collect the cash flows and has assumed at the same time an obligation to pay those cash flows to one or more recipients, subject to specific criteria.
- the Group has transferred its contractual rights to receive cash flows, as well as the control of that asset, without transferring or retaining the risks and rewards of ownership of a financial asset. If, however, the Group retains control of the transferred asset, it continues to recognize this transferred asset to the extent of its continuing involvement.

<u>Derecognition of financial liabilities</u>

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Consolidated Statement of Income.

2.16 Intangible assets

2.16.1 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 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, according to the business units that are presented in note 27. 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.

2.16.2 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.

2.16.3 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.

2.17 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.

2.18 Investment property

Property that is held for long-term rental yields or 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.

2.19 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 of the Group, refers to a clearly distinguished business operation of the Group that either has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- 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 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.

2.20 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.

2.21 Leases

A. The Group 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 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.

<u>Finance leases</u>
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. Own use 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.

2.22 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.

2.23 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 probability that an outflow will be required in the settlement of these obligations, 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.

2.24 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.

2.25 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.

2.26 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.

2.27 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 statement of financial position, and the difference between the carrying amount of a liability and the consideration paid is included in the income statement.

2.28 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.

2.29 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.

2.30 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
The valuation of assets and liabilities is carried out by introducing variables that are not based on observable market data. 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.

The valuation of shares categorized in the available for sale portfolio 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 Group´s shares in level 3 is only taken into account in case that there is evidence of impairment, else these shares are recorded at cost.

The derivatives are accounted at fair value. The fair value of the embedded derivatives are determined according to valuation techniques 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.

For the determination of the fair value of investment property, generally accepted valuation models are used by valuers that are presented in note 2.18 "Investment property" of the Group's accounting policies.

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 (levels 1-3) requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

2.31 Share capital

Group's equity, except for the common shares, includes contingent convertible bonds which were issued in the context of the recapitalization that took place in December 2015. The aforementioned contingent convertible bonds meet the requirements of equity according to the relevant provisions of IAS 32. Specific reference is made in note 42.

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.

2.32 Related party transactions

Related parties include: a) Members of the Bank Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel, c) Companies having transactions with Piraeus Bank Group, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20%, d) Bank's subsidiaries, e) Bank's associates and f) HFSF. Related parties exclude the companies to which the HFSF is considered related party. Transactions of similar nature are disclosed together. The terms of the Bank's transactions with related parties are arm's length.

2.33 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.

2.34 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.

2.35 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 related to the Group's business objectives, while assessing the effectiveness of risk management, as well as the capital adequacy in relation to the size and type of the risks assumed. In this context, business plans and targets are subject to fine tuning in order to embody current developments that may materially impact Group's risk profile.

The risk management framework is being evaluated and evolved constantly, taking into account the historical data, 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 Group 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, derivatives transactions, as well as 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, 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 Group's risk management framework. The continuous development of infrastructure, systems and methodologies aimed at quantifying and evaluating credit risk is an essential precondition in order to timely and efficiently support Management and the business units in relation to decision making, policy formulation and the 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:

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

– 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 information.

According to the Group's policy, each borrower is rated when their credit limit is initially determined and thereafter, they are systematically re-rated on at least 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 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 restructured business borrowers and 2 grades correspond to borrowers that have defaulted on their contractual obligations to the Group.

Amounts in thousand euros (Unless otherwise stated)

The following table presents the policy mapped to each rating scale:

RATING	Credit Worthiness	Policy
1 2 3 4	Excellent	Develop relationship
5 6 7	Very Strong	Develop relationship
8 9 10	Strong	Develop relationship
11 12	Good	Develop relationship in accordance to business growth
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, Systematic 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 distinct credit rating models (GSM version), 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.
– Business customers that belong to special categories (e.g. newly established businesses with inadequate financials, syndicated loans, insurance companies, natural persons, 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 Ratings - based approach (IRB).
– For 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 (ESM version), is also applied since 2005 to Group's Greek subsidiaries in the banking sector and since 2006 to all Group's foreign subsidiaries.

It's worth mentioning that every year further progress is achieved in terms of development, implementation and improvement regarding Group's foreign subsidiaries rating models.

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

1. Standard monitoring
2. Special monitoring

Credit ratings (a) 1-19 for MRA models and Manual Rating and (b) 1-7 for B model correspond to the "Standard monitoring" category. "Special monitoring", includes customers assigned 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:

1) 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.

2) 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.

3) 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.

4) 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,
- monthly disposable income (MDI),
- 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 (Probability of Default (PD) model and Loss Given Default (LGD) model) for the total retail banking portfolio and for the business banking portfolio as well. These models are validated at least semiannually 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 Group 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 Group.

b) Securities and other bills

The Group holds a portfolio of sovereign, bank and corporate debt, including Greek and international issues, bonds issued from EFSF, as well as bonds issued from the European Stability Mechanism (ESM) which were contributed by the Financial Stability Fund for its participation to Piraeus Bank's share capital increase and for covering the total issue of contingent convertible bonds in the 4th quarter of 2015. For the proper management and monitoring of risks, all positions in securities are subject to approved limits, according to the Group's policies and procedures. Reference to the receivables from EFSF bonds and ESM bonds is made in note 24.

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

Concentration risk is monitored within the Group 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 and 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 alter 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 Group'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 Group 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 Group transacts with Financial Institutions and corporate entities. The monitoring of counterparty credit limits is taking place on a daily basis. For limits are set either in nominal amounts or risk units (credit equivalent), depending on the transaction and they are revised at least annually, 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 Group 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 Group 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 Group 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 Group'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.

a) 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 Group 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:

- 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 Group 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 Group 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 the present value of the estimated future cash flows of the financial asset or group of financial assets and 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 asset's 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,
- Loan categorization as forborne.

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 advanced credit risk statistical models are 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 following:

- 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 specific 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 Comprehensive assessment exercise (AQR & Stress Test)

Piraeus Bank participated in the assessment exercise of the 4 systemic Greek Banks, performed in preparation of the ECB's undertaking their direct supervision. The results of the exercise were published on 31/10/2015.

The comprehensive assessment exercise was performed with reference to the interim balance sheet of 30 June 2015 and was comprised of the i) Asset Quality Review (AQR) which entails a detailed assessment of the book value of the Bank's domestic loan portfolio and ii) the Stress Test (ST), which was performed in the basis of a Basic (expected) and an Adverse (stressed) scenario.

The Asset Quality Review (AQR) resulted to total adjustments of € 3.2 billion.

The results indicate that the Bank's capital requirements, on a consolidated basis and before any possible mitigation actions of the capital shortfall, equal to the maximum of the following:

I. € 2,213 million under the "basic" scenario, having taken into account the results of the AQR and stress test exercise,
II. € 4,933 million under the "adverse" scenario, having taken into account the results of the AQR and stress test exercise,

Piraeus Bank submitted a revised Restructuring Plan, which was approved by the European Commission on 29 November 2015. The Bank successfully completed in December 2015 its recapitalization to cover capital needs.

Relevant information regarding share capital increase is provided in note 42.

3.1.12 Forbearance

The Group 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”.

The alignment of the Restructuring Policy of the Group 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 Group. 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 justified to be in the Bank’s 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.

Amounts in thousand euros (Unless otherwise stated)

3.2 Credit risk management

The gross amounts of loans and advances to credit institutions, reverse repos with customers, as well as debt securities receivables are summarised as follows:

	31 December 2015			31 December 2014		
	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 nor impaired	179,523	641	16,979,825	297,109	64,299	14,395,269
B) Loans and advances Past due but not impaired	-	-	5,511	-	-	5,152
C) Impaired loans and advances	-	-	23,846	-	-	23,846
Total	**179,523**	**641**	**17,009,181**	**297,109**	**64,299**	**14,424,266**

The following tables present "Loans and advances to credit institutions" and "Reverse repos with customers" by asset quality for category neither past due nor impaired.

Grades of loans and advances to credit institutions	31 December 2015	31 December 2014
Investment grade	40	46,753
Standard monitoring	137,629	216,328
Special monitoring	41,854	34,028
Total	**179,523**	**297,109**

Grades of reverse repos with customers	31 December 2015	31 December 2014
Standard monitoring	641	64,299
Total	**641**	**64,299**

The gross, as well as the net amounts of debt securities receivables are depicted in the following table. Related to the debt securities - receivables rating is note 3.5.

	31 December 2015	31 December 2014
Debt securities-receivables	17,009,181	14,424,266
Less: Allowance for impairment on debt securities receivables	(23,846)	(23,846)
Net	**16,985,336**	**14,400,421**

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to Customers are summarized as follows:

	31 December 2015			
	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 nor impaired	30,108,697	-	(638,934)	**29,469,764**
B) Loans and advances Past due but not impaired	8,485,059	-	(662,469)	**7,822,590**
C) Impaired loans and advances	29,477,243	(11,341,367)	(4,837,038)	**13,298,839**
Total	**68,070,999**	**(11,341,367)**	**(6,138,440)**	**50,591,193**

	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 nor 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**

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 SA, Geniki Bank SA and Panellinia 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)

31/12/2015	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	**12,224,303**	**3,465,024**	**382,456**	**7,474,347**	**23,546,130**	**(306,551)**	**(4,064,265)**	**19,175,313**	**14,955,433**
Mortgages	9,668,172	2,827,190	258,219	3,986,689	16,740,270	(151,999)	(1,551,646)	15,036,625	13,577,280
Consumer	1,966,249	598,835	120,016	2,734,895	5,419,995	(150,631)	(1,924,283)	3,345,081	1,376,727
Credit cards	588,352	37,105	2,378	748,937	1,376,773	(2,377)	(586,738)	787,658	-
Other	1,531	1,894	1,842	3,826	9,093	(1,545)	(1,598)	5,949	1,425
Corporate Lending	**16,524,354**	**5,015,964**	**18,425,169**	**3,178,747**	**43,144,234**	**(11,032,608)**	**(2,073,696)**	**30,037,930**	**20,902,220**
Large	8,434,861	1,828,027	6,977,043	43,247	17,283,178	(4,202,646)	(162,615)	12,917,917	6,911,191
SMEs	8,089,493	3,187,937	11,448,126	3,135,500	25,861,056	(6,829,962)	(1,911,082)	17,120,012	13,991,029
Public Sector	**1,360,040**	**4,071**	**14,939**	**1,586**	**1,380,635**	**(2,207)**	**(478)**	**1,377,950**	**1,235,552**
Greece	1,356,164	4,014	14,718	1,586	1,376,481	(2,207)	(449)	1,373,825	1,233,258
Other countries	3,876	57	221	-	4,154	-	(29)	4,125	2,294
Total	**30,108,697**	**8,485,059**	**18,822,563**	**10,654,681**	**68,070,999**	**(11,341,367)**	**(6,138,440)**	**50,591,193**	**37,093,205**

Amounts in thousand euros (Unless otherwise stated)

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**
Mortgages	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	-	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**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 3,681 million (2014: € 3,857 million) and floating rate loans amount to € 64,390 million (2014: € 69,127 million).

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:

31/12/2015	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired loans and advances to customers	Value of collateral
Retail lending	**12,224,303**	**0**	**12,224,303**	**8,766,234**
Mortgages	9,668,172	-	9,668,172	8,132,154
Consumer	1,966,249	-	1,966,249	633,282
Credit cards	588,352	-	588,352	-
Other	1,531	-	1,531	799
Corporate Lending	**14,175,965**	**2,348,390**	**16,524,354**	**8,298,902**
Large	7,308,900	1,125,961	8,434,861	3,517,545
SMEs	6,867,064	1,222,429	8,089,493	4,781,358
Public Sector	**1,357,232**	**2,808**	**1,360,040**	**1,230,073**
Greece	1,353,355	2,808	1,356,164	1,227,977
Other countries	3,876	-	3,876	2,096
Total	**27,757,499**	**2,351,198**	**30,108,697**	**18,295,210**

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**
Mortgages	10,267,174	-	10,267,174	8,805,287
Consumer	2,316,544	-	2,316,544	761,459
Credit card	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**

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:

31/12/2015	Retail Lending				Corporate Lending		Public Sector		Total past due but not impaired loans and advances to customers
	Mortgages	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
1-29 days	1,229,849	286,887	18,837	878	328,363	975,060	2,461	-	2,842,335
30-59 days	685,792	151,909	10,723	579	366,601	454,144	1,436	-	1,671,184
60-89 days	355,717	160,039	7,545	179	324,455	558,117	42	-	1,406,094
90-179 days	120,792	-	-	259	408,251	178,286	-	-	707,588
180-360 days	133,192	-	-	-	91,857	142,508	-	57	367,613
>360 days	301,848	-	-	-	284,605	592,581	75	-	1,179,109
Denounced	-	-	-	-	23,894	287,242	-	-	311,136
Total	**2,827,190**	**598,835**	**37,105**	**1,894**	**1,828,027**	**3,187,937**	**4,014**	**57**	**8,485,059**
Value of collateral	2,365,887	229,113	-	109	1,156,312	2,469,200	311	-	6,220,932

31/12/2014	Retail Lending				Corporate Lending		Public Sector		Total past due but not impaired loans and advances to customers
	Mortgages	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

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
	Mortgages	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
Gross opening balance 1.1.2015	4,062,938	2,945,360	771,742	5,838	6,828,647	14,924,917	24,182	166	**29,563,790**
Opening balance of banking activities acquired	30,336	4,334	509	0	12,130	59,293	-	-	**106,602**
Opening balance of discontinued operations	(44,118)	(35,850)	(1,954)	(243)	(40,966)	(273,706)	-	-	**(396,838)**
New impaired L&As	606,190	398,129	116,713	1,018	929,743	2,214,550	7,318	399	**4,274,061**
Transferred to non-impaired	(357,543)	(242,409)	(72,105)	(1,490)	(309,976)	(680,568)	(1,268)	(271)	**(1,665,630)**
Repayment	(74,205)	(41,191)	(31,197)	(281)	(415,627)	(523,813)	(12)	(74)	**(1,086,400)**
Impaired L&As written-off	(22,520)	(175,488)	(30,288)	(96)	(229,498)	(384,572)	-	-	**(842,462)**
Reclassification of impaired loans	229	723	(2,064)	1,111	659,018	(645,101)	(13,917)	-	**0**
Derecognition of impaired loans	-	(131)	(28)	(201)	(499,051)	(193,757)	-	-	**(693,168)**
Foreign exchange differences and other movements	43,600	1,435	(13)	11	85,870	86,384	-	-	**217,288**
Gross balance as at 31.12.2015	**4,244,908**	**2,854,912**	**751,315**	**5,667**	**7,020,290**	**14,583,627**	**16,304**	**221**	**29,477,243**
Impairment allowance	(1,354,882)	(1,756,849)	(572,169)	(2,998)	(4,214,750)	(8,274,349)	(2,408)	-	(16,178,404)
Net balance as at 31.12.2015	**2,890,026**	**1,098,063**	**179,146**	**2,669**	**2,805,540**	**6,309,278**	**13,896**	**221**	**13,298,839**

The amounts reported in the line "Reclassification of impaired loans" of the above table, relate to transfers of certain loans between SMEs and large corporate, made in the context of the periodic customer assessment regarding the fulfillment of the classification criteria in the aforementioned categories of enterprises.

Amounts in thousand euros (Unless otherwise stated)

	Retail Lending				Corporate Lending		Public Sector		Total
	Mortgages	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**
Derecognition of impaired loans	-	(1,425)	-	-	(118,989)	(22,936)	-	-	**(143,350)**
Foreign exchange differences and other movements	750	1,343	324	3	(1,521)	(68,587)	-	(1)	**(67,689)**
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**

Amounts in thousand euros (Unless otherwise stated)

3.2.4.2. Ageing analysis of impaired loans and advances to customers by product line

31/12/2015	Retail lending				Corporate lending		Public sector		Total
	Mortgages	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
Not past due	126	84	2	1	975,922	1,073,569	530	-	**2,050,234**
1-29 days	343	776	-	25	75,226	278,320	-	220	**354,910**
30-59 days	-	129	-	-	73,116	102,534	-	-	**175,779**
60-89 days	196	477	-	159	131,642	150,070	-	-	**282,543**
90-179 days	143,588	61,516	7,906	25	104,441	466,437	1,357	-	**785,270**
180-360 days	163,781	64,314	11,862	-	256,533	324,511	556	-	**821,558**
>360 days	403,320	204,451	13,831	1,264	845,068	1,792,143	1,603	-	**3,261,679**
Denounced	2,178,671	766,316	145,547	1,195	343,591	2,121,694	9,851	-	**5,566,865**
Total net amount	**2,890,026**	**1,098,063**	**179,147**	**2,670**	**2,805,540**	**6,309,277**	**13,896**	**220**	**13,298,840**
Value of collateral	3,079,239	514,332	-	518	2,237,335	6,740,471	4,970	198	**12,577,063**

31/12/2014	Retail lending				Corporate lending		Public sector		Total
	Mortgages	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**

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.

31/12/2015	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	3,617,377	398,344
50%-70%	2,742,706	300,159
71%-80%	1,454,032	131,457
81%-90%	1,362,946	234,366
91%-100%	1,345,385	252,583
101%-120%	2,220,616	155,842
121%-150%	2,020,303	274,697
Greater than 150%	1,976,904	1,314,531
Total exposure	**16,740,270**	**3,061,980**
Avg LTV	85%	175%

31/12/2014	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	4,464,443	308,563
50%-70%	3,398,198	446,425
71%-80%	1,831,248	165,566
81%-90%	1,692,861	281,401
91%-100%	1,513,796	159,382
101%-120%	2,184,234	292,192
121%-150%	1,489,854	377,602
Greater than 150%	835,556	1,096,055
Total exposure	**17,410,191**	**3,127,186**
Avg LTV	80%	158%

Commercial real estate loans, as well as the "Average loan to value ratio" have been restated, as regards to 31.12.2014, as a result of a data cleansing project that Piraeus Bank had taken on during the last semester of 2015, following the multiple data migrations in the Bank’s systems.

Amounts in thousand euros (Unless otherwise stated)

3.2.6 Repossessed collaterals

The repossessed collaterals presented below in line "Real estate" refer to property that is included in "Held for sale" and "Inventories property" in the statement of financial position.

31/12/2015	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	**882,276**	**206,569**	**(174,372)**	**(81,498)**	**707,904**	**38,041**	**(9,467)**
-Residential	494,018	112,812	(82,348)	(58,054)	411,670	26,892	(4,943)
-Commercial	388,257	93,757	(92,024)	(23,444)	296,233	11,150	(4,523)
Other collateral	**31,727**	**2,246**	**(21,543)**	**(5,788)**	**10,185**	**6,105**	**89**
Financial assets	**85,310**	**85,310**	**-**	**-**	**85,310**	**-**	**-**

Apart from the above collaterals, within 2015 the Group acquired under the same scope property of total amount € 26.4 million, but due to their different characteristics classified, according to the IFRS, as "Investment Property".

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)**

The Group grants loans which are collateralized by property. In case that these loans become defaulted, the Bank proceeds to the possession of the relevant property, when this is assessed as the best solution by the responsible, authorized for this purpose, units of the Bank and its subsidiaries.

In this context, the Bank assesses the specific characteristics of each property (such as the type and the condition of the property, the location, the possible uses, etc), the cost for acquiring the property, as compared to the value of subsequent sale or the value in use.

The aforementioned assessment is part of the Group's strategy and is in line with its objectives for profitability, liquidity and capital adequacy.

Namely to the Bank, the possession and management of property from auctions, is performed by the unit of Technical Projects and Property Management based on the approved internal procedures. The same unit reassesses periodically the best use of the acquired property.

Amounts in thousand euros (Unless otherwise stated)

The properties that are to be sold, are forwarded from the Property Sales & Tenancy Management department of the aforementioned unit to the Bank's branch network, real estate agencies or specialized subsidiaries of the Group, whereas the properties that are to be rented or own used (from the Bank or Group subsidiaries) are forwarded to the Leased Property department of the same unit, that is responsible for renting such properties as well as managing the relevant rentals. Additionally, special properties that can be utilized with further investments are examined individually.

The above mentioned activities determine the basic policy and the framework for the Group's procedures in normal conditions of the real estate market. However, due to the ongoing recession, the Group assesses alternative scenarios for the mass sale of repossessed properties or their contribution to various investment vehicles, in cooperation with external advisors, in an attempt for the rationalization of its total asset position.

3.2.7. Breakdown of collaterals and guarantees

31/12/2015	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	14,536,312	255,278	163,843	14,955,433	5,621
Corporate Lending	17,739,302	982,911	2,180,008	20,902,220	10,756,842
Public Sector	7,060	3,511	1,224,980	1,235,552	1,649
Total	**32,282,674**	**1,241,700**	**3,568,831**	**37,093,205**	**10,764,112**

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**

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	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2015	**1,170,942**	**2,122,472**	**611,506**	**3,904,920**	**11,925,937**	**9,543**	**15,840,400**
Opening balance of discontinued operations	(20,092)	(29,619)	(2,029)	(51,739)	(174,863)	(576)	(227,178)
Opening balance of new companies	24	-	-	24	14,106	-	14,130
Opening balance of banking activities acquired	14,624	1,624	493	16,741	94,641	-	111,382
Charge for the year	620,564	192,859	25,745	839,167	2,653,749	(6,109)	3,486,807
Amounts written off	(22,564)	(184,089)	(36,670)	(243,324)	(636,894)	-	(880,217)
Provision of derecognised loans	-	(354)	(29)	(383)	(702,388)	-	(702,772)
Unwinding	(78,171)	(60,415)	(9,988)	(148,573)	(179,448)	(173)	(328,194)
Foreign exchange differences and other movements	18,317	35,581	86	53,984	111,465	-	165,449
Closing balance as at 31.12.2015	**1,703,644**	**2,078,057**	**589,115**	**4,370,816**	**13,106,305**	**2,686**	**17,479,807**

	Mortgages	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**
Charge for the year	522,222	218,786	34,533	**775,542**	**2,992,037**	**(10,708)**	**3,756,870**
-From continuing operations	516,069	214,251	34,526	764,846	2,954,953	(10,960)	3,708,839
-From discontinued operations	6,153	4,536	7	10,696	37,084	252	48,032
Amounts written off	(22,403)	(236,556)	(37,188)	**(296,147)**	**(824,000)**	**(1)**	**(1,120,148)**
-From continuing operations	(22,403)	(235,052)	(33,118)	(290,573)	(823,779)	(1)	(1,114,353)
-From discontinued operations	-	(1,504)	(4,070)	(5,574)	(222)	-	(5,795)
Provision of derecognised loans from continuing operations	-	(1,425)	-	(1,425)	(232,863)	-	(234,287)
Unwinding from continuing operations	(65,805)	(51,194)	(7,099)	(124,098)	(163,516)	-	(287,614)
Foreign exchange differences and other movements	938	(1,973)	(1,607)	**(2,643)**	**(19,670)**	**39**	**(22,273)**
-From continuing operations	874	(3,001)	(2,230)	(4,357)	(28,205)	-	(32,562)
-From discontinued operations	64	1,028	623	1,715	8,535	39	10,288
Closing balance as at 31.12.2014	**1,170,942**	**2,122,472**	**611,506**	**3,904,920**	**11,925,937**	**9,543**	**15,840,400**

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

31.12.2015	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	**22,452,231**	**7,663,478**	**(4,197,380)**	**1,093,899**	**193,325**	**(173,436)**	**0**	**0**	**0**
Mortgages	16,243,563	4,175,394	(1,663,833)	496,706	69,514	(39,812)	-	-	-
Consumer	4,855,532	2,743,593	(1,952,689)	564,463	111,318	(122,225)	-	-	-
Credit cards	1,346,478	740,633	(579,271)	30,294	10,682	(9,844)	-	-	-
Other	6,657	3,857	(1,588)	2,436	1,811	(1,556)	-	-	-
Corporate Lending	**39,601,653**	**19,618,449**	**(12,148,142)**	**3,542,582**	**1,985,467**	**(958,163)**	**0**	**0**	**0**
Agriculture	1,249,520	377,948	(256,123)	110,623	65,035	(34,001)	-	-	-
Manufacturing	6,729,560	3,116,853	(1,736,858)	482,296	264,097	(125,109)	-	-	-
Energy	1,011,831	66,803	(38,264)	72,653	21,964	(13,397)	-	-	-
Commerce and services	6,179,652	3,435,286	(2,132,737)	675,490	342,930	(182,340)	-	-	-
Shipping	2,786,490	687,153	(364,460)	-	-	-	-	-	-
Coastline/ Ferries Companies	320,130	139,728	(56,236)	-	-	-	-	-	-
Construction	4,724,337	3,184,404	(1,838,710)	586,372	415,509	(228,105)	-	-	-
Transport & Logistics	1,143,355	564,038	(444,313)	167,006	78,485	(49,111)	-	-	-
Tourism	3,151,426	1,025,768	(489,404)	62,181	29,773	(8,877)	-	-	-
Financial Sector	2,745,104	1,964,955	(1,406,841)	105,312	72,669	(14,133)	-	-	-
Real Estate Companies	2,522,596	1,561,875	(838,733)	689,198	321,294	(146,497)	-	-	-
Project Finance	1,379,644	267,447	(197,208)	188,968	122,475	(73,185)	-	-	-
Other	5,658,008	3,226,191	(2,348,256)	402,484	251,239	(83,407)	-	-	-
Public Sector	**1,376,481**	**16,304**	**(2,656)**	**4,154**	**221**	**(29)**	**0**	**0**	**0**
Total	**63,430,364**	**27,298,231**	**(16,348,178)**	**4,640,635**	**2,179,013**	**(1,131,629)**	**0**	**0**	**0**

It is noted that after the disposal of Piraeus Bank Egypt S.A.E. group of companies, the Group does not have loans to other countries as at 31.12.2015.

Amounts in thousand euros (Unless otherwise stated)

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)**
Mortgages	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	-	(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)

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

2015	Interest income on non-impaired L&As	Interest income on impaired L&As	Total interest income
Retail lending	663,416	202,037	865,453
Corporate lending	1,325,334	461,879	1,787,212
Public sector	20,759	328	21,087
Total interest income	**2,009,509**	**664,244**	**2,673,753**

2014	Interest income on non-impaired L&As	Interest income on impaired L&As	Total interest income
Retail lending	779,602	202,354	981,956
Corporate lending	1,528,056	553,617	2,081,673
Public sector	28,518	264	28,782
Total interest income	**2,336,177**	**756,235**	**3,092,411**

3.4 Forbearance

Relevant to the restructuring policy is note 3.1.12.

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

Forbearance measures	Forborne L&As (net amounts)	
	31/12/2015	31/12/2014
Interest only schedule	277,286	321,928
Reduced payment schedule	2,806,663	2,285,335
Payment moratorium/ Holidays	680,934	1,058,444
Term extension	1,030,447	834,983
Arrears capitalization	886,967	886,871
Hybrid (i.e. combination of measures)	3,896,575	3,262,669
Other	742,521	1,250,300
Total net amount	**10,321,393**	**9,900,531**

3.4.2. Credit quality of forborne loans and advances to customers

31/12/2015	Total amount of L&As	Total amount of forborne L&As	% of forborne L&As
Neither past due nor impaired	30,108,697	4,994,784	16.59%
Past due but not impaired	8,485,059	2,830,938	33.36%
Impaired	29,477,243	6,149,486	20.86%
Total gross amount	**68,070,999**	**13,975,208**	**20.53%**
Individual impairment allowance	(11,341,367)	(2,721,162)	23.99%
Collective impairment allowance	(6,138,440)	(932,653)	15.19%
Total net amount	**50,591,193**	**10,321,393**	**20.40%**
Collateral received	37,093,205	8,262,239	22.27%
Total net amount less collateral value	**13,497,988**	**2,059,154**	**15.26%**

Amounts in thousand euros (Unless otherwise stated)

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%**

3.4.3. Reconciliation of Forborne Loans and Advances to Customers

	31/12/2015
Opening balance	**9,900,531**
Opening balance of discontinued operations	(101,286)
Forbearance measures in the period	4,553,713
Repayment of loans (partial or total)	(759,135)
L&As that exited forbearance status	(2,676,263)
Impairment loss	(744,110)
Foreign exchange differences and other movements	147,944
Closing balance	**10,321,393**

The reconciliation of forborne loans and advances to customers as at 31.12.2014 has not been included, as during this year, forborne loans have been calculated based on new standards. Especially, 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”. As a result, the calculation of restated figures, regarding forborne loans for the year 2013, was not possible for practical purposes.

3.4.4. Forborne loans and advances to customers by product line

	31/12/2015	31/12/2014
Retail Lending	**3,111,074**	**2,656,485**
Mortgages	2,459,114	2,038,349
Consumer	651,865	617,803
Credit cards	70	0
Other	24	333
Corporate Lending	**7,208,319**	**7,241,540**
Large	3,116,011	2,990,154
SMEs	4,092,307	4,251,387
Public Sector	**2,001**	**2,505**
Greece	2,001	370
Other countries	-	2,136
Total net amount	**10,321,393**	**9,900,531**

3.4.5. Forborne loans and advances to customers by geographical region

	31/12/2015	31/12/2014
Greece	9,814,980	9,295,921
Rest of Europe	506,413	602,237
Other countries	-	2,373
Total net amount	**10,321,393**	**9,900,531**

3.4.6. Debt to equity transactions

Piraeus Bank, in certain cases of debt restructuring agreements, participates in debt to equity transactions in an effort to make the businesses viable, so that they can meet their obligations to the Bank. The debt to equity transactions refer to renegotiation of the terms of the loan by the borrower and the Bank, aiming to the full or partial reduction of the debt with the parallel issue of the borrower's equity to the Bank. Such debt restructuring agreements, result to the Bank's control or significant influence or minority shareholding over the borrower.

Debt to equity transactions that took place during 2014 and 2015 are as follows:

2015				
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	SELONDA AQUACULTURE S.A.	33.85%	31/3/2015	20.73
2	NIREUS AQUACULTURE S.A.	33.10%	7/10/2015	25.72
3	ATTICA HOLDINGS S.A.	1.00%	18/2/2015	1.17

2014				
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	HOLDING SPECTACLES S.A.	100.00%	3/11/2014	19.81
2	ELLTHEA S.A.	87.13%	3/11/2014	16.52
3	FLEXOPACK PLASTICS S.A.	0.18%	11/12/2014	0.05
4	MARFIN INVESTMENT GROUP HOLDINGS S.A.	17.78%	18/9/2014	90.00

The capitalization of loans of subsidiaries and associates is presented in Note 47.

Amounts in thousand euros (Unless otherwise stated)

3.5 Debt securities and other eligible bills

The tables below present an analysis of bonds and treasury bills at fair value through profit or loss, bonds and treasury bills of investment portfolio, as well as debt securities - receivables by rating as at 31 December 2015, based on Standard & Poor's ratings or their equivalent:

31 December 2015	Bonds and Treasury Bills at fair value through profit or loss	Debt securities - receivables	Bonds and treasury bills of investment portfolio	Total
AAA	56	2,719,362	23,643	2,743,061
AA- to AA+	-	14,244,680	43,372	14,288,052
A- to A+	-	-	-	0
BBB- to BBB+	149,894	-	155,207	305,101
BB- to BB+	34,050	-	13,464	47,514
Lower than BB-	50,351	5,511	2,127,143	2,183,006
Unrated	-	15,783	182	15,965
Total	**234,351**	**16,985,336**	**2,363,012**	**19,582,698**

Investment securities with rating lower than BB- include mainly bonds and greek government treasury bills.

31 December 2014	Bonds and Treasury Bills at fair value through profit or loss	Debt securities - receivables	Bonds and treasury bills of investment portfolio	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**

Amounts in thousand euros (Unless otherwise stated)

3.6 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the carrying amounts of financial assets, which are exposed to credit risk. 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	41,886	137,637	-	179,523
Derivative financial instruments - assets	437,007	671	-	437,678
Bonds and Treasury Bills at fair value through profit or loss	50,462	183,889	-	234,351
Loans and advances to customers (net of provisions)	47,082,186	3,509,006	-	50,591,193
Loans to individuals	18,254,850	920,463	-	19,175,313
- Mortgages	14,579,730	456,895	-	15,036,625
- Consumer - personal loans	2,907,913	443,118	-	3,351,030
- Credit cards	767,207	20,451	-	787,658
Loans to corporate entities/ Public sector	28,827,336	2,588,543	-	31,415,879
Debt securities - receivables	16,979,825	5,511	-	16,985,336
Bonds & Treasury Bills of investment portfolio	2,046,297	316,715	-	2,363,012
Reverse repos with customers	-	641	-	641
Other assets	1,979,468	76,619	886	2,056,973
As at 31 December 2015	**68,617,131**	**4,230,689**	**886**	**72,848,706**
As at 31 December 2014	**69,958,210**	**6,077,041**	**823,006**	**76,858,257**

Amounts in thousand euros (Unless otherwise stated)

b) Industry sectors

The following table breaks down the carrying amounts per industry sector of financial assets that are exposed to credit risk. The allocation has been made according to the business sector of each counterparty.

	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	179,523	-	-	-	-	-	-	-	-	-	-	-	-	**179,523**
Derivative financial instruments - assets	17,187	1,068	-	808	27,886	131	347,370	2,966	-	-	14,034	26,228	-	**437,678**
Bonds and Treasury Bills at fair value through profit or loss	56	-	-	-	-	-	234,295	-	-	-	-	-	-	**234,351**
Loans and advances to customers (net of provisions)	1,429,442	5,349,890	3,243,893	2,226,564	1,298,219	4,540,066	1,377,950	2,685,924	2,715,325	1,070,019	1,849,760	3,628,828	19,175,313	**50,591,193**
Loans to individuals (retail customers)	-	-	-	-	-	-	-	-	-	-	-	-	19,175,313	**19,175,313**
Loans to corporate entities and public sector loans	1,429,442	5,349,890	3,243,893	2,226,564	1,298,219	4,540,066	1,377,950	2,685,924	2,715,325	1,070,019	1,849,760	3,628,828	-	**31,415,879**
Debt securities-receivables	5,012	5,511	-	-	-	-	16,964,042	-	-	-	-	10,771	-	**16,985,336**
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	-	641	**641**
Bonds, treasury bills and other variable income securities of Investment portfolio	4,740	-	-	182	-	-	2,370,610	-	-	-	-	-	-	**2,375,533**
Other assets	184,441	26,202	4,452	4,903	9	29,256	1,124,088	1,520	137	57	644	466,785	214,477	**2,056,973**
Balance at 31st December 2015	**1,820,401**	**5,382,670**	**3,248,345**	**2,232,458**	**1,326,114**	**4,569,453**	**22,418,356**	**2,690,410**	**2,715,463**	**1,070,076**	**1,864,438**	**4,132,612**	**19,390,431**	**72,861,227**
Balance at 31st December 2014	**2,362,902**	**5,885,026**	**3,919,374**	**2,568,891**	**1,310,455**	**5,003,993**	**20,613,486**	**3,072,461**	**2,838,648**	**1,192,398**	**2,225,152**	**4,674,192**	**21,221,502**	**76,888,480**

In public sector loans amounting to (€ 1.4 billion) as at 31.12.2015, the seasonal loan to OPEKEPE (€ 1 billion) is also included. In line "Bonds, treasury bills and other variable income securities of Investment portfolio" of the above table, other variable income securities are also included. For this purpose, the total amount of public sector for the comparative year 2014 has been restated.

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	519,017	411,235	1,112,000	23,096	166,216	213,248	2,173	-	100,583	15,105	112,153	289,361	243	**2,964,431**
Letters of Credit	6	12,589	-	-	-	6,624	-	-	-	30	-	11,067	-	**30,316**
Undrawn committed credit facilities	25,778	36,680	12,547	11,898	12,803	55,846	-	-	15,636	5,730	45,864	40,008	105,274	**368,064**
Balance at 31st December 2015	**544,801**	**460,504**	**1,124,548**	**34,994**	**179,019**	**275,718**	**2,173**	**0**	**116,219**	**20,866**	**158,017**	**340,436**	**105,516**	**3,362,810**
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**
Undrawn committed credit facilities	25,154	63,617	14,322	1,713	5,477	70,163	65	158	7,451	8,058	116,934	73,874	126,203	**513,189**
Balance at 31st December 2014	**413,648**	**602,956**	**1,217,383**	**42,124**	**102,184**	**328,306**	**12,386**	**158**	**105,885**	**24,421**	**276,029**	**452,940**	**127,498**	**3,705,919**

The presentation of undrawn credit facilities for 2014 has changed for comparability purposes and consists of committed undrawn credit facilities.

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 statement of 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 International Swaps and Derivatives Association (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 31/12/2015 and 31/12/2014, given that the netting criteria mentioned in the first case (i) are not fulfilled.

The following tables, present the recognized on 31/12/2015 and 31/12/2014 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 Global Master Repurchase Agreement (GMRA).

Amounts in thousand euros (Unless otherwise stated)

31/12/2015	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	434,328	-	434,328	236,289	-	198,039
Total	**434,328**	**0**	**434,328**	**236,289**	**0**	**198,039**

31/12/2015	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	450,660	-	450,660	-	444,667	5,993
Repurchase agreements	1,705,549	-	1,705,549	-	1,428	1,704,121
Total	**2,156,209**	**0**	**2,156,209**	**0**	**446,095**	**1,710,114**

31/12/2014	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	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	-
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**

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.

Amounts in thousand euros (Unless otherwise stated)

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 31/12/2015, was € 3.81 million. This estimate consists of € 2.81 million for interest rate risk and € 2.68 million for foreign exchange risk. There is a reduction in the Value-at-Risk estimate of € 1.68 million due to the diversification effect in the portfolio.

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, € 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 portfolio.

The VaR of the Group's trading book was reduced due to a reduction in Greek Government Bonds.

The above are summarized as follows :

million €	Piraeus Bank Trading Book Group - Total VaR	VaR Interest Rate Risk	VaR Equity Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
2015	**3.81**	**2.81**	**0**	**2.68**	**0**	**-1.68**
2014	**4.15**	**3.33**	**0**	**2.64**	**0.07**	**-1.88**

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 risk as at 31/12/2015. 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:

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2015	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with central Banks	3,022,283	117,135	45,880	6,983	23,655	428,885	3,644,821
Loans and advances to credit institutions	87,957	52,901	2,175	-	36,490	-	179,523
Derivative financial instruments - assets	419,707	2,990	-	-	14,322	658	437,678
Financial instruments at fair value through profit or loss	90,512	2,155	-	-	-	147,731	240,398
Reverse repos with customers	-	-	-	-	-	641	641
Loans and advances to customers (net of provisions)	44,533,139	2,926,787	63,072	107,588	2,307,765	652,842	50,591,193
Debt securities - receivables	16,979,825	5,511	-	-	-	-	16,985,336
Investment securities	2,611,596	26,357	-	-	-	101,916	2,739,869
Other assets	1,986,470	41,110	85	53	7	29,247	2,056,973
Assets from discontinued operations	1,348,786	36,822	8,366	97	32,522	6,731	1,433,324
Total financial assets	**71,080,274**	**3,211,769**	**119,579**	**114,720**	**2,414,762**	**1,368,652**	**78,309,756**
Foreign exchange risk of liabilities							
Due to credit institutions	34,410,857	9,231	110	-	28,210	42,176	34,490,583
Liabilities at fair value through profit or loss	2,499	-	-	-	-	-	2,499
Derivative financial instruments - liabilities	408,028	36,557	1	-	-	1,233	445,819
Due to customers	35,631,588	1,480,754	117,877	3,774	19,767	1,698,120	38,951,880
Debt securities in issue	102,314	-	-	-	-	-	102,314
Other liabilities	1,048,871	3,668	-	-	64,621	454,037	1,571,197
Liabilities from discontinued operations	798,589	151,162	21,988	24	1,187	9,606	982,557
Total financial liabilities	**72,402,745**	**1,681,372**	**139,976**	**3,798**	**113,785**	**2,205,172**	**76,546,848**
Net on-balance sheet financial position	**(1,322,471)**	**1,530,397**	**(20,398)**	**110,922**	**2,300,977**	**(836,520)**	**1,762,908**
Net position of non financial assets - liabilities	**(2,181,686)**	**33,561**	**723**	**-**	**(14,327)**	**779,189**	**(1,382,540)**
Net Off balance sheet items	**3,414,127**	**(1,555,204)**	**19,002**	**(110,465)**	**(2,203,290)**	**60,926**	**(374,904)**
Currency position	**(90,030)**	**8,754**	**(673)**	**457**	**83,360**	**3,596**	**5,464**

At 31 December 2014	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	72,051,786	3,805,612	127,489	165,307	2,583,387	2,283,916	81,017,497
Total financial liabiities	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**

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.

In the table, assets and liabilities in foreign currency are converted into € using the FX rates as of 31/12/2015.

At 31 December 2015	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	3,426,558	17	86	58,335	274	159,550	3,644,821
Loans and advances to credit institutions	142,331	36,289	-	-	-	903	179,523
Reverse repos with customers	401	230	-	-	-	11	641
Financial instruments at fair value through profit or loss	30,060	-	5,755	148,184	50,351	6,047	240,398
Loans and advances to customers (net of provisions)	39,095,789	6,632,915	3,586,843	774,500	501,145	-	50,591,193
Debt securities - receivables	-	-	-	9,796,898	7,188,438	-	16,985,336
Investment securities	10,742	966,271	740,938	506,533	138,529	376,857	2,739,869
Other assets	17,360	4,491	6,408	-	64	2,028,651	2,056,973
Total financial assets	**42,723,242**	**7,640,213**	**4,340,030**	**11,284,449**	**7,878,801**	**2,572,019**	**76,438,754**
Liabilities							
Due to credit institutions	31,738,698	45,893	5,979	2,700,006	-	8	34,490,583
Due to customers	30,629,388	4,900,861	3,162,496	163,478	516	95,141	38,951,880
Liabilities at fair value through profit or loss	-	-	-	2,499	-	-	2,499
Debt securities in issue	45,749	56,162	245	157	-	-	102,314
Other liabilities	7,719	121	50,948	49,953	279,312	1,183,143	1,571,196
Total financial liabilities	**62,421,554**	**5,003,038**	**3,219,668**	**2,916,092**	**279,828**	**1,278,292**	**75,118,472**
Net notional amount of derivative financial instruments	**(85,505)**	**(338,921)**	**(85,410)**	**0**	**0**	**0**	**(509,836)**
Total interest rate gap	**(19,783,817)**	**2,298,254**	**1,034,952**	**8,368,357**	**7,598,973**	**1,293,727**	**810,447**

Amounts in thousand euros (Unless otherwise stated)

Figures of the comparative year are presented below :

At 31 December 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	47,973,680	8,798,846	19,002,808	1,705,846	615,013	2,412,376	80,508,569
Total financial liabiities	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)**

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 Group 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 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 November 2014, the Group is supervised by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB), in collaboration with the Central Bank of Greece.

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). According to European Regulation, the Liquidity Coverage Ratio (LCR) limit of 60% was introduced in 1/10/2015. Piraeus Bank LCR is below the required limit, due to Greece economic conditions and the use of the Emergency Liquidity Assistance (ELA) mechanism.

Moreover, Piraeus Group 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).

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

During the first half of 2015 Piraeus Group deposits decreased by € 16,000 million, due to increased political and financial uncertainty. The Greek banking system experienced a significant outflow of deposits, which was stopped by the Greek government, with the imposition of capital controls. At 31/12/2015 total deposits of Piraeus Group amounted to € 38,952, (€ 54,730 at 2014).

In the first half of the 2015, Piraeus Group had limited access to the interbank repo market, creating an additional funding gap, compared to 31/12/2014. At the end of the second half of 2015, the Greek banking sector was stabilized and Piraeus Group returned to the interbank repo market. It acquired funding, through repo transactions, of € 1,706 million (2014: € 8,935 million).

The funding gap, created by the deposits outflow and deterioration of interbank funding, was covered through the use of the Emergency Liquidity Assistance (ELA) mechanism. Piraeus Group acquired funding of € 16,700 million through the use of ELA. Funding from the European Central Bank (ECB) amounted to € 15,980 million, slightly higher as compared to December of 2014 (€ 14,100 million). The Bank in order to raise funding from ECB, collateralizes mainly bonds issued from the European Stability Mechanism (ESM) and bonds issued from the European Financial Stability Fund (EFSF). During the financial year 2015, the available acceptable collaterals for funding by ECB were increased, due to a) the receipt of ESM bonds, of nominal value € 680 million, for the Financial Stability Fund’s participation in the Bank’s share capital increase as well as due to b) the receipt of ESM bonds of nominal value € 2,040 million, in the context of the exclusive participation of the HFSF in the Bank’s issue of contingent convertible bonds. Reference to the funding from the Eurosystem is made in notes 32 and 41.

At the end of 2015, Piraeus Group completed successfully its Capital Increase, improving liquidity. Moreover, during 2015, there was a reduction in the cost of deposits.

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 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 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	31,734,086	6,926	3,669	2,753,329	18,729	34,516,737
Due to customers	30,676,914	4,833,889	3,231,656	182,936	103,626	39,029,021
Liabilities at fair value through profit or loss	-	-	-	2,499	-	2,499
Debt securities in issue	53	140	725	102,338	-	103,257
Other liabilities	1,046,856	82,543	63,842	97,223	281,834	1,572,298
Total liabilities (contractual maturity dates)	**63,457,909**	**4,923,498**	**3,299,891**	**3,138,325**	**404,189**	**75,223,812**
Total assets (expected maturity dates)	**5,218,738**	**2,938,240**	**5,445,539**	**31,184,545**	**37,765,113**	**82,552,175**

In ‘Due to Credit Institutions’ in the ‘up to 1 month’ time band, Emergency Liquidity Assistance (ELA) funding and European Central Bank (ECB) funding is included, as they have an initial contractual maturity of 1 week.

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)

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 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	-	-	-	-	-	0
-Interest rate derivatives	250	1,473	(228)	8,516	7,147	17,158
-Other derivatives	-	-	2	-	-	2
Derivatives held for fair value hedging						
-Foreign exchange derivatives	-	-	-	-	-	0
-Interest rate derivatives	-	-	-	-	-	0
Total	**250**	**1,473**	**(226)**	**8,516**	**7,147**	**17,160**

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**

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 2015	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	(823,466)	(514,018)	(2,098,203)	(1,222,021)	(144,887)	(4,802,595)
Inflow	813,895	502,448	1,924,215	1,055,583	119,116	4,415,258

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

biii) Off Balance Sheet Items

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	122,102	78,106	619,620	2,139,952	4,652	**2,964,431**
Letters of Credit	10,631	14,617	4,839	-	229	**30,316**
Undrawn committed credit facilities	32,538	10,868	99,807	154,875	69,975	**368,064**

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**
Undrawn committed credit facilities	85,639	14,491	175,700	126,229	111,131	**513,189**

The presentation of undrawn credit facilities for 2014 has changed for comparability purposes and consists of committed undrawn credit facilities.

Amounts in thousand euros (Unless otherwise stated)

3.12 Transfers of financial assets

According to the provisions of IFRS 7, the Group transfers all or part of a financial asset if and only if: (a) transfers its contractual rights to receive the cash flows from that financial asset or (b) retains the contractual rights to collect the cash flows and assumes at the same time an obligation to pay those cash flows to one or more recipients.

In the context of its usual operation, the Group transfers financial assets to third parties or special purpose vehicles, which are not derecognized from its balance sheet, as the Group is exposed to the risks and rewards arising from these financial assets. It shall be noted that the Group has not transferred any financial assets, which are recognized in the financial statements to the extent of its continuing involvement.

The carrying amount of the financial assets that have been transferred but are still recognized in the Statements of Financial Position, as well as the carrying amount of the liabilities associated with the aforementioned assets are as follows:

	Transferred assets			Associated liabilities		
31/12/2015	Carrying amount	Of which: securitizations	Of which: repurchase agreements	Carrying amount	Of which: securitizations	Of which: repurchase agreements
Financial assets at fair value through profit or loss	31,492	-	22,785	25,892	-	22,193
Available-for-sale financial assets	1,223,063	-	30,762	534,445	-	27,954
Loans and advances to customers (gross amounts)	30,875,157	6,108,753	-	13,151,046	1,897,006	-
Debt securities	16,898,862	-	1,666,333	16,953,511	-	1,655,405
Total	**49,028,574**	**6,108,753**	**1,719,880**	**30,664,893**	**1,897,006**	**1,705,552**

	Transferred assets			Associated liabilities		
31/12/2014	Carrying amount	Of which: securitizations	Of which: repurchase agreements	Carrying amount	Of which: securitizations	Of which: repurchase agreements
Financial assets at fair value through profit or loss	114,442	-	36,929	90,289	-	37,301
Available-for-sale financial assets	1,395,809	-	314,082	1,265,045	-	311,730
Loans and advances to customers (gross amounts)	10,270,972	6,224,232	-	2,709,291	135,607	-
Debt securities	14,268,783	-	8,530,585	14,170,772	-	8,461,441
Total	**26,050,006**	**6,224,232**	**8,881,596**	**18,235,398**	**135,607**	**8,810,472**

Securitisation

The Group securitises mortgages, corporate and consumer loans as well as credit cards and current accounts, through special purpose entities, that are consolidated in the Bank, in order to raise funding. The aforementioned special purpose entities have proceeded to the issuance of securities. The Group retains substantially the risks and rewards of the aforementioned financial assets and as a result does not proceed to their derecognition from the Statement of Financial Position.

Raising funding through the Eurosystem and repurchase agreements

The Group raises funding from the Eurosystem through pledging securities. Additionally, the Group proceeds to repurchase agreements. The aforementioned securities do not qualify for derecognition from the balance sheet, as the Group retains substantially all the risks and rewards of the securities.

Amounts in thousand euros (Unless otherwise stated)

3.13 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 the Group's balance sheet at fair value.

Assets	Carrying Value		Fair Value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Loans and advances to credit institutions	179,523	297,109	179,523	297,109
Loans and advances to customers (net of provisions)	50,591,193	57,143,022	48,749,756	56,297,826
-Loans to individuals	19,175,313	20,970,274	18,108,320	20,838,404
-Loans to corporate entities	30,037,930	33,899,240	29,280,616	33,185,914
-Loans to public sector	1,377,950	2,273,508	1,360,820	2,273,508
Debt securities - receivables	16,985,336	14,400,421	17,286,346	14,767,831
Reverse repos with customers	641	64,299	641	64,299
Held to maturity investment securities	182	27,180	182	27,180

Liabilities	Carrying Value		Fair Value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Due to credit institutions	34,490,583	23,690,330	34,490,583	23,690,330
Due to customers	38,951,880	54,732,834	38,951,880	54,732,834
Debt securities in issue	102,314	661,350	75,354	532,149
Hybrid capital and other borrowed funds	-	232,381	-	193,378
Obligations under finance leases	347,702	326,117	347,702	326,117

The fair values as at 31/12/2015 of loans and advances to credit institutions, reverse repos with customers, due to credit institutions, due to customers and obligations under finance leases 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 as at 31/12/2015 and 31/12/2014, is presented in the tables below:

Analysis of fair values in levels as at 31/12/2015	Level 2	Level 3	Total
Assets			
Loans and advances to customers (net of provisions)	-	48,749,756	**48,749,756**
-Loans to individuals	-	18,108,320	**18,108,320**
-Loans to corporate entities	-	29,280,616	**29,280,616**
-Loans to public sector	-	1,360,820	**1,360,820**
Debt securities-receivables	17,286,346	-	**17,286,346**
Liabilities			
Debt Securities in Issue	75,354	-	**75,354**
Hybrid Capital and Other Borrowed funds	-	-	**0**

Analysis of fair values in levels as at 31/12/2014	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:

<u>Level 1</u>
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.

<u>Level 2</u>
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).

<u>Level 3</u>
The valuation of assets and liabilities is carried out by introducing variables that are not based on observable market data. 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 Group uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The Group, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions. The fair value of the Group´s 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 derivatives of the convertible bonds issued by Marfin Investment Group and Nireus S.A., are included in level 3 of derivative financial assets.

The aforementioned derivatives are accounted at fair value. The fair value of the embedded derivatives are determined according to valuation techniques 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 2.18 “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 as at 31/12/2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivative financial instruments - assets	2	435,480	2,197	**437,678**
Financial instruments at fair value through profit or loss				
- Bonds	50,462	159,278	-	**209,740**
- Treasury bills	24,611	-	-	**24,611**
- Shares & other variable income securities	6,046	1	-	**6,047**
Available for Sale Securities				
- Bonds	468,420	224,960	-	**693,380**
- Shares & other variable income securities	142,863	3,044	230,951	**376,857**
- Treasury bills	1,621,695	47,754	-	**1,669,449**
Liabilities				
Derivative financial instruments - liabilities	-	445,819	-	**445,819**
Liabilities at fair value through profit or loss	2,499	-	-	**2,499**

Amounts in thousand euros (Unless otherwise stated)

Assets & Liabilities measured at fair value as at 31/12/2014	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				
- Bonds	111,808	172,949	-	**284,757**
- Treasury bills	13,498	-	-	**13,498**
- Shares & other variable income securities	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 examines transfers between fair value hierarchy levels at the end of each reporting period.

For assets and liabilities valued at fair value on 31/12/2015 and 31/12/2014, no transfer from level 1 to level 2 and vice versa occurred during 2015 and 2014.

The following tables present the movement of derivative financial instruments - assets and shares of the available for sale portfolio within level 3 as at 31/12/2015 and 31/12/2014:

Reconciliation of level 3 items (2015)	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening balance 1/1/2015	18,488	184,772
Opening balance of new companies	-	311
Opening balance of discontinued companies	-	(16,370)
Profit/ (loss) for the year	(17,549)	-
Other comprehensive income	-	69,452
Shares purchases	1,258	5,107
Impairment	-	(12,062)
Disposals	-	(16)
FX differences and other movements	-	(244)
Closing balance 31/12/2015	**2,197**	**230,950**

Reconciliation of level 3 items (2014)	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)
Other comprehensive income	-	36
Shares purchases	35,000	(240)
Impairment	-	(9,904)
Disposals	(18,960)	(151)
FX differences	-	859
Closing balance 31/12/2014	**18,488**	**184,772**

The following tables present the sensitivity analysis of level 3 available for sale securities and derivative financial instruments - assets:

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	31/12/2015	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(22)
Derivative financial instruments - assets	5	(5)
Equity Statement		
Available for sale shares & other variable income securities	16	(1)

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	31/12/2014	
	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)

The estimation of the change in the value of the shares of available-for-sale portfolio 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 fair 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 Group based on prior experience, adjusts further where necessary, these values so as to assess the possible changes.

3.14 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 3rd 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.

3.15 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. For the transposition of Directive 2013/36/EU, Greece adopted L.4261/2014.

The aforementioned regulatory framework requires financial institutions to maintain on a consolidated level a minimum level of regulatory capital related to the undertaken risks. The minimum thresholds for the 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's 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 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 Group's management business plans and
- Maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

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Amounts in thousand euros (Unless otherwise stated)

Presented below, are the year-end capital adequacy ratios as at 31/12/2014 and 31/12/2015 for Piraeus Bank Group as calculated under the current regulatory framework, taking into account all relevant transitional period provisions applicable under Regulation (EU) No. 575/2013

	31 December 2015	31 December 2014
Ordinary shares	2,619,955	1,830,594
Share premium	13,074,688	11,393,315
Contingent Convertible bonds	2,040,000	-
Less: treasury shares	(460)	-
Available for sale reserve	43,779	(38,384)
Legal reserve and other reserves	(29,683)	(54,069)
Retained earnings	(7,840,635)	(5,921,295)
Minority Interest	112,882	112,081
Less: intangible assets	(275,031)	(313,873)
Total regulatory adjustments on Core Tier I capital	(296,039)	(123,647)
Total Core Tier I capital	**9,449,455**	**6,884,722**
Hybrid capital	-	16,373
Total regulatory adjustments on Tier I capital	-	(16,373)
Total Tier I capital (A)	**9,449,455**	**6,884,722**
Subordinated debt	-	216,008
Total regulatory adjustments on Tier II capital	-	(140,405)
Total Tier II Capital (B)	**0**	**75,603**
Regulatory capital (A) + (B)	**9,449,455**	**6,960,325**
Total risk weighted assets (on and off- balance sheet items)	**54,035,697**	**55,719,654**
Common Equity Tier 1 ratio	**17.5%**	**12.4%**
Tier I ratio	**17.5%**	**12.4%**
CAD ratio	**17.5%**	**12.5%**

During 2015, following the agreement between Greece and the institutions, the Single Supervisory Mechanism (SSM) of the ECB carried out a Comprehensive Assessment, the results of which are provided in note 3.1.11.

Piraeus Bank Group, through coordinated actions with the competent authorities and by a series of own initiatives (share capital increase, disposal of subsidiaries, liabilities management exercise etc) managed to successfully cover its capital needs. Relevant reference is provided in note 42.

3.16 Risk related to the recognition claims (Tax Credits) against the Greek State

The calculation of the capital adequacy ratios of the Group, takes into account the deferred tax assets which have been recognized on the basis of the relevant provisions of the IFRS´s. On 31/12/2015, the deferred tax asset of the Group amounted to € 5.1 billion approximately (31/12/2014: € 4.0 billion).

On each reporting date, the Group proceeds to the estimation of the deferred tax assets, which is likely to lead to a change of their amount in the balance sheet, and consequently to affect the calculation of capital adequacy ratios.

Under the current directive about the capital adequacy (“CRD IV”), deferred tax assets which are recognized according to the IFRS´s and are based on the future profitability of the Group, are deducted from the Common Equity Tier 1 capital (“CET1”) if they exceed specific limits. However, according to Article 27A of Law 4172/2013, as added with par. 1 of article 23 of Law 4302/2014 and replaced by then in force with article 4 of Law 4340/2015, concerning deferred tax assets, it is allowed under conditions to credit institutions, from 2017 onwards, to transform deferred tax assets, that have been recognized due to losses from the Private Sector Involvement “PSI” and accumulated provisions due to credit risk in relation to existing receivables as of 30 June 2015, into directly enforceable claims (tax credits) against the Greek State. In this case, these tax credits are not deducted from the CTE1, but are included in the risk weighted assets of the Group based on the current weights.

On 31/12/2015, the deferred tax assets of the Group, which met the above conditions, amounted to € 4.1 billion, of which € 1.4 billion relates to the remaining unamortized amount of debit difference from the participation of the Private Sector Involvement program PSI and € 2.7 billion relates to the differences between the IFRS accumulated provisions for loan impairments and the respective tax provisions.

The recognition of deferred tax assets as well as their probable conversion to claims against the Greek State (Tax Credits) can be adversely affected by: a) the future reduction of income tax rates, b) the adverse change of the regulations governing the treatment of deferred tax assets for regulatory capital purposed and c) any adverse change in the interpretation of the aforementioned legislative amendments by the European Commission. In case where any of the aforementioned risks occurs, it would probably have an adverse effect on the adequacy of the Group´s regulatory capital.

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

The preparation of the annual consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most important areas where the Group uses accounting estimates and judgements, in applying its 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 losses. Relevant to the adjustment in the estimates for the impairment test of loans, performed by the Group in 2015, is note 23 of the consolidated financial statements.

4.2. Fair value of over the counter derivative instruments

The fair value of derivative financial instruments that are traded over the counter (OTC), with banking counterparties, is determined by using commonly accepted valuation models. These valuation models use observable data. Where this is not possible, estimates and assumptions are required by Management concerning the parameters that affect the fair value of derivatives. These assumptions and estimates are assessed regularly and when market conditions change significantly.

The fair value for derivative financial instruments includes adjustments for the credit risk in a bilateral derivative transaction (CVA/ DVA). The calculation of credit adjustments takes 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 (as per the ISDA-CSA contracts in force).

In addition, 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.

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

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.

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. Estimation of property fair value

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

Own-use properties are tested for impairment, when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value-in-use.

Inventories are measured at the lower of cost and net realizable value. The net realizable value is the estimated selling price less any expenses necessary to conclude the sale.

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.

On 31/12/2015, for the fair value measurement of the Bank´s properties was selected a sample of investment properties, own-use and inventory properties. The valuation of these properties was assigned to independent valuers. The results of the valuations were extrapolated to the remaining property population depending on the category, the type and the location of the property.

On 31/12/2015, the subsidiary companies of the Group applied the procedures of the Bank regarding the valuation of their real estate property, adjusted to the specific conditions of every company.

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 recognised but the relevant event is disclosed in the 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 and its subsidiaries or even independent legal advisors where the amount under assessment is material.

4.7. Recoverability of Deferred Tax Assets

The 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 appropriate 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 revised Restructuring Plan approved as of 29 November 2015, by the European Commission, 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.

4.8. Assets from discontinued operations

In “Assets from discontinued operations”, the Group includes the assets of the subsidiary companies that meet the classification requirements as discontinued operations in accordance with the relevant provisions of I.F.R.S. 5. For these subsidiary companies, the Management of the Bank makes estimates regarding the potential completion of the transaction, namely the sale of the subsidiary company, within a year of initial the classification, in accordance with I.F.R.S. 5.

4.9. 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 Combinations”. 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 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. Reference to goodwill is made in note 27 of the annual consolidated financial statements.

Amounts in thousand euros (Unless otherwise stated)

4.10. Greek public sector

Piraeus Bank's management makes significant estimates and assumptions regarding the progress of the Greek economy. The economic situation in Greece creates uncertainties that may affect the creditworthiness of the Greek public sector. Reference to the Management's estimates concerning the economic developments is made in note 2.

As at 31 December 2015, the total carrying value of the Group's receivables from Greek Public Sector is as follows:

	2015	2014
Derivative financial instruments - assets	347,370	393,286
Bonds and treasury bills at fair value through profit or loss	50,351	110,151
Loans to corporate entities/ Public sector	1,.373,825	2,211,493
Bonds, treasury bills and other variable income securities of investment portfolio	2,034,992	1,867,552
Other Assets	1,113,843	977,559
Total	**4,920,381**	**5,560,041**

5 Segment analysis

a) By business segment

Piraeus Bank Group has defined the following business segments:

Retail Banking - This segment includes the retail banking operations 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 operations 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.

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)

1/1-31/12/2015	**Retail Banking**	**Corporate Banking**	**Investment Banking**	**Asset Management & Treasury**	**Other business segments**	**Group**
Net interest income	1,491,306	619,472	764	116,143	(350,465)	**1,877,220**
Net fee and commision income	251,897	35,737	3,116	11,394	3,515	**305,659**
Other income	81,271	3,462	3,669	54,033	67,794	**210,229**
Net Income	**1,824,474**	**658,672**	**7,549**	**181,569**	**(279,156)**	**2,393,107**
Depreciation and amortisation	(39,436)	(2,986)	(344)	(2,762)	(66,250)	**(111,778)**
Other operating expenses	(1,113,591)	(96,839)	(10,660)	(64,222)	(75,591)	**(1,360,903)**
Results before provisions, impairment and income tax	**671,447**	**558,848**	**(3,455)**	**114,585**	**(420,998)**	**920,426**
Impairment losses on loans	(2,557,116)	(929,691)	-	-	-	**(3,486,807)**
Impairment on other receivables	(45,390)	(647)	(488)	-	(110,990)	**(157,515)**
Impairment on participation and investment securities	-	-	-	-	(27,180)	**(27,180)**
Impairment of tangible and intangible assets	(14,630)	-	-	-	(105,669)	**(120,299)**
Impairment on assets held for sale	-	-	-	-	(9,342)	**(9,342)**
Other provisions	(6,247)	(3,154)	(345)	-	(26,724)	**(36,470)**
Share of profit of associates	-	-	-	-	(12,766)	**(12,766)**
Results before tax	**(1,951,936)**	**(374,645)**	**(4,288)**	**114,585**	**(713,669)**	**(2,929,953)**
Income tax						1,068,562
Results after tax from continuing operations						**(1,861,390)**
Results after income tax from discontinued operations						(34,606)
Results after tax						**(1,895,996)**
As at 31 December 2015						
Total assets	42,188,993	12,780,445	62,519	21,168,524	11,327,734	**87,528,216**
Total liabilities	38,280,576	1,613,651	36,393	35,642,757	1,934,313	**77,507,690**
Capital expenditure	175,066	22,148	244	1,802	113,577	**312,837**

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	1,338,750	721,069	1,172	95,224	(203,338)	**1,952,877**
Net fee and commision income	240,755	49,532	8,116	13,616	1,874	**313,893**
Other income	51,587	163,986	1,819	(49,450)	16,992	**184,934**
Net Income	**1,631,092**	**934,587**	**11,107**	**59,389**	**(184,472)**	**2,451,704**
Depreciation and amortisation	(42,539)	(3,651)	(393)	(1,458)	(66,499)	**(114,541)**
Other operating expenses	(1,104,815)	(97,890)	(11,588)	(63,730)	(50,426)	**(1,328,449)**
Results before provisions, impairment and income tax	**483,737**	**833,046**	**(874)**	**(5,799)**	**(301,396)**	**1,008,714**
Impairment losses on loans	(2,896,232)	(810,373)	(2,234)	-	-	**(3,708,839)**
Impairment on other receivables	(6,261)	(4,904)	-	-	(154,156)	**(165,321)**
Impairment on participation and investment securities	-	-	-	-	(87,367)	**(87,367)**
Impairment of tangible and intangible assets	(42,502)	-	-	-	(11,871)	**(54,373)**
Impairment on assets held for sale	(1,440)	(710)	-	-	-	**(2,150)**
Other provisions	(3,233)	(355)	-	-	(6,004)	**(9,592)**
Share of profit of associates	-	-	-	-	4,696	**4,696**
Results before tax	**(2,465,931)**	**16,704**	**(3,108)**	**(5,799)**	**(556,099)**	**(3,014,232)**
Income tax						1,068,985
Results after tax from continuing operations						**(1,945,248)**
Results after income tax from discontinued operations						(26,746)
Results after tax						**(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)

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.

Capital expenditure includes additions of intangible and tangible assets that took place during the periods 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, that are managed by the Bank's Recovery Business Unit (RBU) that was established during 2014.

31 December 2015	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	19,037,227	(9,853,613)	9,183,614
Mortgages	4,748,082	(1,344,007)	3,404,075
Consumer	3,357,285	(2,161,579)	1,195,706
Total	**27,142,594**	**(13,359,199)**	**13,783,394**

31 December 2014	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
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 € 426,154 thousand (31/12/2014:€ 430,828 thousand).

b) By geographical segment

The Group operates in 3 main geographical areas. Greece is the home country of Piraeus Bank. The areas of operations in Greece include all the primary business segments.

In Rest of Europe, the countries in which the Group operates include Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom, Luxemburg and Germany.

The 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 2015	Net Revenues	Non current assets
Greece	2,115,108	2,363,650
Rest of Europe	231,194	389,878
Other countries	46,805	30,702
Continuing Operations	**2,393,107**	**2,784,231**
Discontinued Operations	**125,005**	**87,567**

Amounts in thousand euros (Unless otherwise stated)

31 December 2014	Net Revenues	Non current assets
Greece	2,148,874	2,253,549
Rest of Europe	301,793	401,535
Other countries	1,037	83,435
Continuing Operations	**2,451,704**	**2,738,518**
Discontinued Operations	**110,690**	**45,630**

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 2015 includes the results of ATE Insurance S.A., ATE Insurance Romania S.A., Piraeus Bank Cyprus LTD group of companies and Piraeus Bank Egypt S.A.E. group of companies until the date of their disposal.

Concerning discontinued operations, the year of 2015 includes the non current assets of ATE Insurance S.A., ATE Insurance Romania S.A. and Piraeus Bank Cyprus LTD group of companies.

6 Net interest income

	1/1-31/12/2015	1/1-31/12/2014
Interest income		
Interest on fixed income securities	168,430	172,697
Interest on loans and advances to customers and repos	2,673,824	3,093,879
Interest on loans and advances to credit institutions	110,928	87,211
Other interest income	14,295	13,917
Total interest income	**2,967,477**	**3,367,703**
Interest expense		
Interest on customer deposits and reverse repos	(430,684)	(1,017,222)
Interest on debt securities in issue and on other borrowed funds	(23,929)	(25,930)
Interest on due to credit institutions	(482,077)	(208,808)
Contribution of Law 128	(151,154)	(156,434)
Other interest expense	(2,413)	(6,431)
Total interest expense	**(1,090,257)**	**(1,414,826)**
Net interest income	**1,877,220**	**1,952,877**

7 Net fee and commission income

	1/1-31/12/2015	1/1-31/12/2014
Fee and commission income		
Commercial banking	309,286	306,690
Investment banking	13,715	23,325
Asset management	22,167	21,213
Total fee and commission income	**345,167**	**351,228**
Fee and commission expense		
Commercial banking	(36,142)	(31,956)
Investment banking	(2,140)	(3,965)
Asset management	(1,226)	(1,414)
Total fee and commission expense	**(39,509)**	**(37,335)**
Net fee and commission income	**305,659**	**313,893**

Amounts in thousand euros (Unless otherwise stated)

8 Dividend income

	1/1-31/12/2015	1/1-31/12/2014
Dividend from AFS securities	8,117	13,595
Dividend from trading securities	83	11
	8,200	**13,606**

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

	1/1-31/12/2015	1/1-31/12/2014
Gains less losses on FX	8,425	(60,506)
Gains less losses on shares and mutual funds	179	(37)
Gains less losses on derivatives	18,643	(46,770)
Gains less losses on bonds and treasury bills	44,544	1,889
Gains less losses on liabilities designated at fair value through profit or loss	(429)	-
Net trading income (A)	**71,362**	**(105,425)**
Gains less losses on shares designated at fair value through profit or loss (B)	**0**	**(1,269)**
Total (A) + (B)	**71,362**	**(106,694)**

During the year 2015, "Gains less losses on derivatives" include mainly gains of € 17.2 million arising from interest rate swaps. Additionally, "Gains less losses on bonds and treasury bills" include mainly gains of € 26.4 million from euro medium term note (EMTN) repurchases and € 10.7 million from Greek Government bonds and treasury bills.

10 Results from investment securities

	1/1-31/12/2015	1/1-31/12/2014
Gains less losses on AFS - shares and mutual funds	27	62,883
Gains less losses on AFS - bonds	(20)	11,645
Gains less losses on sale of subsidiaries and associates	38,062	160
Total	**38,068**	**74,688**

Results from investment securities amount to a gain of € 38.1 million for the year 2015, mainly due to the sale of subsidiary company Piraeus Bank Egypt S.A.E. and of the associate AIK Banka.

Impairment of investment securities is included in “Impairment on investment securities” in the consolidated income statement Relevant reference is provided in note 24 and note 43.

11 Other results

	1/1-31/12/2015	1/1-31/12/2014
Income/ expense from real estate (rental income and result from the valuation of investment property)	(7,883)	(43,080)
Income from the operations of ETVA Industrial Parks S.A.	2,797	5,880
Income from operating leasing	37,202	24,116
Other income from banking activities	15,281	1,337
Gains from the capitalization of liabilities following the Liability Management Exercise	17,629	-
Other	27,572	215,081
Total	**92,599**	**203,333**

Amounts in thousand euros (Unless otherwise stated)

In the year 2015, "Other results" are significantly lower than the respective results of the previous year as the account for the year 2014 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 € 16.2 million for the year 2015.

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2015	31 December 2014
Up to 1 year	27,375	25,055
From 1 to 5 years	98,657	69,556
More than 5 years	1,575,281	1,804,697
	1,701,313	**1,899,309**

Receivables from operating leases mainly relate to future receivables from rental income of Picar S.A., from the operation of the Citylink building. Receivables from operating leases in 2014 have been restated for comparability purposes.

12 Staff costs

	1/1-31/12/2015	1/1-31/12/2014
Wages & salaries	(492,347)	(501,621)
Social insurance contributions	(123,031)	(130,427)
Other staff costs	(23,339)	(26,565)
Voluntary Redundancy Costs (note 40)	(7,724)	(64,761)
Retirement benefit charges (note 40)	(15,466)	(13,347)
Estimated cost of voluntary exit scheme	(110,000)	0
Total	**(771,908)**	**(736,722)**

The number of staff employed by the Group as at 31/12/2015 was 20,719 (2014: 22,372), of which 520 people refer to discontinued operations (ATE Insurance S.A., ATE Insurance Romania S.A. and Piraeus Bank Cyprus LTD group of companies).

In the context of the November 29th, 2015 approved by the European Commission Piraeus Bank's revised Restructuring Plan, the Bank is committed to reduce further its staff as well as the staff of its subsidiaries, in order to achieve benefits in operating costs. As a result, the Bank proceeded to the recognition of a provision of amount € 110 million as at 31/12/2015 for a Voluntary Exit Scheme. The final cost will be determined in 2016 when the number of employees participating in the Scheme is finalized.

13 Administrative expenses

	1/1-31/12/2015	1/1-31/12/2014
Rental expense	(60,852)	(80,085)
Taxes and duties	(93,803)	(96,370)
Promotion and advertising expenses	(44,402)	(47,497)
Servicing - promotion of banking products	(43,267)	(48,078)
Fees and third parties expenses	(103,200)	(96,477)
Security and maintenance of fixed assets	(46,113)	(52,447)
Telecommunication and electricity expenses	(31,376)	(37,097)
Contribution expense in state controlled deposit guarantee scheme	(90,264)	(48,060)
Other administrative expenses	(75,718)	(85,616)
Total	**(588,995)**	**(591,727)**

Amounts in thousand euros (Unless otherwise stated)

The increase in line "Contribution expense in state controlled deposit guarantee scheme " in 2015, is mainly due to increase of contributions to Hellenic Deposit & Investment Guarantee Fund (HDIGF).

The available financial means of the Resolution Scheme (RS) of HDIGF, as Resolution Fund for credit institutions, come from regular ex-ante contributions, extraordinary ex-post contributions and alternative financial means under Law No. 4335/2015. Participating credit institutions when granting loans to the RS pay contributions, with which the RS repays its loan obligations for resolution purposes.

In year 2015, the total amount of contributions of € 90.3 million concerns a) annual contribution to the Resolution Scheme (RS) amounting to approximately € 43.5 million, b) regular ex-ante contribution to European Resolution Mechanism for year 2015 of approximately € 21.2 million, c) supplementary contribution for the funding of cooperative bank resolution plan of approximately € 12.9 million and d) an amount of € 12.7 million relating to the contributions of foreign subsidiary companies. Under the provisions of Law 3746/2009 on assets, which Hellenic Deposit & Investment Guarantee Fund (HDIGF) placed at the disposal of Deposit Guarantee Scheme, no annual fee was incurred in the year 2015 as in previous year 2014.

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

Both years 2015 and 2014 include the results of ATE Insurance S.A., ATE Insurance Romania S.A., Piraeus Bank Egypt S.A.E. group of companies until the date of their disposal (10/11/2015) and Piraeus Bank Cyprus LTD group of companies.

Relevant reference to the sale procedure of ATE Insurance S.A. and Piraeus Bank Cyprus LTD group of companies is provided in note 26B.

Relevant reference to the completion of the sale of Piraeus Bank Egypt S.A.E. group of companies is provided in notes 26B and 47.

	1/1-31/12/2015	1/1-31/12/2014
Net interest income	64,118	49,364
Net fee and commission income	16,298	19,401
Dividend Income	918	1,842
Net income from financial instruments designated at fair value through profit or loss	1,471	2,269
Results from investment securities	505	306
Other results	41,695	37,507
Total net income	**125,005**	**110,690**
Staff costs	(50,018)	(48,614)
Administrative expenses	(26,983)	(22,298)
Depreciation and amortization	(7,114)	(7,853)
Total operating expenses before provisions	**(84,116)**	**(78,764)**
Other provisions and impairment	(69,178)	(55,464)
Share of profit of associates	(162)	325
Profit/ (loss) before income tax	**(28,451)**	**(23,213)**
Income tax	(6,155)	(3,533)
Profit/ (loss) after income tax from discontinued operations	**(34,606)**	**(26,746)**

Amounts in thousand euros (Unless otherwise stated)

The following assets and liabilities as at 31/12/2015 relate to the companies ATE Insurance S.A., ATE Insurance Romania S.A. and Piraeus Bank Cyprus LTD group of companies. Respectively, the following assets and liabilities as at 31/12/2014 relate to the companies ATE Insurance S.A. and ATE Insurance Romania S.A.:

	31 December 2015	31 December 2014
ASSETS		
Cash and balances with Central Banks	211,043	304
Loans and advances to credit institutions	10,143	4,086
Derivative financial instruments	5	-
Financial instruments at fair value through profit or loss	6,589	5,687
Loans and advances to customers	632,547	-
Available for sale securities	407,951	65,243
Held to maturity	23,877	21,971
Debt securities - receivables	36,518	-
Investment property	21,199	1,848
Property, plant and equipment	65,497	42,981
Intangible assets	872	800
Deferred tax assets	73,523	63,922
Other assets	104,649	98,083
Total Assets	**1,594,414**	**304,925**

	31 December 2015	31 December 2014
LIABILITIES		
Due to credit institutions	1,785	-
Due to customers	950,150	-
Deferred tax liabilities	16	22
Current income tax liabilities	6,393	4,302
Retirement benefit obligations	4,226	5,595
Other provisions	491,691	473,266
Other liabilities	30,622	20,570
Total Liabilities	**1,484,883**	**503,753**

15 Income tax

	1/1-31/12/2015	1/1-31/12/2014
Current Tax	(29,306)	(21,121)
Deferred tax (Note 39)	1,098,629	1,090,075
Provisions for tax differences	(760)	30
Total	**1,068,562**	**1,068,985**

In accordance with the provisions of the enacted Greek Tax Law (Law 4172/2013), as amended by Law 4334/2015 (Gazette A΄80/16-07-2015) and being in effect today, the income tax rate for Greek legal entities increased from 26% to 29% from the tax year 2015 and thereon. Withholding tax for dividends distribution which will be approved from 1/1/2014 and thereon is set at 10%. The above change of the tax rate had a positive effect on the current period results (taxes) of approximately € 0.5 billion on the fiscal year of 2015 (3rd quarter), equally increasing the amount of deferred tax, recognized in financial statements.

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the years of 2014 and 2015 (Bulgaria: 10%, Romania: 16%, Egypt: 25% and for net income exceeding 1,000,000 EGP an additional 5% whereas for 2015 the tax rate decreases from 25% to 22.5% for all taxable income, Serbia: 15%, Ukraine: 18%, Cyprus: 12.5%, Albania: 15% and United Kingdom: 20% since 1/4/2015, 21% from 1/4/2014 until 31/3/2015 and 23% until 31/3/2014).

The income tax revenue for 2015 amounting to € 1.1 billion, was mainly affected from the recalculation of the deferred tax assets, by applying the new (increased) tax rate from the 3rd quarter of 2015 for the Bank and its Greek subsidiaries, as mentioned above, from the deferred tax relating to the amounts recognized for tax purposes of this period, as well as to the additional provisions for loan impairments recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes. Relevant reference is provided in note 39 as well.

The Group has recognized deferred tax assets amounting to € 5.1 billion, based on the best estimates of the Management for the future evolution of the Group's tax results, taking into account the revised approved restructuring plan by the European Commission on November 29th 2015, 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 that have already been implemented under the existing restructuring plan of Bank ,as well as, those included in the revised 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 added with par. 1 of Article 23 of Law 4302/2014 and replaced by then in force with Law 4340/2015, deferred tax assets of Greek financial institutions that have been recognized due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing receivables as of 30 June 2015, will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the after tax accounting result from the fiscal year 2016 onwards, is a loss. This claim will be offset against the relevant amount of income tax. When the amount of income tax is insufficient to offset the above claim, any remaining claim will give rise to a direct refund right against the Greek State. In this case, a special reserve equal to 100% of the above claim will be created exclusively for a share capital increase and the issuance of capital conversion rights (warrants) without consideration in favor of the Greek State. The above rights will be convertible into ordinary shares. Existing shareholders will have a call option right. The above-mentioned reserve will be capitalized and new ordinary shares will be issued in favor of the Greek State.

The Extraordinary General Meeting of the Bank's Shareholders, on December 19th 2014, approved the Bank's opting into the special regime enacted by article 27A of the Law 4172/2013, regarding the voluntary conversion of deferred tax assets arising from temporary differences into final and settled claims against the Greek State and authorized the Board of Directors of the Bank to proceed with all actions required for the implementation of the above mentioned Law provisions.

Amounts in thousand euros (Unless otherwise stated)

As at 31/12/2015, deferred tax assets of the Group meeting the provisions of Law, rise up to € 4.1 billion, of which € 1.4 billion regards the remaining unamortized amount of debit difference from the participation on the Private Sector Involvement program (PSI) and € 2.7 billion regards on the differences on International Financial Reporting Standards accumulated provisions for loan impairments, and tax provisions respectively.

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

	2015	2014
Results before tax	(2,929,953)	(3,014,232)
Tax calculated	849,686	783,700
Income not subject to tax (corresponding tax)	32,648	6,999
Non deductible expenses and provisions (corresponding tax)	(301,122)	(210,820)
Effect of different tax rates applied abroad	4,656	1,724
Impact on deferred tax from the legally approved change of tax rate	451,052	1,870
Effect of results of investment in associates	(3,702)	1,305
Utilisation of previously unrecognised tax losses	36,104	495,187
Effect of deferred tax that is estimated not to be offset	-	(11,010)
Provisions for tax differences	(760)	30
Income Tax	**1,068,562**	**1,068,985**

Audit Tax Certificate

For the fiscal years 2011 until 2013 the tax audit for the Bank and all Greek Societe Anonyme Companies conducted by the same statutory auditor that issues the audit opinion on the statutory financial statements, who must issue a "Tax Compliance Report". This report is submitted to the Ministry of Finance. In case of a non qualified Tax Compliance Report, a tax audit is not initially performed, but only if certain criteria defined by the Ministry of Finance, are met.

For fiscal years 2014 onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must additionally obtain an "Annual Tax Certificate" as provided by article 65A of Law 4174/2013. The Tax Administration retains its right to proceed with a tax audit, within the applicable statute of limitations in accordance with article 36 of Law 4174/2013.

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 par.5 of Law 2238/94, the tax audit of the Bank, conducted by PricewaterhouseCoopers S.A. for the fiscal years of 2011 and 2012, has been completed and a non qualified Tax Compliance Report has been issued. The tax audit for the fiscal year 2013 has been completed and a relevant "Tax Compliance Report" has been issued and submitted to the Ministry of Finance. For the fiscal year 2013, Piraeus Bank has received a Tax Compliance report with an emphasis of matter 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 above mentioned transactions are not subject to tax.

Amounts in thousand euros (Unless otherwise stated)

For the fiscal year 2014, 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 of 2015, 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 2014 has been completed and the relevant Tax Compliance Reports have been issued. For the fiscal year of 2015, the tax audit is being performed by their statutory auditors.

The unaudited tax years of the Group's subsidiaries and associates, are included in note 26 of the Consolidated Financial Statements.

A provision is booked on a company by company basis to cover possible tax differences that may arise, for the unaudited tax years upon the completion of the tax audit.

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.

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 year, excluding the average number of ordinary shares purchased by the Group and held as treasury shares. There is no potential dilution on basic earnings/ (losses) per share.

Basic and diluted earnings/(losses) per share from continuing operations	1/1-31/12/2015	1/1-31/12/2014
Profit/(loss) attributable to ordinary shareholders of the parent entity from continuing activities	(1,858,220)	(1,938,349)
Weighted average number of ordinary shares in issue	2,220,348,109	1,616,698,818
Basic and diluted earnings/(losses) per share (in €) from continuing operations	(0.8369)	(1.1990)

Basic and diluted earnings/ (losses) per share from discontinued operations	1/1-31/12/2015	1/1-31/12/2014
Profit/(loss) attributable to ordinary shareholders of the parent entity from discontinued activities	(34,628)	(26,738)
Weighted average number of ordinary shares in issue	2,220,348,109	1,616,698,818
Basic and diluted earnings/(losses) per share (in €) from discontinued operations	(0.0156)	(0.0165)

According to the requirements of IAS 33, the weighted average number of shares for the comparative year 2014 has been adjusted by a 27.6294 factor, in order to adjust earnings/ (losses) per share for the discount price of the share capital increase that took place during the 4th quarter of 2015. Comparative year has been also adjusted by a factor 1/100 in order to adjust earnings/ (losses) per share for the reverse split (note 42).

Amounts in thousand euros (Unless otherwise stated)

17 Analysis of other comprehensive income

A. Continuing operations

1/1-31/12/2015	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	107,417	(28,756)	78,662
Change in currency translation reserve	(11,784)	-	(11,784)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	20,624	4,659	25,282
Other comprehensive income from continuing operations	**116,257**	**(24,097)**	**92,160**

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	(206,289)	53,443	(152,846)
Change in currency translation reserve	(12,309)	-	(12,309)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(40,796)	71	(40,725)
Other comprehensive income from continuing operations	**(259,394)**	**53,514**	**(205,880)**

B. Discontinued operations

1/1-31/12/2015	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	3,520	-	3,520
Change in currency translation reserve	(10,800)	-	(10,800)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	2,139	(63)	2,076
Other comprehensive income from discontinued operations	**(5,141)**	**(63)**	**(5,204)**

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	3,584	(1,598)	1,986
Change in currency translation reserve	12,863	-	12,863
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(272)	-	(272)
Other comprehensive income from discontinued operations	**16,174**	**(1,598)**	**14,577**

Amounts in thousand euros (Unless otherwise stated)

18 Cash and balances with central banks

	31 December 2015	31 December 2014
Cash in hand	620,512	757,102
Nostros and sight accounts with other banks	665,366	331,838
Balances with Central Banks	544,068	1,107,012
Cheques clearing system - central banks	74,580	185,832
Included in cash and cash equivalents less than 90 days (note 45)	**1,904,526**	**2,381,784**
Blocked deposits	1,172,785	1,028,484
Mandatory reserves with central banks	567,510	427,274
Total	**3,644,821**	**3,837,541**

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 2015	31 December 2014
Placements with banks	140,189	168,067
Cheques receivables	56	6
Reverse repurchase agreements	-	94,226
Included in cash and cash equivalents less than 90 days (note 45)	**140,246**	**262,298**
Placements with banks	39,278	34,810
Loans and advances to credit institutions over 90 days	**39,278**	**34,810**
Total loans and advances to credit institutions	**179,523**	**297,109**

	31 December 2015	31 December 2014
Current loans and advances to credit institutions (up to 1 year)	140,879	242,888
Non current loans and advances to credit institutions (more than 1 year)	38,644	54,221
	179,523	**297,109**

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

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 2015 and 2014 are set out below:

At 31 December 2015	Notional amount	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Interest rate swaps	3,564,636	422,977	416,065
Currency swaps	1,121,064	58	554
FX forwards	95,246	521	145
Options and other derivative instruments	31,457	1,047	490
Cross Currency Interest Rate Swaps	3,157,077	10,849	28,564
		435,452	**445,819**
Embedded equity derivatives			
Customer deposits/ loans linked to options	958	29	-
Other embedded equity derivatives	172,607	2,197	-
Total recognised derivative assets/ liabilities		**437,678**	**445,819**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2015	**Fair values**	
	Assets	**Liabilities**
Current	7,816	4,316
Non-current	429,862	441,503
	437,678	**445,819**

At 31 December 2014	**Notional amount**	**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	4,512	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**

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).

21 Financial assets at fair value through profit or loss

	31 December 2015	**31 December 2014**
Foreign government bonds	1,278	2,630
Foreign government treasury bills	24,611	13,498
Included in cash and cash equivalents less than 90 days (note 45)	**25,889**	**16,129**
Greek government bonds	50,351	110,151
Foreign government bonds	158,055	171,953
Corporate entities bonds	-	23
Bank bonds	56	-
Total over 90 days	**208,462**	**282,127**
Athens stock exchange listed shares	6,034	915
Foreign stock exchanges listed shares	12	8
Mutual funds	1	384
Total	**6,047**	**1,307**
Total financial assets at fair value through profit or loss	**240,398**	**299,562**

Amounts in thousand euros (Unless otherwise stated)

From the above mentioned trading securities as at 31/12/2015, amount of € 234 million relates to fixed income securities (2014: € 296 million), and there are no floating rate securities (2014: € 1 million) and zero coupon bonds (2014: € 2 million). Securities pledged are presented in note 41.

22 Reverse repos with customers

	31 December 2015	31 December 2014
Reverse repos with customers - individuals	641	57,725
Reverse repos with customers - corporate entities	-	6,574
Total reverse repos with customers	**641**	**64,299**

23 Loans and advances to customers

	31 December 2015	31 December 2014
Mortgages	16,298,876	16,983,421
Consumer/ personal and other loans	4,266,710	4,815,884
Credit cards	1,027,000	1,139,086
Loans to individuals	**21,592,586**	**22,938,392**
Loans to corporate entities/ Public sector	**38,357,729**	**42,035,727**
Total loans and advances to customers (before allowance for losses)	**59,950,315**	**64,974,118**
Less: Allowance for impairment on loans and advances to customers	(9,359,122)	(7,831,096)
Total loans and advances to customers (net of provisions)	**50,591,193**	**57,143,022**

	31 December 2015	31 December 2014
Current loans and advances to customers (up to 1 year)	6,353,396	16,035,711
Non current loans and advances to customers (more than 1 year)	44,237,797	41,107,311
	50,591,193	**57,143,022**

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 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., Geniki Bank S.A. and Panellinia Bank S.A. at their acquisition date by Piraeus Group, has decreased the gross balance of loans in the table 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 1/1/2014	**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**
-From continuing operations	516,069	214,251	34,526	764,846	2,943,992	**3,708,839**
-From discontinued operations	6,153	4,536	7	10,696	37,336	**48,032**
Loans written-off	(22,403)	(236,556)	(37,188)	**(296,147)**	(824,001)	**(1,120,148)**
-From continuing operations	(22,403)	(235,052)	(33,118)	(290,573)	(823,780)	**(1,114,353)**
-From discontinued operations	-	(1,504)	(4,070)	(5,574)	(222)	**(5,795)**
Provision of derecognised loans from continuing operations	-	(1,425)	-	**(1,425)**	(232,863)	**(234,287)**
Unwinding from continuing operations	(65,805)	(51,194)	(7,099)	**(124,098)**	(163,516)	**(287,614)**
Foreign exchange differences and other movements	1,255	(1,294)	(1,697)	**(1,737)**	9,240	**7,503**
-From continuing operations	1,191	(2,323)	(2,320)	(3,452)	666	**(2,786)**
-From discontinued operations	64	1,028	623	1,715	8,574	**10,289**
Balance at 31/12/2014	**744,173**	**961,718**	**262,226**	**1,968,117**	**5,862,979**	**7,831,096**
Opening balance at 1/1/2015	**744,173**	**961,718**	**262,226**	**1,968,117**	**5,862,979**	**7,831,096**
Opening balance of discontinued operations	(20,092)	(29,619)	(2,029)	**(51,739)**	(175,439)	**(227,178)**
Opening balance of new companies	24	-	-	**24**	14,106	**14,130**
Charge for the year	620,564	192,859	25,745	**839,167**	2,647,640	**3,486,807**
Loans written-off	(22,564)	(184,089)	(36,670)	**(243,324)**	(636,894)	**(880,217)**
Provision of derecognised loans	-	(354)	(29)	**(383)**	(702,389)	**(702,772)**
Unwinding	(78,171)	(60,415)	(9,988)	**(148,573)**	(179,620)	**(328,194)**
Foreign exchange differences and other movements	18,317	35,581	86	**53,984**	111,465	**165,449**
Balance at 31/12/2015	**1,262,251**	**915,680**	**239,342**	**2,417,273**	**6,941,849**	**9,359,122**

During the year 2015, the Bank's management assessed the information and the status of the economy, such as GDP, employment, the evolution of the real estate market and the imposed capital controls. As a result, the Bank proceeded to the adjustment of its estimates in the context of the impairment calculation procedure, in order to better reflect the current market conditions and the macroeconomic environment. More specifically, the Bank adjusted the variables of the collective provisions calculation models to the new status of the economy, which were taken into account in determining the recoverable amount of the loans on an individual basis and consequently in calculating the required individual provisions. Furthermore, the Bank took into account the results of the Asset Quality Review conducted in 2015, and to the extent that they are consistent with the provisions of IFRS's, they were incorporated into the impairment models for loans provisioning as well as the aforementioned adjustment in the Management's estimates. Reference to the results of the AQR is made in note 3.1.11.

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	31 December 2015	31 December 2014
Up to 1 year	453,620	699,335
From 1 to 5 years	363,321	605,164
More than 5 years	1,976,385	1,770,823
	2,793,325	**3,075,322**
Unearned future finance income	(387,925)	(472,342)
Net investments in finance leases	**2,405,400**	**2,602,980**

Net investments in finance leases are analysed as follows:

	31 December 2015	31 December 2014
Up to 1 year	417,465	654,005
From 1 to 5 years	260,569	478,093
More than 5 years	1,727,365	1,470,882
	2,405,400	**2,602,980**

24 Investment securities

a) Available for sale portfolio

	31 December 2015	31 December 2014
Greek government bonds	400,776	310,799
Foreign government bonds	287,864	272,335
Corporate entities bonds	-	782
Bank bonds	4,740	228
Greek government treasury bills	1,621,695	1,526,530
Foreign government treasury bills	47,754	102,521
Total bonds and other fixed income securities (A)	**2,362,830**	**2,213,195**
Athens stock exchange listed shares	63,639	49,530
Foreign stock exchange listed shares	1,802	24,938
Unlisted shares	233,269	166,205
Mutual funds	65,626	49,495
Other variable income securities	12,521	30,223
Total shares and other variable income securities (B)	**376,857**	**320,392**
Total available for sale securities (A) + (B)	**2,739,687**	**2,533,587**

As at 31/12/2015, amount of € 741 million relates to investment portfolio bonds and treasury bills with fixed rates (2014: € 755 million), amount of € 1,622 million relates to zero coupon bonds (2014: € 1,457 million) but no amount relates to floating rate bonds (2014: € 1 million).

Amounts in thousand euros (Unless otherwise stated)

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

	31 December 2015	31 December 2014
Opening balance	2,533,587	1,377,750
Opening balance of discontinued operations	(201,436)	-
Opening balance of new companies and banking operations acquired	2,814	-
Additions	8,556,969	7,162,184
-From continuing operations	8,556,969	7,017,203
-From discontinued operations	-	144,981
Disposals/ maturities	(8,249,460)	(5,795,169)
-From continuing operations	(8,249,460)	(5,636,757)
-From discontinued operations	-	(158,412)
Changes in fair value	95,486	(171,388)
Transfers to associates (note 26)	(1,000)	(31,667)
Impairment charge	-	(10,042)
Foreign exchange differences	2,727	1,919
Closing balance	**2,739,687**	**2,533,587**

b) Held to maturity portfolio

	31 December 2015	31 December 2014
Foreign government bonds	-	27,073
Corporate entities bonds	182	106
Total held to maturity	**182**	**27,180**

As at 31/12/2015, held to maturity securities relates to floating rates with an amount of € 0.2 million (2014: € 7.0 million) and to fixed rates with a zero amount (2014: € 20.2 million).

Movement of the held to maturity securities	31 December 2015	31 December 2014
Opening balance	27,180	58,041
Additions	76	101
-From continuing operations	76	95
-From discontinued operations	-	6
Sale/maturity of securities	(27,637)	(31,303)
-From continuing operations	(27,637)	(25,535)
-From discontinued operations	-	(5,768)
Foreign exchange differences	564	341
Closing balance	**182**	**27,180**

During 2015, “Sale/Maturity of securities” mainly includes maturity of securities of Group's subsidiaries. During 2014, the relevant account includes mainly security sales. These sales meet IAS 39 rules and there is no need to apply the tainting provisions.

	31 December 2015	31 December 2014
Current investments securities (up to 1 year)	1,717,768	1,765,456
Non current investments securities (more than 1 year)	645,243	474,918
Total of investments securities	**2,363,012**	**2,240,375**

Amounts in thousand euros (Unless otherwise stated)

25 Debt securities - receivables

	31 December 2015	31 December 2014
Corporate entities debt securities - receivables	16,282	5,152
Bank debt securities - receivables	28,858	23,846
Foreign government bonds debt securities - receivables, EFSF bonds and ESM bonds	16,964,042	14,395,269
Total debt securities - receivables	**17,009,181**	**14,424,266**
Less: Allowance for impairment on debt securities - receivables	(23,846)	(23,846)
Total debt securities - receivables (less allowances for losses)	**16,985,336**	**14,400,421**

	31 December 2015	31 December 2014
Current debt securities - receivables (up to 1 year)	-	126,486
Non current debt securities - receivables (more than 1 year)	16,985,336	14,273,935
	16,985,336	**14,400,421**

The increase of “Foreign government bonds debt securities-receivables, EFSF bonds and ESM bonds” in the year 2015, is due to a) the participation of the European Financial Stability Fund in the Bank’s share capital increase that took place in the 4th quarter of 2015, through the in kind contribution of bonds issued by the European Stability Mechanism (ESM) of a nominal value of € 680 million as well as b) the exclusive participation of the European Financial Stability Fund in the Bank’s issue of contingent convertible bonds, through the in kind contribution of ESM bonds of a nominal value of € 2,040 million. Relevant note is note 42.

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)]
1.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania	2014-2015
2.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2015
3.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2013-2015
4.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2015
5.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2015
6.	Piraeus Leasing Romania IFN S.A.	Finance leases	100.00%	Romania	2003-2015
7.	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2012-2015
8.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2010, 2013-2015
9.	Piraeus Group Capital Ltd	Debt securities issue	100.00%	United Kingdom	-
10.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria	2008-2015
11.	Piraeus Group Finance PLC	Debt securities issue	100.00%	United Kingdom	2014-2015
12.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010, 2013-2015
13.	Picar S.A.	City Link areas management	100.00%	Greece	2010, 2013-2015
14.	Bulfina S.A.	Property management	100.00%	Bulgaria	2008-2015
15.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece	2010, 2013-2015
16.	Pireaus Direct Services S.A.	Call center services	100.00%	Greece	2010, 2013-2015
17.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010, 2013-2015
18.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2013-2015
19.	ND Development S.A.	Property management	100.00%	Greece	2010, 2013-2015
20.	Property Horizon S.A.	Property management	100.00%	Greece	2010, 2013-2015
21.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece	2010, 2013-2015
22.	Piraeus Development S.A.	Property management	100.00%	Greece	2010, 2013-2015
23.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010, 2013-2015
24.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2015
25.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
26.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	90.89%	Cyprus	2006-2015

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
27.	Lakkos Mikelli Real Estate Ltd	Property management	50.66%	Cyprus	2009-2015
28.	Philoktimatiki Public Ltd	Land and property development	53.31%	Cyprus	2009-2015
29.	Philoktimatiki Ergoliptiki Ltd	Construction company	53.31%	Cyprus	2008-2015
30.	IMITHEA S.A.	Organization, operation and management of hospital units	100.00%	Greece	2010, 2013-2015
31.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2013-2015
32.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2008-2010, 2013-2015
33.	Sunholdings Properties Company Ltd	Land and property development	26.66%	Cyprus	2008-2015
34.	Polytropon Properties Limited	Land and property development	39.98%	Cyprus	2008-2015
35.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
36.	Vitria Investments S.A.	Investment company	100.00%	Panama	-
37.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2015
38.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
39.	Piraeus Real Estate Consultants SRL	Construction company	100.00%	Romania	2007-2015
40.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2013-2015
41.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2015
42.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases- Rent-a-Car and long term rental of vehicles	94.00%	Greece	2009-2010, 2013-2015
43.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2015
44.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
45.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2015
46.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2015
47.	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2007-2015
48.	Piraeus Insurance Agency S.A.	Insurance - agency	100.00%	Greece	2010, 2013-2015
49.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010, 2013-2015
50.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
51.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
52.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
53.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
54.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
55.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
56.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	-
57.	R.E Anodus Ltd	Consultancy services for real estate development and investments	100.00%	Cyprus	2009-2015
58.	Pleiades Estate S.A.	Property management	100.00%	Greece	2010, 2013-2015
59.	Solum Limited Liability Company	Property management	99.00%	Ukraine	2009-2015

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
60.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2015
61.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010, 2013-2015
62.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus	2011-2015
63.	Piraeus Equity Advisors Ltd	Investment advise	100.00%	Cyprus	2009-2015
64.	Achaia Clauss Estate S.A.	Property management	75.27%	Greece	2010, 2013-2015
65.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2015
66.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
67.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
68.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2009-2015
69.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2015
70.	Piraeus Clean Energy Holdings Ltd	Holding Company	100.00%	Cyprus	2010-2015
71.	Kosmopolis A' Shopping Centers S.A.	Shopping center's management	100.00%	Greece	2010, 2013-2015
72.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011-2015
73.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2015
74.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	83.00%	Greece	2013-2015
75.	Asset Management Bulgaria EOOD	Travel - rental services and property management	99.98%	Bulgaria	2012-2015
76.	Arigeo Energy Holdings Ltd	Holding company in renewable energy	100.00%	Cyprus	2012-2015
77.	Proiect Season Residence SRL	Real estate development	100.00%	Romania	2012-2015
78.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of venture capital fund	100.00%	Greece	2013-2015
79.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	80.00%	Greece	2013-2015
80.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
81.	Geniki Financial & Consulting Services S.A.	Financial & consulting services	100.00%	Greece	2010-2015
82.	Special Financial Solutions S.A.	Advising, consultancy, organizational and training services	100.00%	Greece	2010-2015
83.	Geniki Information S.A.	Assessment and collection of commercial debts	100.00%	Greece	2010-2015
84.	Solum Enterprise LLC	Property management	99.00%	Ukraine	2012-2015
85.	General Business Management Investitii SRL	Development of building projects	100.00%	Romania	2013-2015
86.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	100.00%	Greece	2010, 2013-2015
87.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010, 2013-2015
88.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece	2010, 2013-2015
89.	Special Business Services S.A.	Advising, consultancy, organizational and training services	100.00%	Greece	2010, 2013-2015
90.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
91.	Kion Mortgage Finance No.3 PLC	SPE for securitization of mortgage loans	-	United Kingdom	-

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [(1)]
92.	Kion CLO Finance No.1 PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
93.	R.E. Anodus Two Ltd	Holding and investment company	99.09%	Cyprus	2013-2015
94.	Sinitem LLC	Sale and purchase of real estate	98.01%	Ukraine	2013-2015
95.	Beta Asset Management EOOD	Rent and management of real estate	99.98%	Bulgaria	2013-2015
96.	Linklife Food & Entertainment Hall S.A.	Operation of food and entertainment Halls	100.00%	Greece	2014-2015
97.	R.E. Anodus SRL	Real Estate development	99.09%	Romania	2013-2015
98.	Entropia Ktimatiki S.A.	Property management	66.70%	Greece	2010-2015
99.	Tellurion Ltd	Holding company	100.00%	Cyprus	2013-2015
100.	Tellurion Two Ltd	Holding company	99.09%	Cyprus	2013-2015
101.	Akinita Ukraine LLC	Real estate development	99.09%	Ukraine	2014-2015
102.	Daphne Real Estate Consultancy SRL	Real estate development	99.09%	Romania	2014-2015
103.	Rhesus Development Projects SRL	Real estate development	99.09%	Romania	2014-2015
104.	Varna Asset Management EOOD	Real estate development	99.98%	Bulgaria	2014-2015
105.	Piraeus Real Estate Tirana Sh.P.K.	Real estate development	100.00%	Albania	2014-2015
106.	Priam Business Consultancy SRL	Real estate development	99.18%	Romania	2014-2015
107.	Marathon 1 Greenvale Rd LLC	Real estate development	99.95%	U.S.A.	2012-2015
108.	Cielo Concultancy Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2015
109.	Edificio Enterprise Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2015
110.	Tierra Projects Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2015
111.	Trastor Real Estate Investment Company	Real estate investment property	91.71%	Greece	2010, 2013-2015
112.	Piraeus ACT Services S.A.	Accounting and tax consulting	100.00%	Greece	2013-2015
113.	A.C.T. B.A.S. S.A.	Counseling services for payroll and labour affairs	100.00%	Greece	2011-2015
114.	ETVA Fund Management S.A.	Management of venture capital mutual funds	65.00%	Greece	-
115.	ETVA Development S.A.	Investment and development activities, in accordance with the principles of sustainable development	65.00%	Greece	-
116.	Rembo S.A.	Real estate investment company	91.71%	Greece	2010, 2013-2015
117.	Cyprus Leasing S.A.	Finance leases	100.00%	Greece	2008-2010, 2013-2015
118.	Alecsandri Estates SRL	Real Estate Development	74.32%	Romania	2009-2015
119.	Gama Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	-
120.	Delta Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	2015
121.	Besticar Limited	Holding Company	99.98%	Cyprus	-
122.	Besticar Bulgaria EOOD	Collects receivables	99.98%	Bulgaria	2012-2015
123.	Besticar EOOD	Collects receivables from problematic clients	99.98%	Bulgaria	2012-2015

Note [(1)]: In accordance with Circular 1034/2016 and the cancelation of the 18 months date, in order to define the fiscal years 2011, 2012 & 2013 as tax audited, a tax audit may occur in some of the companies mentioned above, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Law 3842/2010, Article 80.

Companies numbered 25, 44, 50-55 and 90-92 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 33 and 34 although presenting less than 50% holding percentage, are included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of these companies.

Also, as at 31/12/2015 the companies numbered 24, 35, 36, 41 and 91-92 were under liquidation. The financial results of the companies numbered 91 and 92 are included in the Financial Statements of the Bank. The financial results of the company numbered 117 are included in the Financial Statements of the Bank for the period 1/1-31/7/2015, whereas for the period 1/8-31/12/2015 the company was consolidated as a subsidiary.

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” and its subsidiary "The Museum Ltd", 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) “Torborg Maritime Inc.”, l) “Isham Marine Corp.”, m) “Cybele Management Company”, n) “Alegre Shipping Ltd”, o) “Maximus Chartering Co.”, p) “Lantana Navigation Corp.”, q)"Pallas Shipping SA", r)"Zephyros Marine INC", s) "Bayamo Shipping Co.", t) "Sybil Navigation Co.", u) "Hellenic Fund for Sustainable Development", v) "Axia III Holdings Ltd.", w) 'Praxis II Holdings Ltd." and x) 'Kion Holdings Ltd". The companies numbered (a)-(c) are fully depreciated, under liquidation status. The company numbered (d) is under idle status. The companies numbered (g)-(j) and (u) have not started operating yet. The companies numbered (k) and (l) have been inactivated and will be set under dissolution. The companies numbered (m)-(t) have been dissolved and set under liquidation. The companies numbered (v)-(x) have as exclusive scope the participation in special purpose vehicles for the securitization of loans and the issuance of debt securities, which are consolidated within the Group through the full consolidation method. The consolidation of the above mentioned companies does not have significant effect on the financial position and result of the Group.

Amounts in thousand euros (Unless otherwise stated)

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 2015 and 2014, is presented in the following tables:

31/12/2015	Changes in the interest	Carrying value of acquired third party interests	Consideration paid	Equity attributable to the shareholders of the Bank
Trastor Real Estate Investment Company	20.83%	15,369	(16,022)	(652)
Rembo S.A.	20.83%	485	(489)	(4)
Achaia Clauss Estate S.A.	0.51%	(195)	(109)	(304)
JSC Piraeus Bank ICB	0.00%	-	(2)	(1)
ATE Insurance Romania S.A.	0.02%	1	(4)	(3)
Sinitem LLC	-0.99%	10	-	10
Total		**15,670**	**(16,624)**	**(955)**

31/12/2014	Changes in the interest	Carrying value of acquired third party interests	Consideration paid	Equity attributable to the shareholders of the Bank
Piraeus Bank Egypt S.A.E.	0.19%	118	(278)	(161)
Geniki Bank S.A.	0.06%	281	(301)	(20)
Total		**399**	**(579)**	**(180)**

Line “Acquisitions, disposals 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 2015 and 2014, are the following:

1/1 - 31/12/2015	Consideration	Group’s gain/ (loss) from the disposal
Piraeus Bank Egypt S.A.E.	139,703	46,082
Integrated Services Systems Co.	-	(248)
Piraeus Insurance-Reinsurance Broker Romania SRL	443	(844)

1/1 - 31/12/2014	Consideration	Group’s gain/ (loss) from the disposal
Piraeus Insurance Brokerage – Egypt S.A.E.	-	29

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.

Amounts in thousand euros (Unless otherwise stated)

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.

Namely to the foreign bank subsidiaries, there is a prohibition by local Central Banks in all types of placements to the Group due to the condition of the Greek economy. 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 31/12/2015 were € 3.9 billion (31/12/2014: € 6.2 billion) and € 2.8 billion (31/12/2014: € 5.5 billion) respectively.

In general, there are restrictions concerning dividend distribution, by foreign subsidiary bank, while there are no restrictions 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 30/6/2016, 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.

Additionally, for the subsidiary companies ATE Insurance S.A. and Piraeus Bank Cyprus Ltd, which are being held for sale on 31/12/2015, there are restrictions in place for dividend or capital distributions to the shareholder and for the transfer of assets within the Group.

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 31/12/2015, as well as the profit or loss attributed to non-controlling interests for the financial year 2015 and the comparative year 2014 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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	2015	2014
ETVA Industrial Parks S.A.	35.00%	35.00%	76,804	75,969	826	(1,827)
Lakkos Mikelli Real Estate Ltd	49.34%	49.34%	30,215	31,700	(1,368)	(3,012)

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	
	2015	2014	2015	2014
Profit/ (loss) after tax for the year	2,361	(5,220)	(2,773)	(6,106)
Other comprehensive income, net of tax	25	(13)	-	-
Total comprehensive income for the year, net of tax	**2,386**	**(5,233)**	**(2,773)**	**(6,106)**

Amounts in thousand euros (Unless otherwise stated)

Condensed financial position	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate Ltd	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Current assets	64,743	88,482	5,824	5,737
Non current assets	172,938	146,591	68,378	71,629
Total Assets	**237,681**	**235,073**	**74,202**	**77,366**
Current liabilities	3,557	1,498	2,907	2,653
Non current liabiliies	14,683	16,521	6,200	6,606
Total liabilities	**18,241**	**18,019**	**9,107**	**9,259**

Condensed cash flow statement	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate LTD	
	2015	2014	2015	2014
Net cash inflow/ (outflow) from operating activities	(148)	494	(18)	(98)
Net cash inflow/ (outflow) from investing activities	(5,501)	(93)	-	-
Net cash inflow/ (outflow) from financing activities	-	-	-	(238)
Net increase/ (decrease) in cash and cash equivalents	**(5,649)**	**400**	**(18)**	**(337)**
Cash and cash equivalents at the beginning of the year	**68,870**	**68,469**	**18**	**355**
Cash and cash equivalents at the end of the year	**63,221**	**68,870**	**0**	**18**

The subsidiary company Lakkos Mikelli Real Estate Ltd within the financial year 2015 distributed dividends to non-controlling investors of € 0.1 million (2014: € 0.1 million).

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 Millennium 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.

Amounts in thousand euros (Unless otherwise stated)

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	
	31/12/2015	31/12/2014
Axia Finance PLC	1,751,521	1,751,941
Axia Finance III PLC	2,352,329	2,352,370
Praxis I Finance PLC	342,010	407,258
Praxis II Finance PLC	370,052	370,052
Estia Mortgage Finance PLC	106,538	106,072
Estia Mortgage Finance II PLC	633,014	678,894
Kion Mortgage Finance PLC	43,417	51,326
Total	**5,598,881**	**5,717,913**

Interests in unconsolidated structured entities

As of 31/12/2015, the Group has investments in open end 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 31/12/2015 amounting to € 35.3 million.

The Group also participates in other investment funds, that does not manage. The carrying value of these investment funds as at 31/12/2015 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 31/12/2015. The Group does not control these mutual funds, according to the provisions of IFRS 10, as the management is exercised on behalf of their shareholders and therefore the Group acts as their representative (agent):

Mutual Funds	Total Assets 31/12/2015
Piraeus Institutional Domestic Equity Fund	376
Piraeus Insurance Portfolios Balanced Fund	621
Piraeus Equity Fund of Funds	19,956
Piraeus Bond Fund of Funds	45,044
Piraeus Domestic Equity Fund	51,020
Piraeus US Equity Fund	15,947
Piraeus International Balanced Fund of Funds	44,495
Piraeus Domestic Money Market Fund (in €)	62,559
Total	**240,018**

B) Subsidiaries from discontinued operations

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

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
1.	ATE Insurance S.A.	Insurance	100.00%	Greece	2008-2010, 2013-2015
2.	ATE Insurance Romania S.A.	Insurance	99.49%	Romania	2007-2015
3.	Piraeus Bank Cyprus Ltd	Banking activities	100.00%	Cyprus	2007-2015
4.	EMF Investors Limited	Investment company	100.00%	Cyprus	2008-2015
5.	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2015
6.	Curdart Holding Ltd	Holding company	100.00%	Cyprus	2009-2015
7.	Adflikton Investments Ltd	Property management	100.00%	Cyprus	2009-2015
8.	Costpleo Investments Ltd	Property management	100.00%	Cyprus	2010-2015
9.	Cutsofiar Enterprises Ltd	Property management	100.00%	Cyprus	2010-2015
10.	Gravieron Company Ltd	Property management	100.00%	Cyprus	2008-2015
11.	Kaihur Investments Ltd	Property management	100.00%	Cyprus	2007-2015
12.	Pertanam Enterprises Ltd	Property management	100.00%	Cyprus	2007-2015
13.	Rockory Enterprises Ltd	Property management	100.00%	Cyprus	2010-2015
14.	Alarconaco Enterprises Ltd	Property management	100.00%	Cyprus	2011-2015

Note [1]: In accordance with Circular 1034/2016 and the cancelation of the 18 months date, in order to define the fiscal years 2011, 2012 & 2013 as tax audited, a tax audit may occur in some of the companies mentioned above, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Law 3842/2010, Article 80.

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 € 90.1 million in cash and is subject to customary net asset value adjustments upon closing. The completion of the transaction is delayed due to factors beyond the Bank´s control. The Bank continues to maintain its commitment for the implementation of the sales plan of the above mentioned company.

Amounts in thousand euros (Unless otherwise stated)

On 10 November 2015, Piraeus Bank announced the completion of the sale of its stake in the Egyptian subsidiary Piraeus Bank Egypt S.A.E. (“PBE”) to Al Ahli Bank of Kuwait K.S.C.P. (“ABK”), after receiving all required approvals from the Central Bank of Egypt and other regulatory authorities in Egypt, Kuwait and Greece, including the Hellenic Financial Stability Fund.

On 31/12/2015, Piraeus Bank's subsidiary Piraeus Bank Cyprus LTD and its subsidiaries were transferred to discontinued operations. For this group of companies there is an ongoing sale process which is expected to be concluded in 2016.

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

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
1.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece	2010-2015
2.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2015
3.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2015
4.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding company	27.80%	Greece	2010, 2013-2015
5.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	27.80%	Greece	2010, 2013-2015
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	28.65%	Greece	2013-2015
8.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece	2010, 2013-2015
9.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010, 2013-2015
10.	Euroterra S.A.	Property management	39.22%	Greece	2010-2015
11.	Rebikat S.A.	Property management	40.00%	Greece	2010-2015
12.	Abies S.A.	Property management	40.00%	Greece	2010-2015
13.	Exodus S.A.	Information technology & software	49.90%	Greece	2010, 2013-2015
14.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	50.01%	Greece	-
15.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%	Greece	2010, 2013-2015
16.	PJ Tech Catalyst Fund	Close end Venture capital fund	30.00%	Greece	-
17.	Pyrrichos S.A.	Property management	50.77%	Greece	2010, 2012-2015
18.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	39.61%	Greece	2013-2015
19.	Euroak S.A. Real Estate	Real estate investment	32.81%	Greece	2010-2015
20.	Gaia S.A.	Software services	26.00%	Greece	2015
21.	Olganos Real Estate S.A.	Property management/electricity production from hydropower stations	32.27%	Greece	2014-2015

Amounts in thousand euros (Unless otherwise stated)

s/n Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
22. Exus Software Ltd	IT products retailer	49.90%	United Kingdom	2015
23. Marfin Investment Group Holdings S.A.	Holding company	28.43%	Greece	2013-2015
24. Litus Advisory S.A.	Consulting in the fields of European Programmes, Communication Strategy and International Affairs	50.00%	Belgium	-
25. Selonda Aquaculture S.A.	Fish farming	33.16%	Greece	2008-2015
26. Nireus Aquaculture S.A.	Fish farming	32.71%	Greece	2009-2010, 2013-2015

Note [1]: In accordance with Circular 1034/2016 and the cancelation of the 18 months date, in order to define the fiscal years 2011, 2012 & 2013 as tax audited, a tax audit may occur in some of the companies mentioned above, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Law 3842/2010, Article 80.

The aforementioned companies were assessed in the context of IFRS 10 by Piraeus Bank Group. Based on the relevant assessment, Piraeus Bank Group does not control these companies and as a result they are not subsidiaries of Piraeus Bank Group. According to the provisions of IAS 28, the criteria for classifying these companies as associates are met.

In accordance with the provisions of IFRS 12, concerning the companies in which the Group's voting rights exceed 50% but are not controlled by the Group, the following shall be noted:

The company numbered 14 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 companies numbered 17 and 24 are included in the associate companies portfolio as Piraeus Bank Group exercises significant influence.

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. The consolidation of this company does not have significant effect to the financial position and results of the Group.

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 2015 amounts to approximately € 298 million (2014: € 299 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 31/12/2015 and 31/12/2014. The data is that reported by the associate companies for consolidation purposes, prepared in accordance with IFRS and adjusted in order to comply with the accounting principles of the Group.

Amounts in thousand euros (Unless otherwise stated)

Condensed financial information	2015	2014
Profit/ (loss) after tax from continuing operations	(12,766)	4,696
Profit/ (loss) after tax from discontinued operations	(162)	325
Other comprehensive income from continuing operations	4,908	4,354
Other comprehensive income from discontinued operations	277	47
Total comprehensive income	**(7,743)**	**9,422**

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 31/12/2015 amounted to approximately € 4.9 million, of which approximately € 3.6 million occurred in the financial year 2015.

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

Movement on investment in associates

	31 December 2015	31 December 2014
Opening balance	298,672	304,966
Additions	89,104	1,291
Disposals	(38,638)	-
Return of capital due to share capital decrease	-	(1,023)
Share of profit/ (loss) after tax	(12,766)	5,021
- From continuing operations	(12,766)	4,696
- From discontinued operations	-	325
Transfers from available for sale portfolio (note 24)	1,000	31,667
Transfer from subsidiaries portfolio	-	69
Tranfers to subsidiary companies	(25,183)	-
Share in dividends paid	-	(2,069)
Impairment	(15,756)	(42,553)
Foreign exchange differences and other adjustments	1,305	1,303
- From continuing operations	1,305	1,189
- From discontinued operations	-	114
Closing balance	**297,738**	**298,672**

Basic Financial data of Associates

			31 December 2015				
s/n	Name of Company	Country	Participation %	Profit/ (loss) before tax	Total revenues	Total assets	Total liabilities
1.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Greece	30.45%	5	75	173	6
2.	Evros' Development Company S.A.	Greece	30.00%	(7)	43	654	621
3.	Project on Line S.A.	Greece	40.00%	(59)	670	21	878

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Country	31 December 2015 Participation %	Profit/ (loss) before tax	Total revenues	Total assets	Total liabilities
4.	APE Commercial Property Real Estate Tourist and Development S.A.	Greece	27.80%	(2,119)	210	55,643	21
5.	APE Fixed Assets Real Estate Tourist and Development S.A.	Greece	27.80%	(18,298)	1	50,196	2,918
6.	Trieris Real Estate LTD	British Virgin Islands	22.94%	(187)	192	31,189	10,543
7.	European Reliance Gen. Insurance Co. S.A.	Greece	28.65%	16,357	184,913	355,592	275,753
8.	APE Investment Property S.A.	Greece	27.20%	(4,668)	0	156,534	145,002
9.	Sciens International Investments & Holding S.A.	Greece	28.10%	(22,358)	(12,828)	233,782	134,922
10.	Euroterra S.A.	Greece	39.22%	(12,148)	458	114,684	14,219
11.	Rebikat S.A.	Greece	40.00%	(87)	1	8,896	229
12.	Abies S.A.	Greece	40.00%	(982)	36	6,087	72
13.	Exodus S.A.	Greece	49.90%	315	7,500	13,612	11,574
14.	Piraeus - TANEO Capital Fund	Greece	50.01%	(8,411)	0	6,140	589
15.	Teiresias S.A.	Greece	23.53%	(1,437)	9,548	4,374	3,711
16.	PJ Tech Catalyst Fund	Greece	30.00%	(376)	0	6,229	1,455
17.	Pyrrichos S.A.	Greece	50.77%	(7,724)	138	7,130	18,163
18.	Hellenic Seaways Maritime S.A.	Greece	39.61%	5,903	132,999	280,434	208,841
19.	Euroak S.A. Real Estate	Greece	32.81%	(86)	585	17,610	12,220
20.	Gaia S.A.	Greece	26.00%	1,574	39,737	8,031	4,420
21.	Olganos S.A.	Greece	32.27%	1,745	171	11,867	10,041
22.	Exus Software Ltd	United Kingdom	49.90%	219	1,855	1,356	993
23.	Marfin Investment Group Holding S.A.	Greece	28.43%	(119,825)	1,177,575	2,824,150	2,315,750
24.	Litus Advisory S.A.	Belgium	50.00%	(27)	449	282	9
25.	Selonda Aquaculture S.A.	Greece	33.16%	*	*	*	*
26.	Nireus Aquaculture S.A.	Greece	32.71%	*	*	*	*

(*) At the date of approval of the Bank’s consolidated financial statements, the listed associated companies Selonda Aquaculture S.A. and Nireus Aquaculture S.A. had not published their annual financial statements for the year 2015. Therefore, it was not necessary to report balances of the statement of financial position and profit or loss account for these companies, as draft financial data were used for their consolidation under the equity method of accounting. According to stock market prices of 31/12/2015, the fair value of the Bank's shareholding to associate listed companies is as follows: European Reliance Gen. Insurance Co. S.A. € 11.0 million, Marfin Investment Group Holdings S.A. € 19.0 million, Selonda Aquaculture S.A. € 5.6 million and Nireus Aquaculture S.A. € 5.7 million.

s/n	Name of Company	Country	31 December 2014 Participation %	Profit/ (loss) before tax	Total revenues	Total assets	Total liabilities
1.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Greece	30.45%	3	0	171	6
2.	Evros' Development Company S.A.	Greece	30.00%	(9)	902	672	631
3.	Project on Line S.A.	Greece	40.00%	(269)	780	102	900

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Country	31 December 2014 Participation %	Profit/ (loss) before tax	Total revenues	Total assets	Total liabilities
4.	Alexandria for Development & Investment	Egypt	21.67%	181	308	8,709	8,137
5.	Nile Shoes Company	Egypt	38.74%	16	1,613	1,347	399
6.	APE Commercial Property Real Estate Tourist and Development S.A.	Greece	27.80%	(2,274)	375	58,171	9
7.	APE Fixed Assets Real Estate Tourist and Development S.A.	Greece	27.80%	(140)	5	68,499	2,900
8.	Trieris Real Estate Ltd	British Virgin Islands	22.94%	(1,478)	1,926	41,343	11,190
9.	European Reliance Gen. Insurance Co. S.A.	Greece	30.23%	15,056	180,079	329,729	259,589
10.	APE Investment Property S.A.	Greece	27.20%	0	4	149,476	149,476
11.	Sciens International Investments & Holding S.A.	Greece	28.10%	(2,321)	2,732	232,414	123,751
12.	Trastor Real Estate Investment Company	Greece	33.80%	(994)	4,366	81,523	8,736
13.	Euroterra S.A.	Greece	39.22%	(389)	390	126,215	13,602
14.	Rebikat S.A.	Greece	40.00%	(60)	8	8,920	165
15.	Abies S.A.	Greece	40.00%	(31)	41	7,048	52
16.	ACT Services S.A.	Greece	49.00%	259	2,553	1,226	631
17.	Exus S.A.	Greece	49.90%	107	7,150	13,645	11,830
18.	Piraeus - TANEO Capital Fund	Greece	50.01%	311	760	17,204	553
19.	AIK Banka	Serbia	20.86%	16,087	104,525	1,432,736	993,310
20.	Teiresias S.A.	Greece	23.53%	876	12,471	6,062	4,015
21.	PJ Tech Catalyst Fund	Greece	30.00%	(375)	0	3,566	631
22.	Pyrrichos S.A.	Greece	50.77%	(2,014)	177	14,304	18,075
23.	Hellenic Seaways Maritime S.A.	Greece	23.42%	(18,840)	105,695	269,230	201,827
24.	Euroak S.A. Real Estate	Greece	32.81%	(125)	584	17,119	11,643
25.	Gaia S.A.	Greece	30.00%	2,257	42,350	5,701	3,031
26.	Olganos S.A.	Greece	32.27%	(19)	0	10,085	10,004
27.	Exus Software Ltd	United Kingdom	49.90%	114	833	1,178	1,039
28.	Marfin Investment Group Holding S.A.	Greece	17.78%	(185,374)	1,261,435	3,028,036	2,400,003

Amounts in thousand euros (Unless otherwise stated)

27 Intangible assets

2015	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2015	52,818	477,024	98,903	628,745
Opening balance of discontinued operations	(579)	(19,467)	(16,537)	(36,582)
Opening balance of new subsidiaries, acquired banking activities and subsidiaries transferred from other portfolio	2,655	519	7,828	11,001
Additions	4,632	31,074	997	36,702
Transfers	-	22,199	(2,157)	20,042
Disposals	(164)	(353)	-	(517)
Write -offs	-	(13,104)	-	(13,104)
Impairment	(44,646)	-	-	(44,646)
Foreign exchange differences	-	(471)	(86)	(557)
Cost as at 31 December 2015	**14,716**	**497,422**	**88,947**	**601,085**

Accumulated depreciation	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2015	0	(239,658)	(76,014)	(315,672)
Opening balance of discontinued operations	-	13,439	16,537	29,975
Opening balance of new subsidiaries, acquired banking activities and subsidiaries transferred from other portfolio	-	(330)	-	(330)
Charge for the year	-	(44,727)	(5,822)	(50,549)
Transfers	-	2	2	4
Disposals	-	313	-	313
Write -offs	-	8,962	-	8,962
Foreign exchange differences	-	415	(42)	373
Accumulated depreciation as at 31 December 2015	**0**	**(261,586)**	**(65,340)**	**(326,926)**
Net book value as at 31 December 2015	**14,716**	**235,836**	**23,608**	**274,159**

During 2015, the Group made transfers of an amount of € 20.0 million from “assets under construction” to intangible assets due to commencement of operational use.

The goodwill of amount € 14.7 million relates mainly to foreign subsidiaries, for which no trigger for impairment has occurred.

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
- From continuing operations	241	41,154	4,539	45,934
- From discontinued operations	-	669	-	669
Transfers	-	15,665	1,794	17,460
Disposals	(6)	(2)	-	(8)
Write -offs	-	(186)	(455)	(641)
Impairment from continuing operations	(241)	-	-	(241)
Foreign exchange differences	-	721	(457)	264
Cost as at 31 December 2014	**52,818**	**477,024**	**98,903**	**628,745**

Amounts in thousand euros (Unless otherwise stated)

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)
- From continuing operations	-	(40,861)	(7,611)	(48,472)
- From discontinued operations	-	(1,846)	(113)	(1,959)
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**

28 Property, plant and equipment

2015	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2015	927,202	454,703	48,231	446,561	300,551	2,177,247
Opening balance of discontinued operations	(58,272)	(22,760)	(1,191)	(2,365)	(16,480)	(101,068)
Opening balance of new subsidiaries, acquired banking activities and subsidiaries transferred from other portfolio	33,883	360	37,845	161	1,923	74,173
Impairment	(51,186)	(9,588)	-	(555)	(14,325)	(75,654)
Additions	53,664	38,475	38,136	76,739	16,359	223,374
Transfers	45,861	(2,275)	(18,581)	(60,565)	(7,099)	(42,658)
Disposals	(2,939)	(15,302)	(147)	(58,627)	(3,339)	(80,353)
Write - offs	(1,170)	(48,656)	(482)	(2,572)	(12,002)	(64,884)
Foreign exchange differences	(1,565)	(1,488)	(589)	(104)	(547)	(4,293)
Cost as at 31 December 2015	**945,479**	**393,469**	**103,222**	**398,674**	**265,040**	**2,105,883**

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 2015	(98,165)	(317,403)	0	(181,560)	(144,177)	(741,306)
Opening balance of discontinued operations	17,696	20,685	-	1,444	12,270	52,096
Opening balance of new subsidiaries, acquired banking activities and subsidiaries transferred from other portfolio	-	(97)	-	(110)	(44)	(251)
Charge for the year	(14,766)	(30,406)	-	(45,057)	(14,605)	(104,833)
Transfers	(447)	1,229	-	41,043	2,493	44,318
Disposals	40	13,561	-	36,646	3,319	53,566
Write - offs	200	48,661	-	1,689	11,976	62,526
Foreign exchange differences	164	1,254	-	76	666	2,161
Accumulated depreciation as at 31 December 2015	**(95,278)**	**(262,516)**	**0**	**(145,828)**	**(128,101)**	**(631,722)**
Net book value as at 31 December 2015	**850,201**	**130,953**	**103,222**	**252,846**	**136,939**	**1,474,160**

Amounts in thousand euros (Unless otherwise stated)

The above total depreciation charge for the year 2015 (€ 104.9 million) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises S.A. of € 43.6 million which is included in "Other results" of the Consolidated Income Statement. During 2015 the output of impairment of tangible assets charged with an amount of € 15.5 million due to interruptions of Group's branches operations.

During 2015, the Group made a) transfers to “investment property” of € 13.5 million, b) transfers to “intangible assets” of € 20.4 million due to commencement of operational use, c) tranfers to “Inventories" of € 20.3 million ,d) transfers from "Investment Property" of amount € 50.4 million and e) tranfers from "Inventories" of € 5.4 million .

The note 4.4 is related to the determination of the recoverable value of own occupied property in accordance with applicable of IFRS.

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)	-	(34,645)	(53,458)
- From continuing operations	(14,339)	(48)	(3,700)	-	(34,471)	(52,559)
- From discontinued operations	(725)	-	-	-	(174)	(899)
Additions	33,040	39,048	27,652	79,237	27,482	206,459
- From continuing operations	31,318	38,529	26,589	78,845	27,151	202,431
- From discontinued operations	1,722	519	1,063	392	331	4,028
Transfers	(19,871)	(3,484)	(25,877)	(46,811)	(549)	(96,593)
Disposals	(3,691)	(19,050)	(742)	(50,798)	(4,738)	(79,019)
Write - offs	(1,433)	(15,824)	(579)	(1,700)	(22,097)	(41,633)
Foreign exchange differences	4,039	(3,456)	(1,215)	(170)	(469)	(1,271)
Cost as at 31 December 2014	**927,202**	**454,703**	**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)	(20,738)	(119,211)
- From continuing operations	(14,408)	(29,737)	-	(50,668)	(19,998)	(114,810)
- From discontinued operations	(2,705)	(744)	-	(211)	(740)	(4,401)
Transfers	3,606	3,723	-	31,905	136	39,369
Disposals	351	17,360	-	27,811	4,370	49,892
Write - offs	1,433	15,824	-	1,700	20,523	39,480
Foreign exchange differences	(7,936)	1,803	-	(894)	(942)	(7,968)
Accumulated depreciation as at 31 December 2014	**(98,165)**	**(317,403)**	**0**	**(181,560)**	**(144,177)**	**(741,306)**
Net book value as at 31 December 2014	**829,037**	**137,300**	**48,231**	**265,000**	**156,374**	**1,435,942**

For the year 2014, the expenditure from the closure of Banks' branches amounting to € 36.0 million, was transfered in the income statement from depreciation cost to impairment of tangible assets. In the above table the aformentioned expenditure is included in the lines "Impairment" (€ 34.2 million) and "Write - offs" (€ 1.8 million).

Amounts in thousand euros (Unless otherwise stated)

29 Investment property

	31 December 2015	31 December 2014
Opening balance	989,504	902,860
Opening balance of discontinued operations	(1,907)	-
Opening balance of operations / acquired subsidiary companies	42,059	2,454
Revaluation	(16,151)	(41,531)
Additions from continuing operations	33,999	106,898
Transfers	8,758	31,866
Disposals	(11,106)	(831)
Write offs	(367)	(192)
Fx differences and other adjustments	(8,878)	(12,020)
Closing balance	**1,035,911**	**989,504**

Rental income from investment property amounts to € 16,192 thousand (2014: € 10,632 thousand). Operating expenses of investment property that is rented to third parties equal to € 1,765 thousand (2014: € 2,058 thousand).

During 2015, the Group made transfers a) of € 9.6 million to "Inventories property" due to non-fulfillment of the criteria for classification under IAS 40, b) of € 50.4 million to owner occupied "Land and buildings", c) of € 16.5 million to "Held for Sale" properties , d) € 71.8 million from 'Inventories property' due to lease of the property and e) € 13.5 million from owner occupied "Land and Buildings".

The fair value of Investment Property amounting to € 1,035.9 million has been classified in Level 3. Further information with regard to the determination of fair value of investment property is provided in note 4.4.

30 Assets held for sale

	31 December 2015	31 December 2014
Opening balance	38,022	34,743
Opening balance of discontinued operations	(12,461)	-
Additions	12,270	17,609
- From continuing operations	12,270	6,929
- From discontinued operations	-	10,681
Transfers	16,500	(326)
Disposals	(10,878)	(11,524)
Impairment	(9,342)	(2,170)
- From continuing operations	(9,342)	(2,150)
- From discontinued operations	-	(20)
Currency translation differences	(22)	(311)
Closing Balance	**34,089**	**38,022**

During 2015, the loss from the sale of assets was € 854 thousand (2014: gain € 478 thousand) which was included in the profit and loss statement in line "Other results".

As at 31/12/2015, assets held for sale include mainly properties of subsidiaries in Greece, Bulgaria, Romania, and Serbia for which sale procedure is proceeding and it is expected to be finalised in 2016.

Amounts in thousand euros (Unless otherwise stated)

31 Other assets

	31 December 2015	31 December 2014
Inventories - property	847,386	844,994
Inventories - property (A)	**847,386**	**844,994**
Inventories - cars	10,332	9,723
Other inventories	8,824	16,323
Other inventories and Inventories - cars (B)	**19,156**	**26,047**
Prepaid expenses	72,677	55,773
Accrued income	53,248	57,750
Prepaid taxes and taxes withheld	55,267	72,188
Claims from tax authorities and the State	692,455	517,442
Credit cards	169,470	137,718
Receivables from third parties	61,218	67,121
Receivables from Deposit Guarantee and Investors Compensation Scheme	372,015	362,355
Other items	580,622	637,777
Other receivables (C)	**2,056,973**	**1,908,124**
Other assets (A)+(B)+(C)	**2,923,515**	**2,779,164**

	31 December 2015	31 December 2014
Current other assets (up to 1 year)	870,417	1,280,231
Non current other assets (more than 1 year)	1,186,555	627,893
	2,056,973	**1,908,124**

Some figures of 2014 have been restated for comparability purposes.

Inventories property as at 31/12/2015 include property of ETVA Industrial Parks S.A. of amount € 121 million (2014: € 121 million), and property acquired by the bank or by Group Subsidiaries through auctions of amount € 707 million (2014: € 709 million) as well as inventories property of real estate subsidiaries of total amount of € 19 million (2014: € 15 million).

The note 4.4 is related to the determination of the net realisable value of inventories property in accordance with applicable of IFRS.

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

During 2015, the Group’s results were burdened with an impairment loss of € 158 million , of which € 92 million relating to provisions for the impairment of property classified in inventories property and € 66 million relating to provisions of various receivables shown in Other assets (such as temporary account differences , amounts from taxes etc.) that were deemed partially or totally irrecoverable , as part of the annual examination of collectability by the Management of the Bank.

32 Due to credit institutions

	31 December 2015	31 December 2014
Amounts due to central banks	32,694,741	14,101,145
Deposits from other banks	36,369	305,809
Repurchase agreement - credit institutions	1,705,549	8,936,297
Other obligations to banks	53,924	347,078
	34,490,583	**23,690,330**

Amounts in thousand euros (Unless otherwise stated)

	31 December 2015	31 December 2014
Current due to banks (up to 1 year)	31,738,211	20,969,148
Non current due to banks (more than 1 year)	2,752,372	2,721,181
	34,490,583	**23,690,330**

Balances due to credit institutions bear floating rates.

"Due to credit institutions" as at 31/12/2015, includes refinancing operations through repo transactions within the eurosystem amounting to € 32.7 billion (31/12/2014: € 14.1 billion). The increase in the refinancing raised during the year is mainly due to the reduction of domestic deposits in the 1st semester of 2015 relating to economic uncertainty, as well as the significantly limited access to international repo markets. The liquidity raised from the emergency liquidity assistance (ELA) mechanism is included in the aforementioned transactions and is partially due to ECB´s decision to suspend the acceptance of securities issued or guaranteed by the Greek government for main refinancing operations.

33 Liabilities at fair value through profit or loss

As at 31/12/2015, the open short positions for Greek Government bonds and treasury bills & other eligible bills, amounted to € 2.5 million (2014: € 1.9 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 2015	31 December 2014
Corporate		
Current and sight deposits	6,547,701	6,788,337
Term deposits	1,981,200	5,738,682
Blocked deposits, guarantee deposits and other accounts	207,150	148,738
Repurchase agreements	-	22,885
Total (A)	**8,736,052**	**12,698,642**
Retail		
Current and sight deposits	2,686,930	2,605,089
Savings account	15,248,955	13,297,822
Term deposits	12,190,183	26,009,845
Blocked deposits, guarantee deposits and other accounts	16,872	30,757
Repurchase agreements	-	260
Total (B)	**30,142,940**	**41,943,773**
Cheques payable and remittances (C)	**72,888**	**90,419**
Total Due to Customers (A)+(B)+(C)	**38,951,880**	**54,732,834**

The decrease in "Due to customers" during the year ended 31/12/2015, is due to the instability of the Greek market and the economy as well as the uncertainty created during this period, leading to a significant reduction of Bank's deposits in Greece, in alignment with the Greek market.

Customer deposits (excluding cheques payable and repos) with floating rates are € 24,131 million (2014: € 22,193 million) and with fixed rate are € 14,748 million (2014: € 32,426 million).

Amounts in thousand euros (Unless otherwise stated)

	31 December 2015	31 December 2014
Current due to customers (up to 1 year)	38,687,156	53,918,425
Non current due to customers (more than 1 year)	264,724	814,408
	38,951,880	**54,732,834**

35 Debt securities in issue

	Average Interest rate (%)	31 December 2015	31 December 2014
Euro Medium Term Note			
€ 60 million floating rate notes due 2015		-	60,000
€ 500 million fixed rate notes due 2017		-	448,239
Accrued interest and other expenses		-	17,503
Total (A)		**0**	**525,743**
Securitisation of mortgage loans			
€ 750 million floating rate notes due 2040	3M Euribor + 0.51%	25,756	46,600
€ 1,250 million floating rate notes due 2054	3M Euribor + 0.59%	56,196	59,916
€ 600 million floating rate notes due 2051	3M Euribor + 0.51%	20,361	29,092
Total (B)		**102,314**	**135,607**
Total debt securities in issue (A)+(B)		**102,314**	**661,350**

	31 December 2015	31 December 2014
Current debt securities in issue (up to 1 year)	245	60,000
Non current debt securities in issue (more than 1 year)	102,068	601,350
	102,314	**661,350**

It should be noted that, apart from the debt securities in the table above, as of 31/12/2015 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.

As at 31/12/2015, a total amount of € 10 million Covered Bonds, issued by Piraeus Bank, are retained by Piraeus Bank. These covered bonds come from two separate issues, with original amount € 1,250 million (Series 1), due February 2017, and € 750 million (Series 2), due December 2016, issued under Piraeus Bank's Global Covered Bond Programme. On July 3, 2015, Piraeus Bank proceeded with the partial cancellation of € 1,990 million of two Series of Covered Bonds (€ 1,245 million from Series 1 and € 745 million from Series 2) and the total outstanding Covered Bonds are currently € 5 million per Series.

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 bearing the guarantee of Piraeus Bank.

Amounts in thousand euros (Unless otherwise stated)

In January 2015 Piraeus Bank issued a 3,100 million senior bond due April 2015. In March 2015 matured senior bonds, were issued in 2014 by Piraeus Bank amounting to € 4,500 and € 1,750 million. In April 2015, Piraeus Bank issued a € 4,500 million senior bond and a € 1,750 million senior bond, both due July 2015. In May 2015 a senior bond of € 3,100 million, issued by Piraeus Bank due August 2015. In July 2015 Piraeus Bank issued a € 4,500 million bond due October 2015 and a 1,750 million bond due April 2016. In August 2015 Piraeus Bank issued a € 3,100 million senior bond and a € 1,050 million senior bond, both due May 2016, which were both cancelled in February 2016. In October 2015, Piraeus Bank issued a € 2,500 million bond due March 2016 and a € 2,000 million bond due February 2016. All bonds mentioned above are issued by Piraeus Bank, through Piraeus Bank's EMTN programme, bearing the unconditional and irrevocable guarantee of the Hellenic Republic, pursuant to Article 2 of Law 3723/2008, pay a floating rate coupon of 3M Euribor plus 600 bps and are retained by Piraeus Bank.

Piraeus Bank, during the year 2015, proceeded with the buy back of bonds of securitised loans of total amount after amortization of € 19.6 million.

From the above mentioned securitisation of mortgage loans issues, Piraeus Bank possesses as at 31/12/2015 bonds of nominal value amounting € 106.4 million from the issuance of € 750 million, € 632.8 million from the issuance of € 1,250 million and € 43.4 million from the issuance of € 600 million.

On October 13, 2015, Piraeus Bank proceeded with the cancellation of € 134.8 million of retained senior unsecured notes from the € 500 milllion 5% fixed coupon notes due March 2017, issued by Piraeus Group Finance.

On October 15, 2015, the Bank launched a Liability Management Exersice (LME) and invited the holders of the aforementioned € 365.2 million of senior unsecured notes due March 2017, to voluntarily exchange any or all of such existing securities for non-transferable receipts issued by the Bank. The above LME was completed on December 7, 2015 and relevant reference to the result is provided in note 11.

36 Hybrid capital and other borrowed funds

	31 December 2015	31 December 2014
Hybrid capital (Tier I)		
€ 200 million floating rate notes due 2034	-	16,373
	0	**16,373**
Subordinated debt (Tier II)		
€ 336 million floating rate notes due 2016	-	215,132
Accrued interest and other expenses	-	876
	0	**216,008**
Total hybrid capital and other borrowed funds	**0**	**232,381**

Piraeus Bank, during the year 2015, proceeded with the buy back of hybrid securities and subordinated securities of total amount € 4.8 million.

The nominal value of € 400 million relating to the issuance of the subordinated debt (Tier II) has been reduced by € 63.8 million, concerning the nominal value of the debt repurchased and cancelled by the Bank during 2012, under the Proposal that was made to the owner of the aforementioned debt. On October 13, 2015, Piraeus Bank proceeded with the cancellation of € 124.91 million of Tier II subordinated debt, which were retained by Piraeus Bank.

Amounts in thousand euros (Unless otherwise stated)

On October 15, 2015, the Bank invited the holders of € 16.2 million of hybrid capital and the holders of € 211.2 million of subordinated debt to participate in the LME and to voluntarily exchange any or all of such existing securities for non-transferable receipts issued by the Bank. The aforementioned LME was completed on December 7, 2015 and relevant reference to the result is provided in note 11.

37 Other liabilities

	31 December 2015	31 December 2014
Prepaid income	400,840	141,946
Accrued expenses	95,723	89,575
Obligations under finance leases	347,702	326,117
Transactions with Interbank Systems (DIAS)	190,480	168,146
Withholding taxes and contributions	92,100	92,885
Creditors	214,051	149,939
Other liability accounts	153,875	239,960
Liability from collections on behalf of Public sector and third parties	76,426	67,343
	1,571,196	**1,275,911**

	31 December 2015	31 December 2014
Current other liabilities (up to 1 year)	1,104,242	823,096
Non current other liabilities (more than 1 year)	466,954	452,816
	1,571,196	**1,275,911**

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 2015	31 December 2014
Up to 1 year	26,137	12,645
From 1 to 5 years	120,169	116,403
More than 5 years	2,058,482	2,089,176
	2,204,788	**2,218,225**
Finance expense	(1,857,086)	(1,892,108)
Net liabilities from finance leases	**347,702**	**326,117**

Net liabilities from finance leases may be analyzed as follows:

Net liabilities from finance leases	31 December 2015	31 December 2014
Up to 1 year	16,049	26,800
From 1 to 5 years	52,341	56,911
More than 5 years	279,312	242,406
	347,702	**326,117**

Obligations under finance leases mainly consist of the liability (€ 341.4 million) arising from the finance lease agreement for the Citylink building by the Group subsidiary Picar S.A., of total duration fifty two years.

Amounts in thousand euros (Unless otherwise stated)

38 Other provisions

"Other provisions" as at 31/12/2015 amount to € 72,500 thousand and consist of provisions for outstanding litigations (€ 19,251 thousand) and other provisions (€ 163,249 thousand). The analysis is as follows:

Provisions for outstanding litigations	31 December 2015	31 December 2014
Opening balance	14,600	14,452
Opening balance of discontinued operations	(1,102)	-
P&L charge for the year from continuing operations	6,341	868
Provisions used during the year	(489)	(755)
FX differences and other movement	(99)	35
Closing balance	**19,251**	**14,600**

	31 December 2015	31 December 2014
Current (up to 1 year)	11,150	4,409
Non-current (more than 1 year)	8,100	10,192
	19,251	**14,600**

Other provisions	31 December 2015	31 December 2014
Opening balance	28,133	25,430
Opening balance of discontinued operations	(2,044)	-
P&L charge for the year	30,129	8,484
-From continuing operations	30,129	8,724
-From discontinued operations	-	(240)
Estimated cost of voluntary exit scheme	110,000	
Provisions used during the year	(14,736)	(5,554)
Transfer from impairment of other assets	15,136	-
FX differences and Other movements	(3,370)	(226)
Closing balance	**163,249**	**28,133**

	31 December 2015	31 December 2014
Current (up to 1 year)	113,559	4,380
Non-current (more than 1 year)	49,690	23,753
	163,249	**28,133**

Other provisions as at 31/12/2015 include mostly: a) provisions under the approved by the European Commission Piraeus Bank's revised Restructuring Plan, in which the Bank is committed to reduce the operating cost and the number of staff and they are related to the cost of the Bank's Voluntary Exit Scheme of € 110 million (note 12), b) provisions of approximately € 11 million from subsidiaries for estimated losses coverage, apart from their negative equity value, c) provisions for forfeiture of letters of guarantee of approximately € 16 million, d) provisions for other banking risks of € 20 million and e) provisions for tax purposes of € 3 million.

Amounts in thousand euros (Unless otherwise stated)

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).

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

	31 December 2015	31 December 2014
Deferred tax liabilities		
Pensions and other post retirement benefits	156	(6)
Impairment of loans and receivables	(1,292)	(592)
Other provisions	(3,849)	(1,982)
Securities valuation	594	-
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	315	5
Investment property valuation	17,397	17,022
Depreciation of property, plant and equipment	16,099	20,140
Intangible assets	(21)	(23)
Recognition of tax losses	(24)	(27)
Impairment of securities	(61)	-
Deferred tax liability of purchase price allocation exercise	178	416
Other deferred tax items	2,006	2,819
	31,499	**37,772**

	31 December 2015	31 December 2014
Deferred tax assets		
Pensions and other post retirement benefits	47,435	45,578
Impairment of loans and receivables	2,906,092	2,275,469
Other provisions	7,452	6,765
Securities valuation	(13,185)	15,041
Derivative financial instruments valuation	2,362	12,856
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	(144,371)	(173,511)
Investment property valuation	(3,995)	6,374
Depreciation of property, plant and equipment	(29,176)	(46,071)
Intangible assets	67,044	58,945
Recognition of tax losses	784,382	541,894
Impairment of Greek government bonds	1,436,019	1,336,926
Impairment of securities	-	54
Other deferred tax items	14,711	(61,576)
	5,074,769	**4,018,745**
Net deferred tax asset	**5,043,270**	**3,980,973**

Amounts in thousand euros (Unless otherwise stated)

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

	2015	2014
Net deferred tax asset as at 1 January	**3,980,973**	**2,819,416**
Opening balance of deferred tax asset from discontinued operations	(6,411)	-
Net deferred tax asset/(liability) due to changes in the portfolio of subsidiaries	(5,049)	1
Effect of deferred tax on profit or loss	1,098,629	1,093,783
-From continuing operations	1,098,629	1,090,075
-From discontinued operations	-	3,708
Available for sale portfolio securities from continuing operations	(28,760)	53,424
Deferred tax on expenses of share capital increase	-	20,033
Deferred tax on actuarial gains/ (losses)	4,659	(5,755)
-From continuing operations	4,659	(5,755)
-From discontinued operations	-	(1)
Currency translation effect and other movements from continuing operations	(771)	71
Net deferred tax asset as at 31 December	**5,043,270**	**3,980,973**

Deferred tax amounts directly recognised in Group's equity during 2015 are as follows: a) deferred tax of amount € -28,760 thousand relating to valuation of the available for sale securities, recorded under the available for sale reserve according to the relevant IFRS regulations and b) amount of € 4,659 thousand relating to deferred tax asset of actuarial gains / (losses) recorded under the reserve of defined benefit obligations.

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.

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

Deferred tax (Income Statement)	1/1-31/12/2015	1/1-31/12/2014
Pensions and other post retirement benefits	(3,009)	11,494
Impairment of loans and receivables	634,494	737,017
Other provisions	2,558	(2,854)
Securities valuation	(61)	5,269
Derivative financial instruments valuation	(10,495)	11,482
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	29,374	5,256
Investment property valuation	(10,715)	25,843
Depreciation of property, plant and equipment	20,772	(10,432)
Intangible assets	10,928	(6,628)
Recognition of tax losses	249,285	278,791
Impairment of Greek government bonds	99,093	20,105
Impairment of securities	6	(47)
Deferred tax of purchase price allocation exercise	238	238
Other deferred tax items	76,163	14,541
	1,098,629	**1,090,075**

Net deferred tax asset analysis:	31/12/2015	31/12/2014
Current	135,324	130,776
Non current	4,939,446	3,887,969
	5,074,769	**4,018,745**

Amounts in thousand euros (Unless otherwise stated)

Net deferred tax liability analysis:	31/12/2015	31/12/2014
Current	15,960	8,096
Non current	15,539	29,676
	31,499	**37,772**

Deferred tax additional information	31/12/2015	31/12/2014
Deductible temporary differences for which no deferred tax asset has been recognised in the balance sheet	-	-
Unused tax losses for which no deferred tax asset has been recognised in the balance sheet	136,374	301,128

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 2015 and 2014 are presented below:

	2015	2014
Retirement benefit obligations as at 1 January	211,944	161,397
Opening balance of acquired operations	170	5,624
Opening balance of discontinued operations	(6,778)	-
Voluntary Redundancy Costs from continuing operations (note 12)	7,724	64,761
Retirement benefit charges (note 12)	15,466	15,103
-From continuing operations	15,466	13,347
-From discontinued operations	-	1,755
Contributions paid and benefits paid directly by the employer	(14,264)	(77,089)
Reserve of defined benefit obligations	(21,205)	41,283
Currency translation differences and other movements	(278)	865
Retirement benefit obligations as at 31 December	**192,780**	**211,944**

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 benefits paid for the years 2015 and 2014, according to the voluntary redundancy schemes that was announced during 2014, are included in the disclosures for the non funded plans.

Amounts recognised in the balance sheet	31 December 2015	31 December 2014
Pension schemes - funded	86,685	90,800
Other post retirement benefits - not funded	94,212	101,398
Total	**180,897**	**192,198**

Income statement	1/1-31/12/2015	1/1-31/12/2014
Pension schemes-funded	7,212	6,743
Other post retirement benefits - not funded	14,290	61,734
Total	**21,502**	**68,478**

Amounts in thousand euros (Unless otherwise stated)

A) Pension schemes - funded

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

	31 December 2015	31 December 2014
Present value of funded obligations	113,081	117,644
Fair value of plan assets	(26,396)	(26,843)
Liability in the balance sheet	**86,685**	**90,800**

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 2016, amounts to € 2.4 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:

	2015	2014
Opening balance	117,644	99,050
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	(197)	-
Current service cost	6,498	5,032
Interest cost	2,120	3,428
Contributions by plan participants	1,086	1,130
Benefits paid from the fund	(2,891)	(2,863)
Benefits paid directly by the employer	-	(7,134)
Settlement/ Curtailment/ Termination loss/ (gain)	(1,011)	(1,063)
Actuarial (gains)/ losses	(10,166)	20,063
Closing balance	**113,081**	**117,644**

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

	2015	2014
Opening balance	26,843	24,347
Expected return on plan assets	464	731
Employer contributions	1,370	2,444
Employee contributions	1,086	1,130
Benefits paid from the fund	(2,891)	(2,863)
Expenses	(69)	(78)
Actuarial gains / (losses)	(406)	1,132
Closing balance	**26,396**	**26,843**
Return on plan assets	**58**	**1,863**

Amounts in thousand euros (Unless otherwise stated)

The plan assets are invested as follows:

	31 December 2015	31 December 2014
Money market	55.03%	53.24%
Bonds	33.51%	35.08%
Deposits	11.33%	11.57%
Shares	0.00%	0.04%
Mutual funds	0.13%	0.06%

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

Income statement	1/1 - 31/12/2015	1/1 - 31/12/2014
Current service cost	6,498	5,032
Net interest cost	1,656	2,697
Expenses	69	78
Settlement/ Curtailment/ Termination loss/ (gain)	(1,011)	(1,063)
Total	**7,212**	**6,743**

The amounts recognised in equity are analysed as follows:

Remeasurements	31/12/2015	31/12/2014
Liability gain /(loss) due to changes in assumptions	7,356	(19,461)
Liability experience gain/ (loss) arising during the year	2,811	(602)
Return on plan assets excluding amounts included in interest income	(406)	1,132
Total amount recognised in equity	**9,760**	**(18,932)**

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

	2015	2014
Opening balance	90,800	74,703
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	(197)	-
Total expense recognised in the income statement	7,212	6,743
Employer contributions	(1,370)	(2,444)
Benefits paid directly by the employer	-	(7,134)
Amount recognised in equity	(9,760)	18,932
Closing balance	**86,685**	**90,800**

B) Other post retirement benefits - not funded

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

	31 December 2015	31 December 2014
Present value of unfunded obligations	94,212	101,398
Liability in the balance sheet	**94,212**	**101,398**

Amounts in thousand euros (Unless otherwise stated)

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

	2015	2014
Opening balance	101,398	71,141
Balance of acquired Banks/ Banking operations	-	6,377
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	(230)	-
Current service cost	5,241	3,136
Interest cost	1,662	1,926
Benefits paid directly by the employer	(11,390)	(57,549)
Settlement/ Curtailment/ Termination loss/ (gain)	7,367	56,351
Past service cost	19	321
Actuarial gains / (losses)	(9,855)	19,695
Closing balance	**94,212**	**101,398**

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

Income statement	1/1 - 31/12/2015	1/1 - 31/12/2014
Current service cost	5,241	3,136
Interest cost	1,662	1,926
Past servise cost recognised	19	321
Settlement/ Curtailment/ Termination loss/ (gain)	7,367	56,351
Total	**14,290**	**61,734**

The amounts recognised to equity are analysed as follows:

Remeasurements	31/12/2015	31/12/2014
Liability gain /(loss) due to changes in assumptions	7,020	(18,310)
Liability experience gain/ (loss) arising during the year	2,835	(1,385)
Total amount recognised in equity	**9,855**	**(19,695)**

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

	2015	2014
Opening balance	101,398	71,141
Balance of acquired Banks/ Banking operations	-	6,377
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	(230)	-
Total expense recognised in the income statement	14,290	61,734
Benefits paid by the employer	(11,390)	(57,549)
Amount recognised in equity	(9,855)	19,695
Closing balance	**94,212**	**101,398**

The expected weighted average duration of the defined benefit obligation is 15.3 years.

Amounts in thousand euros (Unless otherwise stated)

The main actuarial assumptions used are as follows:

	31/12/2015	31/12/2014
Discount rate	2.50%	2.00%
Expected return on plan assets	2.50%	2.00%
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%	-6.27%	6.94%
Pay increase	0.50%	6.54%	-6.03%
Voluntary withdrawal rate	decrease by 50%	-	4.36%

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 € 11.9 million (2014: € 19.7 million). The total charge in profit and loss for the year 2015 resulting from the defined benefit obligation plans of the Bank, is € 21.5 million (2014: € 68.5 million) and the continuing operations of the Group subsidiaries is € 1.7 million (2014: € 9.6 million).

41 Contingent liabilities and commitments

A) Legal procedures

The Group's provision for outstanding litigations as at 31/12/2015 amounts to € 19.3 million from continuing operations and € 8.2 million from discontinued operations against € 14.6 million and € 4.0 million respectively as at 31/12/2014. The legal proceedings outstanding against the Group as at 31/12/2015 for which no provisions have been recorded, are not expected to have any significant impact on the financial statements of the Group.

Amounts in thousand euros (Unless otherwise stated)

B) Credit commitments

As at 31/12/2015 the Group had undertaken the following commitments:

	31 December 2015	31 December 2014
Letters of guarantee	2,964,431	3,142,020
Letters of credit	30,316	50,710
Undrawn committed credit facilities	368,064	513,189
	3,362,810	**3,705,919**

The presentation of undrawn credit facilities for 2014 has changed for comparability purposes and consists of committed undrawn credit facilities.

C) Assets pledged

	31 December 2015	31 December 2014
Cash and balances with Central Banks	1,173,061	1,029,003
Financial instruments at fair value through profit or loss	41,790	117,624
Investment securities	1,223,063	1,140,238
Loans and advances to customers	24,766,404	4,046,740
Debt securities - receivables	15,252,624	5,738,198
Loans and advances to credit institutions	2,562	-
	42,459,504	**12,071,803**

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 € 16,092 million as at 31/12/2015 (31/12/2014: € 6,284 million) and are not included in the Bank's assets. The amount of € 16,092 million includes securities of amount € 10,487 million, that had been issued with the unconditional and irrecoverable guarantee of the Hellenic Republic, securities of amount € 5,595 million issued under the securitization of consumer, mortgage and corporate loans of the Bank and securities of amount € 10 million from the issuance of covered bonds of the Bank. Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities amounting to € 1,666 million (31/12/2014: € 8,531 million) are also used for liquidity purposes. Relative reference to the raise of funding through collaterals within the eurosystem is provided in note 32.

It is also noted that the "Loans and advances to customers" include loans of € 23,613 million, which have been pledged under financing from the E.L.A..

D) Operating lease commitments

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

	31 December 2015	31 December 2014
Up to 1 year	60,010	71,370
From 1 to 5 years	216,827	264,654
More than 5 years	330,706	437,184
	607,544	**773,208**

Amounts in thousand euros (Unless otherwise stated)

42 Share capital and contingent convertible securities

	Share Capital	Share Premium	Contingent convertible securities	Treasury Shares	Total
Opening balance at 1 January 2014	**2,271,770**	**10,008,734**	**0**	**(113)**	**12,280,391**
Increase of share capital	308,824	1,441,176	-	-	1,750,000
Share capital increase expenses		(56,595)			(56,595)
Repurchase of preferred shares	(750,000)	-	-	-	(750,000)
Purchases/ sales of treasury shares	-	-	-	113	113
Balance at 31 December 2014	**1,830,594**	**11,393,314**	**0**	**0**	**13,223,909**
Opening balance at 1 January 2015	**1,830,594**	**11,393,314**	**0**	**0**	**13,223,909**
Increase of share capital	2,601,649		2,040,000	-	4,641,649
Share capital increase expenses		(130,915)			(130,915)
Decrease of the nominal value of ordinary shares	(1,812,288)	1,812,288	-	-	0
Purchases/ sales of treasury shares	-	-	-	(460)	(460)
Balance at 31 December 2015	**2,619,955**	**13,074,687**	**2,040,000**	**(460)**	**17,734,183**

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 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**
Opening balance at 1 January 2015	**6,101,979,715**	**0**	**6,101,979,715**
Adjustment (decrease) in the number of ordinary shares due to reverse split (100:1)	(6,040,959,917)	-	(6,040,959,917)
Adjusted opening balance at 1 January 2015	**61,019,798**	**0**	**61,019,798**
Increase of share capital	8,672,163,482	-	8,672,163,482
Purchases of treasury shares	-	(21,039,684)	(21,039,684)
Sales of treasury shares	-	19,361,054	19,361,054
Balance at 31 December 2015	**8,733,183,280**	**(1,678,630)**	**8,731,504,650**

Following the share capital increase and the redemption of preference shares that took place in 2014, the share capital of the Bank on 31/12/2014 and 30/9/2015 amounted to € 1,830,593,914.50 divided into 6,101,979,715 ordinary registered shares with a nominal value of € 0.30 each. The amendment to the articles of association of the Bank, related to the cancellation of the preference shares of the Hellenic Republic, has been resolved by the Bank's Extraordinary General Meeting of Shareholders dated 30/10/2014 and it was approved by the supervising authority during the 4th quarter of 2015.

Following the decision of the Bank's Extraordinary General Meeting of Shareholders held on 15/11/2015, which was further specified by its Board of Directors' resolution dated 17/11/2015, the Bank resolved the following:

a)The increase of the nominal value of each ordinary share from € 0.30 to € 30.00 and the simultaneous reduction of the total number of the Bank's ordinary shares from 6,101,979,715 to 61,019,798 (reverse split with 100 old shares for every new share) and the consequent share capital increase of the Bank via capitalization of € 25.50 of the reverse of article 4 par 4a c.I. 2190/1920 for the purposes of achieving an integral number of shares.

b) The creation of the special reserve of article 4 par. 4a of c.l. 2190/1920, of € 1,812,288,000.60 by means of reduction of the Bank's share capital by decrease of the nominal value of each ordinary share from € 30.00 to € 0.30 without altering the total number of the 61,019,798 ordinary shares.

Consequently, the Bank's share capital amounted to € 18,305,939.40 divided into 61,019,798 ordinary registered shares with a nominal value of € 0.30 each.

In accordance to the decision of the Bank's Extraordinary General Meeting of Shareholders held on 15/11/2015, which was further specified by its Board of Directors' decisions of 20/11/2015 and 2/12/2015, the Bank resolved to a share capital increase that was covered as follows:

i. amount of € 581,649,044.40 by capitalization of liabilities, equivalent to payment in cash, with the issuance of 1,938,830,148 new ordinary registered shares of nominal value of € 0.30 each,following the Liability Management Exercise,

ii. amount of € 1,340,000,000.10 through private placement, via payment in cash with the issuance of 4,466,666,667 new ordinary registered shares of nominal value of € 0.30 each and

iii. amount of € 680,000,000.10 through the contribution in kind of ESM bonds with the issuance of 2,266,666,667 new ordinary registered shares of nominal value € 0.30 each,by the Hellenic Financial Stability Fund,in accordance with Law 3864/2010 and Cabinet Act 36/02.11.2015.

Following the completion of the share capital increase, and on 31/12/2015, the share capital of the Bank amounts to € 2,619,954,984.00, divided into 8,733,183,280 ordinary registered shares with a nominal value of € 0.30 each.

The Share premium reserve increased by € 1,681,373,286.85 including the decrease of the share capital amounting to € 1,812,288,000.60 and the reduction of the expenses related to the share capital increase amounting to € 130,914,688.25.

On 2/12/2015, the Board of Directors proceeded with the issue of a contingent convertible bond loan of a total amount € 2,040 million, which represents 75% of the difference between the adverse (€ 4,933 million) and the baseline scenario (€ 2,213 million) of the Comprehensive Assessment. This amount was exclusively covered by the HFSF with bonds issued by ESM.

The main terms of the contingent convertible bonds are summarized as follows:

- If the index CET1 of the Bank, calculated on a standalone or a consolidated basis falls below 7%, the contingent convertible bonds will be mandatorily converted into ordinary share and the number of ordinary shares to be issued to each holder shall be determined by dividing 116% of the initial nominal amount of the outstanding contingent convertible bonds held, by the conversion price.

- The contingent convertible bonds are interest bearing with an annual rate of 8%, payable annually on an accrual basis. Interest Payments (whether in whole or in part) are left to the discretion of the Bank's Board of Directors. In case the Bank does not make any of the scheduled interest payments in full on the relevant interest payment date, no dividend shall be paid on ordinary shares.

- The contingent convertible bonds are mandatorily converted into ordinary shares, if interest payments are not paid by the Bank in whole or partially in two interest payment dates (not necessarily consecutive), excluding for this purpose any interest payable by the issuance of common shares instead of payments in cash.

Amounts in thousand euros (Unless otherwise stated)

- The contingent convertible bonds do not have a fixed repayment date.

On 31/12/2015, contingent convertible bonds form part of the Bank's equity, as all the relevant criteria in the provisions of IAS 32 are met.

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 corresponded to 15,969 ordinary shares,with the total amount paid by the warrant holders to the HFSF amounting to € 28,911.87. Following the abovementioned exercise of warrants (3rd in row), as well as the 4th exercise that took place in 2/7/2015 and the 5th exercise that took place in 4/1/2016 in which no warrants were exercised, the issued warrants currently outstanding amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF (0.43% percentage of total share capital).

The Annual Ordinary General Meeting of Shareholders of the Bank, held on 29/6/2015, decided not to distribute dividend for the fiscal year 2014, according to the established provisions of article 10 of Law 3864/2010 combined with article 1 par. 3 of Law 3723/2008, as in force for the credit institutions participating in the Economy reinforcement plan.

According to article 28 of 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 2015	31 December 2014
Legal reserve	111,965	74,809
Extraodinary reserve	13,897	13,940
Available for sale reserve	22,098	(56,808)
Currency translation reserve	(188,134)	(165,570)
Other reserves	38,761	56,171
Reserve of defined benefit obligations	(6,355)	(33,782)
Other reserves from continuing operations (A)	(7,766)	(111,240)
Amounts recognized directly in equity relating to non-current assets from discontinued operations (B)	21,863	18,787
Total other reserves (A) + (B)	**14,096**	**(92,453)**

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.

Other reserves movement	31 December 2015	31 December 2014
Opening balance	(92,453)	100,709
Movement of available for sale reserve	78,906	(151,298)
Transfer from other reserves to retained earnings	27,581	(1,663)
Acquisitions, disposals and movement in participating interest	(7,877)	-
Change in reserve of defined benefit obligations	27,427	(40,975)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	3,076	682
Foreign exchange differences and other adjustments	(22,564)	93
Closing balance	**14,096**	**(92,453)**

Amounts in thousand euros (Unless otherwise stated)

Available for sale reserve movement	31 December 2015	31 December 2014
Opening balance	(56,808)	94,490
Opening balance of discontinued operations	140	-
Gains/(losses) from the valuation of bonds and Greek Government Treasury Bills	28,893	(92,630)
Gains/(losses) from the valuation of shares and mutual funds	66,579	(78,705)
Recycling to income statement of shares and mutual funds impairment	11,424	37,466
Recycling of the accumulated fair value adjustment of disposed securities	(6)	(75,051)
Deferred income taxes	(28,753)	53,443
Foreign exchange differences and adjustments	630	4,180
Closing balance	**22,098**	**(56,808)**

In December 2015, Visa Europe announced the sale of its shares in Visa Inc. The total sale price, for all credit institutions, was set at € 16.5 billion, out of which € 11.5 billion will be paid in cash and the rest of € 5.0 billion in preference shares to the members of Visa Europe. At the end of 2015, the Group recognized in "Gains/(losses) from the valuation of shares and mutual funds" the proportional benefit of approximately € 69.7 million, as it was determined from Visa Europe based on the Group's contribution to the net income of Visa Europe for a particular period.

Retained earnings movement	31 December 2015	31 December 2014
Opening balance	(5,921,295)	(3,957,191)
Profit/ (loss) after tax attributable to the owners of the parent entity	(1,892,848)	(1,965,087)
Profit/ (loss) from sales of treasury shares	(1,412)	(52)
Transfer between other reserves and retained earnings	(28,347)	1,664
Acquisitions, disposals, absorption, liquidation and movements in participating interest	3,268	(628)
Closing balance	**(7,840,634)**	**(5,921,295)**

44 Dividend per share

For fiscal years 2014 and 2015 there is no 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 29/6/2015, decided not to distribute dividend for the fiscal year 2014. For the same reasons the Board of Directors of Piraeus Bank will propose the non – distribution of dividends for the fiscal year 2015 in the Annual Ordinary General Meeting of Shareholders of 2016.

According to the article 1 of L. 3723/2008, banks, for the period they participate in the programs 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 par. 1, 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 3864/2010 "Establishing the Hellenic Financial Stability Fund" and of the Cabinet Act 36/2015, issued under the aforementioned Law.

Amounts in thousand euros (Unless otherwise stated)

Also, the distribution of dividends is not feasible in case that the Bank does not pay in full, on the relevant interest payment date, any scheduled interest payments on the contingent convertible bonds, which were issued in the context of the Bank's recapitalization. Relevant to the contingent convertible bonds is note 42.

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/2015/49) on dividend distribution policies providing for a conservative distribution policy for the fiscal year 2015, 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 2015	31 December 2014
Cash and balances with central banks (note 18)	1,904,526	2,381,784
Loans and advances to credit institutions (note 19)	140,246	262,298
Trading securities (note 21)	25,889	16,129
	2,070,660	**2,660,211**

Cash and cash equivalents of Discontinued operations as at 31/12/2015 amount to € 206,098 thousand (31/12/2014: € 3,922 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 Group, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20%, d) Bank's subsidiaries, e) Bank's associates and f) HFSF, which in accordance with IAS 24 is related party of Piraeus Bank, after the recapitalization in the context of the law 3864/2010. It is noted that related parties do not include companies with which HFSF is potentially considered as a related party.

The transactions with the above related parties are under the usual market terms. More specifically, 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 and the risk of their repayment is within the normal course of the market conditions.

Transactions with the Board of Directors members and the key management personnel and the Other related parties, that include related parties mentioned in points (b) and (c) above, are presented in the table below. It is noted that there were no transactions with the HFSF in years 2015 and 2014.

Amounts in thousand euros (Unless otherwise stated)

	31/12/2015		31/12/2014	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans	22,148	41,898	55,340	45,791
Deposits	7,484	13,383	16,572	18,023
Letters of guarantee and letters of credit	-	3,474	1	3,379

	1/1-31/12/2015		1/1-31/12/2014	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	377	1,699	701	2,856
Expense	75	1,451	263	1,352

Members of the Board of Directors and key management personnel benefits	1/1-31/12/2015	1/1-31/12/2014
Short term benefits	7,936	9,341
Post employment benefits	667	943

Short term benefits for the members of the Board of Directors and the key management personnel include wages, salaries, employers' share of social contributions and other charges. The Bank's profit or loss has been charged with the cost of the post employment benefits, through the recognition of provisions for this purpose.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 26.5 million instead of € 29.7 million as at 31/12/2014. The full amount of the above provisions has been included in the retirement benefit obligations (note 40).

The transactions with associate companies are analysed as follows:

	Associates	
	31 December 2015	31 December 2014
Deposits and other liabilities	78,523	125,463
Loans and other receivables	1,105,488	936,575
Debt securities	10,771	-
Derivatives financial assets	2,197	18,488

The increase in the balance of loans and other receivables as at 31/12/2015 versus 31/12/2014 is mainly due to the classification of “Selonda Aquaculture S.A.” and “Nireus Aquaculture S.A.” in the portfolio of associate companies. The aggregate provisions on loans to associate companies amount to € 65.6 million instead of € 47.1 million as at 31/12/2014.

	1/1-31/12/2015	1/1-31/12/2014
Total expense and capital expenditure	(21,055)	(24,559)
Total income	60,637	12,620

The increase in total revenues for the year 2015 compared to the respective year 2014, is mainly due to loan interest income from MIG Group, which has been classified in the portfolio of the associate companies in December 2014.

Letters of guarantee to associates of the Group as at 31/12/2015 are € 17.3 million (31/12/2014: € 13.9 million).

47 Changes in the portfolio of subsidiaries and associates

During the year 2015, Piraeus Bank and its subsidiaries paid for the acquisition, establishment and participation in share capital increases of subsidiaries, a total amount of € 209 million. Additionally, Piraeus Bank and its subsidiaries paid for the acquisition, establishment and participation in share capital increases of associates, a total amount of € 59 million. The analysis of changes of subsidiaries' and associates' portfolio is presented below:

a) Gain of control or significant influence:

On 6/2/2015, Piraeus Bank S.A. acquired 100% of the company “Cyprus Leasing S.A.”, which was included in the portfolio of subsidiaries.

On 17/3/2015, the share capital increase of "Selonda Aquaculture S.A". of amount € 50.4 million was concluded, through debt capitalization, including bank loans from Piraeus Bank. As a result, Piraeus Bank became shareholder of the aforementioned company with shareholding percentage of 33.85%, thus incorporating the said participation in the portfolio of associate companies.

On 18/6/2015, Alecsandri Estates SRL increased its share capital by € 11 million, which was fully covered by 99.09% Group’s subsidiary, Daphne Real Estate Consultancy SLR. As a result, Daphne Real Estate Consultancy SRL acquired 75% of the company Alecsandri Estates SRL, which was included in the subsidiaries’ portfolio of the Group.

On 7/10/2015, the share capital increase of Nireus Aquaculture S.A. by € 58.6 million was concluded through debt capitalization, including bank loans from Piraeus Bank. As a result, Piraeus Bank became shareholder of the aforementioned company with percentage of 33.10%, thus incorporating the said participation in the portfolio of associate companies.

On 2/12/2015, Piraeus Bank Bulgaria A.D., 99.98% subsidiary company of Piraeus Bank, acquired the 100% of the share capital of the company Besticar Limited. The company was classified in the subsidiaries’ portfolio of the Group. By acquiring 100% of the shares of the said company, Besticar Bulgaria EOOD, its 100% direct subsidiary company and Besticar EOOD, its 100% indirect subsidiary company, were classified in the subsidiaries’ portfolio of the Group.

b) Establishments:

ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., established its 100% subsidiary companies, ETVA Fund Management S.A. and ETVA Development S.A., by paying the amount of € 100 thousand and € 60 thousand respectively.

On 21/1/2015, Green Investments S.A., 100% subsidiary of Piraeus Bank S.A., participated by 50% in the establishment of Litus Advisory S.A., by paying the amount of € 150 thousand, and as a result, the company was classified in the portfolio of associate companies.

On 4/9/2015 Piraeus Bank Bulgaria A.D, 99.98% subsidiary of Piraeus Bank S.A., established the company Gama Asset Management EOOD, by paying € 1.3 thousand. The company was classified in the portfolio of subsidiaries companies of the Group.

On 5/11/2015, Piraeus Bank Bulgaria A.D., 99.98% subsidiary company of Piraeus Bank, established its 100% subsidiary company Delta Asset Management EOOD by paying € 255.6 thousand. The company was classified in the subsidiaries' portfolio of the Group.

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

Solum Enterprise LLC, 99% subsidiary of the Group, decreased its percentage in SINITEM LLC by 1%. As a result, its shareholding percentage in its subsidiary company was decreased to 99%, while the shareholding percentage of the Group in the company decreased to 98% from 99%.

In early January 2015, Piraeus Bank S.A. decreased its shareholding percentage in European Reliance Gen. Insurance Co. S.A. by 1.59%. As a result, its shareholding percentage in the company decreased to 28.65%.

On 14/1/2015, Piraeus Bank S.A. acquired an additional 10.71% of Marfin Investment Group Holdings S.A. with the amount of € 28.26 million. As a result, Piraeus Bank S.A. owns 28.50% of the company.

On 22/1/2015, Piraeus Bank S.A. acquired an additional 51% of ACT Services S.A. for the amount of € 322 thousand and as a result, owns 100% of the company. On that date, the company was classified from the portfolio of associates to the portfolio of subsidiary companies, whereas on 18/5/2015 was renamed to Piraeus ACT Services S.A. Consequently, P - Payroll S.A., 100% subsidiary of Piraeus ACT Services S.A., has become a subsidiary of the Group.

On 13/2/2015, PJ Tech Catalyst Fund, 30% associate participation of the Group, increased its assets by € 223.7 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio by paying a total of € 67.1 thousand without altering its shareholding percentage in the company.

On 26/2/2015, ND Development S.A., 100% subsidiary company of Piraeus Bank S.A., increased its share capital by € 60 thousand, which was fully covered by Piraeus Bank S.A., without altering its shareholding percentage in the company.

On 26/2/2015, Pleiades Estate S.A., 100% subsidiary company of the Group, increased its share capital by € 210 thousand, 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 increased to 15.98% from 14.76%, while that of Piraeus Real Estate S.A. decreased to 84.02% from 85.24%.

On 26/2/2015, Property Horizon S.A., 100% subsidiary company of Piraeus Bank S.A., increased its share capital by € 60 thousand, which was fully covered by Piraeus Bank S.A. without altering its shareholding percentage in the company.

On 26/2/2015, Piraeus Development S.A., 100% subsidiary company of Piraeus Bank S.A., increased its share capital by € 170 thousand, which was fully covered by Piraeus Bank S.A. without altering its shareholding percentage in the company.

On 23/3/2015, Piraeus Bank S.A. acquired an additional 37.08% of shares of the company Trastor Real Estate Investment Company for the amount of € 28.55 million, so as Piraeus Bank S.A. to directly own 70.88% of the company, which was transferred to the portfolio of subsidiary companies from the portfolio of associates. Consequently, Rembo S.A., 100% subsidiary company of Trastor Real Estate Investment Company, has become subsidiary of the Group.

On 2/4/2015, 98% of the share capital of Integrated Services Systems Co, subsidiary company of the Group, was disposed. As a result, the company was transferred to the available for sale portfolio.

On 6/4/2015, Piraeus Green Investments S.A., 100% subsidiary of Piraeus Bank S.A., increased its share capital by € 160 thousand, which was fully covered by Piraeus Bank S.A., without altering its shareholding percentage in the company.

On 5/5/2015, Picar S.A., 100% subsidiary of Piraeus Bank S.A., increased its share capital by € 35 million, which was fully covered by Piraeus Bank S.A., without altering its shareholding percentage in the company.

On 13/5/2015, Centre of Sustainable Entrepreneurship Excelixi S.A., 100% subsidiary of Piraeus Bank S.A., increased its share capital by € 300 thousand, which was fully covered by Piraeus Bank S.A., without altering its shareholding percentage in the company.

On 5/6/2015, Piraeus Bank paid to its associate company Piraeus - TANEO Capital Fund the amount of € 100.9 thousand.

On 12/6/2015, Piraeus Bank S.A. acquired an additional 16.19% of Hellenic Seaways Maritime S.A. for the amount of € 25 million. As a result, Piraeus Bank S.A. owns 39.61% of the company.

On 16/6/2015, the Mandatory Tender Offer of Piraeus Bank S.A. to the shareholders of its 70.88% subsidiary Trastor REIC for the acquisition of the total amount of common shares of the company was completed. As a result, Piraeus Bank acquired an additional 2.52% of the share capital of the company by paying the amount of € 1.94 million. During the period of acceptance of the Mandatory Tender Offer (19/5/2015-16/6/2015), Piraeus Bank acquired through the stock exchange an additional 17.24% of the share capital of Trastor REIC by paying € 13.26 million. Following the completion of the Mandatory Tender Offer and until 26/6/2015, Piraeus Bank acquired through the stock exchange an additional 0.49% of the share capital of Trastor REIC by paying € 376.0 thousand approximately. As a result, Piraeus Bank S.A. owns 91.13% of the company.

On 25/6/2015, Trieris Real Estate LTD, associate of Piraeus Bank S.A., repurchased 219 of its shares from Piraeus Bank S.A., for the amount of € 2.08 million.

During the 2nd quarter of 2015, PJ Tech Catalyst Fund, 30% associate company of the Group, increased its assets by € 1.27 million. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A, covered its shareholding ratio with the amount of € 382.28 thousand, without altering its shareholding percentage.

On 6/7/2015, Trastor REIC, 91.71% subsidiary company of Piraeus Bank S.A, fully paid the € 2 million share capital increase of its 100% subsidiary Rembo S.A, without altering its shareholding percentage in the company.

On 21/7/2015, Piraeus Bank S.A fully paid its shareholding ratio of € 4.4 million on the € 16.2 million share capital increase of its 27.2% associate company APE Investment Property S.A, without altering its shareholding percentage.

On 30/7/2015, Piraeus Bank fully paid the € 350 thousand share capital increase of its 100% subsidiary company Kosmopolis A' Shopping Centers S.A, without altering its shareholding percentage in the company.

On 31/8/2015, Picar S.A, 100% subsidiary of Piraeus Bank S.A., fully paid the € 1.35 million share capital increase of its 100% subsidiary company Linklife Food & Entertainment Hall S.A., without altering its shareholding percentage in the company.

On 14/9/2015, Achaia Clauss Estate S.A., 74.76% subsidiary company of Piraeus Bank S.A, proceeded to a share capital increase of € 1.44 million, which was fully covered by Piraeus Bank, thus increasing its shareholding percentage in the company to 75.27%.

On 24/9/2015, R.E Anodus Ltd, 99.998% subsidiary of Piraeus Bank, increased its share capital by € 63.89 million, mostly through debt capitalization, which was fully covered by Piraeus Bank, thus increasing the shareholding percentage in the company to 99.999%.

During the 3rd quarter, PJ Tech Catalyst Fund, 30% associate company of the Group, increased its assets by € 317.8 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary company of Piraeus Bank S.A., covered its shareholding percentage by paying € 95.3 thousand, without altering its shareholding percentage in the company.

During the 3rd quarter of 2015, Piraeus Bank acquired through the stock exchange an additional 0.58% of the share capital of Trastor REIC, by paying € 447.9 thousand. As a result, Piraeus Bank owns 91.71% of the company.

During the 3rd quarter of 2015, Piraeus Bank disposed the 0.69% of the share capital of its associate company Selonda Aquaculture S.A. for the amount of € 91.7 thousand approximately. As a result, Piraeus Bank owns 33.16% of the company.

On 8/10/2015, Piraeus Bank acquired from its 100% held for sale company ATE Insurance S.A., 99.47% of the share capital of ATE Insurance Romania S.A. by paying € 6.1 million, thus maintaining the said participation in the portfolio of held for sale companies. On 30/12/2015, ATE insurance Romania S.A. increased its share capital by € 133.0 thousand, which was fully covered from Piraeus Bank. As a result, Piraeus Bank owns 99.49% of the company.

On 16/10/2015, Piraeus Bank Bulgaria A.D., 99.98% subsidiary company of Piraeus Bank, acquired from the Group's 100% subsidiary, Bulfinace EAD, the 100% of Asset Management Bulgaria EOOD by paying € 1.02, thus maintaining the said participation in the subsidiaries' portfolio of the Group. As a result, the shareholding percentage of the Group in Asset Management Bulgaria EOOD was decreased to 99.98% from 100%.

On 23/10/2015, Piraeus Bank sold the 8.11% of the share capital of its associate company Nireus Aquaculture S.A. for the amount of € 2.1 million to its 100% subsidiary company, Piraeus Leases S.A., without altering the Group's shareholding percentage in the company, while the percentage of Piraeus Bank in Nireus Aquaculture S.A. was decreased to 24.99%.

On 26/10/2015, Piraeus Bank Romania S.A., 99.99971% subsidiary company of Piraeus Bank, proceeded to a share capital increase of € 24 million approximately (RON 105.9 million) through subordinated debt capitalization. As a result, Piraeus Bank owns 99.99973% of the company.

On 18/11/2015, JSC Piraeus Bank ICB, 99.9900% subsidiary company of Piraeus Bank, proceeded to a share capital increase of € 18.34 million ($ 19.54 million) through subordinated debt capitalization. As a result, Piraeus Bank owns 99.9918% of the company.

Amounts in thousand euros (Unless otherwise stated)

On 4/12/2015, Piraeus Bank fully paid the € 40.0 million share capital increase of its 100% subsidiary company Piraeus Securities S.A., without altering its shareholding percentage in the company.

On 21/12/2015, Trastor REIC, 91.71% subsidiary company of Piraeus Bank, fully paid the € 300 thousand share capital increase of its 100% subsidiary company Rembo S.A., without altering its shareholding percentage in the company.

On 22/12/2015, Imithea S.A., 100% subsidiary company of Piraeus Bank, proceeded to shares split with 25 new shares for every old share and to share capital increase of € 46.5 million, through debt capitalization, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

From 23/12/2015, 2,263,325 new shares of Marfin Investment Group Holdings S.A., 28.50% associate company of Piraeus Bank, are traded as a result of the share capital increase of the company through bond conversion, owned by third parties, into shares. As a result, Piraeus Bank owns 28.43% of the company.

On 23/12/2015, Piraeus Bank paid to its associate company, Piraeus - TANEO Capital Fund, the amount of € 151.4 thousand.

On 23/12/2015, Gaia S.A., 30% associate company of the Group, proceeded to its share capital increase by € 153.9 thousand without the participation of the Bank's 100% subsidiary company, Centre of Sustainable Entrepreneurship Excelixi S.A., thus decreasing its shareholding percentage in the company to 26%.

On 28/12/2015, Piraeus Leases S.A., 100% subsidiary of Piraeus Bank, proceeded to share capital decrease of € 22.1 million by offsetting losses and to share capital increase of € 20 million, which was fully covered by Piraeus Bank, through equivalent debt capitalization, thus without altering its shareholding percentage.

On 28/12/2015, Cyprus Leasing S.A., 100% subsidiary company of Piraeus Bank, proceeded to share capital decrease of € 139.1 million by offsetting losses and to share capital increase of € 230 million, which was fully covered by Piraeus Bank, through equivalent debt capitalization, thus without altering its shareholding percentage.

During the 4th quarter of 2015, PJ Tech Catalyst Fund, 30% associate company of the Group, increased its assets by € 691.5 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary company of Piraeus Bank, covered its ratio by paying in total € 207.4 thousand, without altering its shareholding percentage in the company.

Net outfolw from shareholding percentage increase in subsidiaries and from acquisition of subsidiaries amounts to € 43,905 thousand and is presented below:

Acquisition of subsidiaries excluding cash and cash equivalents acquired	1/1-31/12/2015	1/1-31/12/2014
Shareholding percentage increase in subsidiaries of the Group	-	301
Acquisition of subsidiaries	44,893	-
Less: Cash and cash equivalents acquired	(989)	(116)
	43,905	**185**

d) Liquidation and disposal:

On 26/3/2015, Piraeus Bank proceeded to complete disinvestment from the associate Serbian Bank “AIK Banka” by transferring 20.35% of the common and 25% of the preference shares for the amount RSD 3,290 million and RSD 311 million respectively (in total € 30 million approximately).

Amounts in thousand euros (Unless otherwise stated)

On 8/4/2015, Piraeus Bank (Cyprus) Nominees LTD, 100% subsidiary company of the Group, has been removed from the relevant company Register.

On 19/6/2015, Group's associate company Good Works Energy Photovoltaics S.A., the proceeds from the liquidation of which were distributed to its shareholders on December 2014, was removed from the Tax Office of Commercial Companies' Registry.

On 7/10/2015, the Group sold its 100% subsidiary company Piraeus Insurance Reinsurance Broker Romania S.R.L. for the amount of € 442.9 thousand.

On 10/11/2015, Piraeus Bank sold its 98.49% held for sale company Piraeus Bank Egypt S.A.E., for the amount of € 139.7 million ($ 149.7 million). As a result of the abovementioned sale, the following companies which were included in the group of companies of Piraeus Bank Egypt S.A.E, a) Piraeus Egypt Leasing Co., b) Piraeus Bank Egypt Investment Company, c) Alexandria for Development and Investment and d) Nile Shoes Company,are no longer included in Piraeus Bank Group.

On 22/12/2015, Holding Spectacles S.A., 100% subsidiary company of Piraeus Bank, which was under liquidation, was deleted from the General Commercial Registry.

Disposals of subsidiaries excluding cash and cash equivalents acquired	1/1-31/12/2015	1/1-31/12/2014
Disposal/ partial disposal of subsidiaries	95,155	-
Gains / (losses) from disposals	44,990	-
Less: Cash and cash equivalents acquired	(274,941)	-
	(134,795)	**0**

e) Other changes:

On 20/4/2015, Exus S.A., 49.9% associate of Piraeus Bank S.A., has been renamed to Exodus S.A.

On 2/6/2015, Geniki Insurance Agency S.A., 100% subsidiary of the Group, has been renamed to Special Financial Solutions S.A.

On 4/6/2015, the merger of Kosmopolis A' Shopping Centers S.A., 100% subsidiary of Piraeus Bank S.A., with its 100% subsidiary Parking Kosmopolis S.A., has been completed through absorption of the latter from the former.

On 8/6/2015, Geniki Special Business Services S.A, 100% subsidiary of Piraeus Bank S.A., has been renamed to Special Business Services S.A.

On 12/6/2015, P - Payroll S.A., 100% subsidiary of the Group, has been renamed to A.C.T. B.A.S. S.A.

On 22/12/2015, the merger of Nireus Aquaculture S.A., 24.99% associate company of Piraeus Bank, and Sea Farm Ionian S.A., in which the Group owned 17.46%, has been completed, through absorption of the latter from the former. As a result, the Group owns 32.71% of Nireus Aquaculture S.A.

On 24/12/2015, the merger of Olympic Commercial & Tourist Enterprises S.A., 94.00% subsidiary company of Piraeus Bank, and its 100% subsidiary company Visa Rent A Car S.A. has been completed, through absorption of the latter from the former.

Amounts in thousand euros (Unless otherwise stated)

48 Independent Auditors' fees

The table below analyses, as stated in article 43a of codified law 2190/1920 and as amended by article 30 of Law 3756/2009, the total fees for the years ended 31 December 2015 and 2014 of the Bank's statutory auditor 'PricewaterhouseCoopers', for the Bank and the Group's subsidiaries, in which the aforementioned company is the statutory auditor.

	31 December 2015	31 December 2014
Statutory audit fees	3,275	3,221
Tax audit fees	651	593
Other audit related fees	681	1,042
Other non audit related fees	2,572	551
Total	**7,178**	**5,407**

49 Completion of the purchase price allocation of former Panellinia Bank S.A.

On 17/4/2015, Piraeus Bank acquired the "healthy" segments of the assets and liabilities of former Panellinia Bank S.A. for a consideration of € 17.1 million. Piraeus Bank applied the rules of IFRS 3 "Business Combinations" and completed within 12 months from the acquisition date the allocation of the acquisition cost of former Panellinia Bank S.A. to the assets and liabilities acquired. It is noted that the estimation of the fair value of the loans and advances to customers as well as the recognition of intangible assets in accordance with the requirements of IFRS and their fair value measurement have been conducted by an independent international audit company.

The total fair values of the assets and liabilities acquired, are presented in the table below:

	Acquired assets and liabilities of former Panellinia Bank S.A.
Assets	
Cash and balances with Central Banks	1,594
Loans and advances to credit institutions	1,709
Loans and advances to customers (net of provisions)	260,684
Available for sale securities	2,679
Intangible assets	8,012
Property, plant and equipment	3,188
Other assets	40,201
Funding gap	296,994
Total Assets	**615,061**
Liabilities	
Due to credit institutions	89,306
Due to customers	504,291
Other liabilities	8,996
Total liabilities	**602,593**
Shareholders equity	12,468
Total liabilities and shareholders equity	**615,061**
Cost of acquisition	17,100
Percentage of net assets acquired	100%
Goodwill	4,632

The following table presents total net revenues, total expenses and provisions and the results before income taxes of former Panellinia Bank S.A. that were incurred after the acquisition date, as well as the respective amounts that would have been incurred for the Group, if the acquisition had taken place on 1/1/2015.

	Results 2015	Results after the acquisition
Total net revenues	(3,740)	(1,213)
Total expenses and provisions	(16,146)	(8,323)
Results before income taxes	**(19,887)**	**(9,536)**

Amounts in thousand euros (Unless otherwise stated)

50 Restatement of comparative year

The restatement in consolidated income statement and consolidated cash flow statement of the year ended 31/12/2014 is due to the transfer of Piraeus Bank Egypt S.A.E. group of companies and Piraeus Bank Cyprus LTD group of companies to discontinued operations, and also of the restatement of amount € 36 million in the "Impairment of tangible and intangible assets" from "Depreciation and amortisation" due to interruptions of Group's branches operations.

Consolidated Income Statement	1/1-31/12/2014		
	Published amounts	Restatements	Restated amounts
Interest and similar income	3,476,093	(108,390)	3,367,703
Interest expense and similar charges	(1,475,647)	60,821	(1,414,826)
Net interest income	**2,000,446**	**(47,569)**	**1,952,877**
Fee and commission income	374,919	(23,692)	351,228
Fee and commission expense	(41,625)	4,291	(37,335)
Net fee and commission income	**333,294**	**(19,401)**	**313,893**
Dividend income	15,390	(1,784)	13,606
Net income from financial instruments designated at fair value through profit or loss	(104,321)	(2,372)	(106,694)
Results from investment securities	74,950	(263)	74,688
Other results	204,145	(812)	203,333
Total net income	**2,523,904**	**(72,200)**	**2,451,704**
Staff costs	(771,927)	35,205	(736,722)
Administrative expenses	(604,091)	12,363	(591,727)
Depreciation and amortization	(156,959)	42,418	(114,541)
Total operating expenses before provisions	**(1,532,976)**	**89,987**	**(1,442,989)**
Profit before provisions, impairment and income tax	**990,928**	**17,786**	**1,008,714**
Impairment losses on loans	(3,756,870)	48,032	(3,708,839)
Impairment losses on other receivables	(165,380)	59	(165,321)
Impairment on participation and investment securities	(90,061)	2,693	(87,367)
Impairment of tangible and intangible assets	(19,214)	(35,159)	(54,373)
Impairment on assets held for sale	(2,170)	20	(2,150)
Other provisions	(9,352)	(240)	(9,592)
Share of profit of associates	5,021	(325)	4,696
Profit/ (loss) before income tax	**(3,047,098)**	**32,866**	**(3,014,232)**
Income tax	1,068,254	731	1,068,985
Profit/ (loss) after income tax from continuing operations	**(1,978,845)**	**33,597**	**(1,945,248)**
Profit/ (loss) after income tax from discontinued operations	6,851	(33,597)	(26,746)
Profit/ (loss) after tax	**(1,971,994)**	**0**	**(1,971,994)**
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity	(1,971,940)	33,591	(1,938,349)
Non controlling interest	(6,905)	6	(6,899)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity	6,853	(33,591)	(26,738)
Non controlling interest	(2)	(6)	(8)
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):			
From continuing operations			
- Basic and Diluted	(0.2843)	(0.9146)	(1.1990)
From discontinued operations			
- Basic and Diluted	0.0003	(0.0169)	(0.0165)

Amounts in thousand euros (Unless otherwise stated)

Consolidated statement of Total Comprehensive Income	1/1-31/12/2014		
	Published amounts	Restatements	Restated amounts
CONTINUING OPERATIONS			
Profit/ (loss) after tax (A)	**(1,978,845)**	**33,597**	**(1,945,248)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(151,350)	(1,496)	(152,846)
Change in currency translation reserve	362	(12,670)	(12,309)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(40,997)	272	(40,725)
Other comprehensive income, net of tax (B)	**(191,986)**	**(13,894)**	**(205,880)**
Total comprehensive income, net of tax (A+B)	**(2,170,830)**	**19,703**	**(2,151,127)**
- Attributable to equity holders of the parent entity	(2,164,120)	19,841	(2,144,279)
- Non controlling interest	(6,710)	(139)	(6,849)
DISCONTINUED OPERATIONS			
Profit/ (loss) after tax (C)	**6,851**	**(33,597)**	**(26,746)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	490	1,496	1,986
Change in currency translation reserve	192	12,670	12,863
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	(272)	(272)
Other comprehensive income, net of tax (D)	**683**	**13,894**	**14,577**
Total comprehensive income, net of tax (C+D)	**7,533**	**(19,703)**	**(12,170)**
- Attributable to equity holders of the parent entity	7,534	(19,841)	(12,307)
- Non controlling interest	(1)	139	138

Consolidated Cash Flow statement	1/1-31/12/2014		
	Published amounts	Restatements	Restated amounts
Net cash inflow/ (outflow) from operating activities	1,090,254	(18,258)	1,071,996
Net cash inflow/ (outflow) from investing activities	(1,618,281)	(10,464)	(1,628,745)
Net cash inflow/ (outflow) from financing activities	1,243,544	-	1,243,544
Total cash inflows/ (outflows) for the year	**715,517**	**(28,722)**	**686,795**
Effect of exchange rate fluctuations on cash and cash equivalents	58,546	1,123	59,669
Net increase/ (decrease) in cash and cash equivalents from continuing operations (A)	**774,063**	**(27,598)**	**746,465**
Net increase/ (decrease) in cash and cash equivalents from discontinued operations (B)	**1,604**	**27,598**	**29,202**
Cash and cash equivalents at the beginning of the year (C)	**1,888,466**	**0**	**1,888,466**
Cash and cash equivalents at the end of the year (A)+(B)+(C)	**2,664,133**	**0**	**2,664,133**

51 Disclosures of Law 4151/2013

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 to the Greek State, until the end of April of each year. The Bank in 2015 remitted to the Greek State the amount of € 401,609.29.

52 Disclosures of Law 4261/2014

According to Law 4261/2014 article 81, which incorporated into the Greek legislation the article 89 of Directive 2013/36/EC, Piraeus Bank Group ("the Group") discloses information on a consolidated basis for each country it operates in.

Disclosed information includes: name of the subsidiary, nature of business, geographical location, turnover, number of employees on a full-time equivalent basis, profit or loss before tax, tax on profit or loss and public subsidies. Turnover, profit or loss before tax, as well as tax on profit or loss are prepared on the same basis as the relevant figures reported in the consolidated financial statements for the year ended 31 December 2015 and the year ended 31 December 2014, which are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the IASB and endorsed by the European Union.

Neither the Bank nor the Group subsidiaries have received any public subsidies. All other information is presented in the following tables:

A. Country specific information

Country	31/12/2015			Number of staff [4]
	Total net income [3]	Profit/ (loss) before tax	Income tax	
	(amounts in thousand euros)			
Greece [1]	2,220,449	(2,706,794)	(1,065,603)	16,554
Romania	85,354	(85,801)	293	1,435
Bulgaria	45,695	(95,581)	(713)	885
Egypt	46,531	45,364	91	1
Cyprus	(1,467)	(1,829)	(439)	6
Serbia	25,529	(38,576)	46	452
Albania	14,262	(24,465)	(949)	429
Ukraine	10,891	(22,403)	(1,288)	438
Other countries [2]	894	132	-	-
Intercompany amounts	(55,031)	-	-	-
Group	**2,393,107**	**(2,929,953)**	**(1,068,562)**	**20,198**

Notes:

(1) The amounts reported include the operations of Piraeus Bank branches operating in foreign countries and special purpose vehicles incorporated in the U.K.

(2) Other countries include U.K., Luxemburg, Liberia, Panama, British Virgin Islands and U.S.A.

(3) Total net income includes net interest income, net fee and commission income, results from investment and trading securities, dividend income and other results.

(4) The number of employees in Greece, Romania and Cyprus includes 168, 14 and 338 employees respectively relating to discontinued operations.

Country	31/12/2014			
	Total net income [3]	Profit/ (loss) before tax	Income tax	Number of staff [4]
	(amounts in thousand euros)			
Greece [1]	2,274,557	(2,903,249)	(1,079,632)	16,688
Romania	133,595	(14,226)	2,331	1,621
Bulgaria	56,541	(21,887)	(51)	953
Egypt	1,796	(1,031)	(23)	1,270
Cyprus	(6,164)	(1,197)	(857)	352
Serbia	31,171	(17,366)	70	511
Albania	23,483	(4,780)	95	460
Ukraine	(23,792)	(49,404)	9,081	517
Other countries [2]	1,662	(1,093)	-	-
Intercompany amounts	(41,144)	-	-	-
Group	**2,451,704**	**(3,014,232)**	**(1,068,986)**	**22,372**

Notes:

(1) The amounts reported include the operations of Piraeus Bank branches operating in foreign countries and special purpose vehicles incorporated in the U.K.

(2) Other countries include U.K., Luxemburg, Liberia, Panama, British Virgin Islands and U.S.A.

(3) Total net income includes net interest income, net fee and commission income, results from investment and trading securities, dividend income and other results.

(4) The number of employees in Greece and Romania includes 183 and 16 employees respectively relating to discontinued operations.

(5) Total net income, Profit / (loss) before tax and Income tax for 2014 are restated (note 50).

Amounts in thousand euros (Unless otherwise stated)

B. The Group's subsidiaries, the nature of their business and their geographical location are presented in the following table:

The subsidiaries included in the following list, are disclosed in the annual consolidated financial statements of the year 2015.

s/n	Name of Company	Activity	Country
1.	Piraeus Securities S.A.	Stock exchange operations	Greece
2.	Piraeus Factoring S.A.	Corporate factoring	Greece
3.	Picar S.A.	City Link areas management	Greece
4.	General Construction and Development Co. S.A.	Property development/ holding company	Greece
5.	Pireaus Direct Services S.A.	Call center services	Greece
6.	Komotini Real Estate Development S.A.	Property management	Greece
7.	Piraeus Real Estate S.A.	Construction company	Greece
8.	ND Development S.A.	Property management	Greece
9.	Property Horizon S.A.	Property management	Greece
10.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	Greece
11.	Piraeus Development S.A.	Property management	Greece
12.	Piraeus Asset Management S.A.	Mutual funds management	Greece
13.	Piraeus Buildings S.A.	Property development	Greece
14.	IMITHEA S.A.	Organization, operation and management of hospital units	Greece
15.	Piraeus Green Investments S.A.	Holding company	Greece
16.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	Greece
17.	Piraeus Leases S.A.	Finance leases	Greece
18.	Multicollection S.A.	Assessment and collection of commercial debts	Greece
19.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases- Rent-a-Car and long term rental of vehicles	Greece
20.	Piraeus Insurance Agency S.A.	Insurance - agency	Greece
21.	Piraeus Capital Management S.A.	Venture capital fund	Greece
22.	PROSPECT N.E.P.A.	Yachting management	Greece
23.	Pleiades Estate S.A.	Property management	Greece
24.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	Greece
25.	Achaia Clauss Estate S.A.	Property management	Greece
26.	Kosmopolis A' Shopping Centers S.A.	Shopping center’s management	Greece
27.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	Greece
28.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of venture capital fund	Greece

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	Country
29.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	Greece
30.	Geniki Financial & Consulting Services S.A.	Financial & consulting Services	Greece
31.	Special Financial Solutions S.A.	Advising, consultancy, organizational and training services	Greece
32.	Geniki Information S.A.	Assessment and collection of commercial debts	Greece
33.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	Greece
34.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	Greece
35.	Mille Fin S.A.	Vehicle Trading	Greece
36.	Special Business Services S.A.	Advising, consultancy, organizational and training services	Greece
37.	Linklife Food & Entertainment Hall S.A.	Operation of food and entertainment Halls	Greece
38.	Entropia Ktimatiki S.A.	Property management	Greece
39.	Trastor Real Estate Investment Company	Real estate investment property	Greece
40.	Piraeus ACT Services S.A.	Accounting and tax consulting	Greece
41.	A.C.T. B.A.S. S.A.	Counseling services for payroll and labour affairs	Greece
42.	ETVA Fund Management S.A.	Management of venture capital mutual funds	Greece
43.	ETVA Development S.A.	Investment and development activities, in accordance with the principles of sustainable development	Greece
44.	Rembo S.A.	Real estate investment company	Greece
45.	Cyprus Leasing S.A.	Finance leases	Greece
46.	Piraeus Bank Romania S.A.	Banking activities	Romania
47.	Piraeus Leasing Romania IFN S.A.	Finance leases	Romania
48.	Piraeus Real Estate Consultants SRL	Construction company	Romania
49.	Proiect Season Residence SRL	Real estate development	Romania
50.	General Business Management Investitii SRL	Development of building projects	Romania
51.	R.E. Anodus SRL	Real Estate development	Romania
52.	Daphne Real Estate Consultancy SRL	Real estate development	Romania
53.	Rhesus Development Projects SRL	Real estate development	Romania
54.	Priam Business Consultancy SRL	Real estate development	Romania
55.	Alecsandri Estates SRL	Real Estate Development	Romania
56.	Piraeus Bank Bulgaria A.D.	Banking activities	Bulgaria
57.	Piraeus Leasing Bulgaria EAD	Finance leases	Bulgaria
58.	Bulfina S.A.	Property management	Bulgaria

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	Country
59.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	Bulgaria
60.	Piraeus Real Estate Bulgaria EOOD	Construction company	Bulgaria
61.	Bulfinace EAD	Property Management	Bulgaria
62.	Asset Management Bulgaria EOOD	Travel - rental services and property management	Bulgaria
63.	Beta Asset Management EOOD	Rent and management of real estate	Bulgaria
64.	Varna Asset Management EOOD	Real estate development	Bulgaria
65.	Gama Asset Management EOOD	Real Estate Development	Bulgaria
66.	Delta Asset Management EOOD	Real Estate Development	Bulgaria
67.	Besticar Bulgaria EOOD	Collects receivables	Bulgaria
68.	Besticar EOOD	Collects receivables from problematic clients	Bulgaria
69.	Piraeus Real Estate Egypt LLC	Property management	Egypt
70.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	Cyprus
71.	Lakkos Mikelli Real Estate Ltd	Property management	Cyprus
72.	Philoktimatiki Public Ltd	Land and property development	Cyprus
73.	Philoktimatiki Ergoliptiki Ltd	Construction company	Cyprus
74.	Sunholdings Properties Company Ltd	Land and property development	Cyprus
75.	Polytropon Properties Limited	Land and property development	Cyprus
76.	R.E Anodus Ltd	Consultancy services for real estate development and investments	Cyprus
77.	O.F. Investments Ltd	Investment company	Cyprus
78.	Piraeus Equity Partners Ltd	Holding company	Cyprus
79.	Piraeus Equity Advisors Ltd	Investment advice	Cyprus
80.	Piraeus Equity Investment Management Ltd	Investment management	Cyprus
81.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	Cyprus
82.	Piraeus Clean Energy Holdings Ltd	Holding Company	Cyprus
83.	Zibeno Investments Ltd	Holding Company	Cyprus
84.	Arigeo Energy Holdings Ltd	Holding company in renewable energy	Cyprus
85.	R.E. Anodus Two Ltd	Holding and investment company	Cyprus
86.	Tellurion Ltd	Holding company	Cyprus
87.	Tellurion Two Ltd	Holding company	Cyprus
88.	Besticar Limited	Holding Company	Cyprus
89.	Piraeus Bank Beograd A.D.	Banking activities	Serbia
90.	Piraeus Rent Doo Beograd	Operating Leases	Serbia

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	Country
91.	Piraeus Leasing Doo Beograd	Finance leases	Serbia
92.	Tirana Bank I.B.C. S.A.	Banking activities	Albania
93.	Tirana Leasing S.A.	Finance leases	Albania
94.	Piraeus Real Estate Tirana Sh.p.k.	Real estate development	Albania
95.	Cielo Concultancy Sh.p.k.	Holding and investment company	Albania
96.	Edificio Enterprise Sh.p.k.	Holding and investment company	Albania
97.	Tierra Projects Sh.p.k.	Holding and investment company	Albania
98.	JSC Piraeus Bank ICB	Banking activities	Ukraine
99.	Solum Limited Liability Company	Property management	Ukraine
100.	Solum Enterprise LLC	Property management	Ukraine
101.	Sinitem LLC	Sale and purchase of real estate	Ukraine
102.	Akinita Ukraine LLC	Real estate development	Ukraine
103.	Piraeus Group Capital LTD	Debt securities issue	United Kingdom
104.	Piraeus Group Finance PLC	Debt securities issue	United Kingdom
105.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom
106.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	United Kingdom
107.	Axia Finance PLC	SPE for securitization of corporate loans	United Kingdom
108.	Praxis I Finance PLC	SPE for securitization of consumer loans	United Kingdom
109.	Axia Finance III PLC	SPE for securitization of corporate loans	United Kingdom
110.	Praxis II Finance PLC	SPE for securitization of consumer loans	United Kingdom
111.	Axia III APC LIMITED	SPE for securitization of corporate loans	United Kingdom
112.	Praxis II APC LIMITED	SPE for securitization of consumer loans	United Kingdom
113.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	United Kingdom
114.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom
115.	Kion Mortgage Finance No.3 PLC	SPE for securitization of mortgage loans	United Kingdom
116.	Kion CLO Finance No.1 PLC	SPE for securitization of mortgage loans	United Kingdom
117.	Capital Investments & Finance S.A.	Investment company	Liberia
118.	Vitria Investments S.A.	Investment company	Panama
119.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	British Virgin Islands
120.	Piraeus FI Holding Ltd	Holding company	British Virgin Islands
121.	Piraeus Master GP Holding Ltd	Investment advice	British Virgin Islands
122.	Piraeus Asset Management Europe S.A.	Mutual funds management	Luxemburg
123.	Marathon 1 Greenvale Rd LLC	Real estate development	U.S.A.

Amounts in thousand euros (Unless otherwise stated)

Law 4261/2014, article 82, which incorporated into Greek legislation the article 90 of Directive 2013/36/EU of the European Parliament and of the Council of June 26th, 2013, established the requirement to disclose the total return on assets ratio. This ratio for the Bank and the Group for the year ended 31 December 2015 amounted to -2.85% and -2.16% respectively (2014: -2.42% and -2.21% respectively).

53 Events subsequent to the end of the year

• On January 5th, 2016, with regards to the exercise process of the titles representing share ownership rights ("Warrants"), the Bank announces that no Warrant on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) has been exercised.Consequently, the issued Warrants currently outstanding amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF.

• On January 15, 2016, Mr. Anthimos Thomopoulos resigned from his duties as Managing Director and Chief Executive Officer (CEO) of the Bank. On January 18, 2016, the Bank's Board Nomination Committee engaged an international executive search firm to assist in selecting suitable candidates to be nominated to the Board of Directors in the near term for the position of CEO. On January 20, 2016, further to the resignation of its Executive Member, Managing Director and CEO Mr. AnthimosThomopoulos, the Board of Directors was reconstituted as a corporate body and appointed its member Mr. Stavros Lekkakos as Managing Director and CEO, until the appointment of the new CEO.

The Board of Directors on its meeting of January 27th, 2016, further to the resignations of its Non – Executive Vice Chairman, Mr N. Christodoulakis and its Independent Non – Executive Member, Mr. S. Golemis and upon recommendation of the Board Nomination Committee, elected Mr. David Hexter father's name Richard as a new Independent Non – Executive Member for the remaining term of the Board and Messrs Alexander Blades father's name Zisis and Andreas Schultheis father's name Willi as Non- Executive Members for the remaining term of the Board. The assessment of the suitability of the new members by the Single Supervisory Mechanism is pending.

• On March 7th, 2016, the Law 4370/2016 "Deposit Guarantee Schemes, Deposit and Investment Guarantee Fund and other provisions" was published on Government's Gazette (No 37-7.3.2016). Through this law the Directive 2014/49/EU on deposit guarantee schemes (DGS) is incorporated in the Greek legislation, and the provisions of L.3746/2009 regarding the Deposit and Investment Guarantee Fund (TEKE) are replaced and abolished. The Directive 2014/49/EU establishes common rules for all DGS providing a uniform level of protection for depositors throughout the EU.

• On March 23, 2016, began the submission of applications of employees willing to participate in the voluntary exit program, which is part of the Bank's Restructuring Plan commitments. Relevant note is note 12.

Athens, March 30th, 2016

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 2015

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 30th 2016 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

Notes to the Financial Statements:

Notes to the Financial Statements:

Amounts in thousand euros (Unless otherwise stated)

INCOME STATEMENT	**Note**	**Year ended**	
		31 December 2015	**31 December 2014**
Interest and similar income	6	2,768,755	3,001,573
Interest expense and similar charges	6	(1,057,321)	(1,360,615)
NET INTEREST INCOME		**1,711,435**	**1,640,958**
Fee and commission income	7	256,368	247,284
Fee and commission expense	7	(41,031)	(28,904)
NET FEE AND COMMISSION INCOME		**215,337**	**218,381**
Dividend income	8	100,163	20,442
Net income from financial instruments designated at fair value through profit or loss	9	60,919	(76,330)
Results from investment securities	10	16,251	72,814
Other results	11	49,780	193,423
TOTAL NET INCOME		**2,153,884**	**2,069,687**
Staff costs	12	(651,772)	(581,678)
Administrative expenses	13	(500,450)	(483,658)
Depreciation and amortisation	26, 27	(83,958)	(79,613)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,236,181)**	**(1,144,950)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**917,703**	**924,737**
Impairment losses on loans	22	(3,240,220)	(3,593,805)
Impairment losses on other receivables	30	(106,829)	(105,751)
Impairment on participations and investment securities	25, 42	(886,363)	(314,407)
Impairment on assets held for sale		(2,677)	-
Impairment of tangible and intangible assets	27	(63,249)	(51,528)
Other provisions	37	(98,151)	(8,408)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(3,479,786)**	**(3,149,161)**
Income tax	14	1,090,389	1,083,961
PROFIT/ (LOSS) AFTER TAX		**(2,389,397)**	**(2,065,200)**
Earnings/ (losses) per share (in euros):			
- Basic and Diluted	15	(1.0759)	(1.2774)

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF TOTAL COMPREHENSIVE INCOME	**Note**	**Year ended 31 December 2015**	**Year ended 31 December 2014**
Profit/ (loss) after tax (A)		**(2,389,397)**	**(2,065,200)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	16, 42	75,420	(152,815)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	16, 42	24,391	(38,365)
Other comprehensive income, net of tax (B)		**99,811**	**(191,181)**
Total comprehensive income, net of tax (A)+(B)		**(2,289,586)**	**(2,256,381)**

Amounts in thousand euros (unless otherwise stated)

STATEMENT OF FINANCIAL POSITION	Note	31 December 2015	31 December 2014
ASSETS			
Cash and balances with Central Bank	17	2,444,752	2,864,234
Loans and advances to credit institutions	18	787,795	932,793
Financial assets at fair value through profit or loss	20	50,462	110,173
Derivative financial instruments - assets	19	437,028	506,941
Reverse repos with customers	21	-	63,632
Loans and advances to customers (net of provisions)	22	49,425,753	53,987,068
Available for sale securities	23	2,407,828	2,059,917
Debt securities - receivables	24	16,985,336	14,273,935
Assets held for sale	29	48,707	10,307
Inventories property	30	515,759	523,883
Investment property	28	317,980	321,636
Investments in subsidiaries	25	1,074,328	1,691,120
Investments in associated undertakings	25	279,597	279,154
Property, plant and equipment	27	852,644	838,804
Intangible assets	26	250,765	238,448
Deferred tax assets	38	5,012,800	3,950,983
Other assets	30	2,110,744	1,950,071
TOTAL ASSETS		**83,002,278**	**84,603,099**
LIABILITIES			
Due to credit institutions	31	34,591,752	24,566,067
Due to customers	33	36,771,355	50,240,344
Liabilities at fair value through profit or loss	32	2,499	1,853
Derivative financial instruments - liabilities	19	444,639	538,260
Debt securities in issue	34	102,314	661,341
Current income tax liabilities		-	9,007
Retirement benefit obligations	39	180,897	192,198
Other provisions	37	250,414	27,665
Other liabilities	36	1,050,392	747,116
Hybrid capital and other borrowed funds	35	-	232,381
TOTAL LIABILITIES		**73,394,262**	**77,216,232**
EQUITY			
Share capital	41	2,619,955	1,830,594
Share premium	41	13,074,688	11,393,315
Contigent convertible securities	41	2,040,000	-
Other reserves	42	119,116	(7,449)
Retained earnings	42	(8,245,744)	(5,829,593)
TOTAL EQUITY		**9,608,016**	**7,386,867**
TOTAL LIABILITIES AND EQUITY		**83,002,278**	**84,603,099**

Amounts in thousand euros (unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY	**Note**	**Share Capital**	**Share Premium**	**Contigent convertible securities**	**Other reserves**	**Retained earnings**	**TOTAL**
Opening balance as at 1st January 2014		**2,271,770**	**10,008,734**	**0**	**183,732**	**(4,195,148)**	**8,269,089**
Other comprehensive income, net of tax	16				(191,181)		(191,181)
Results after tax	42					(2,065,200)	(2,065,200)
Total recognised income for the year 2014		**0**	**0**	**0**	**(191,181)**	**(2,065,200)**	**(2,256,381)**
Increase of share capital	41	308,824	1,441,177				1,750,000
Share capital increase expenses	41		(56,596)				(56,596)
Repurchase of preferred shares	41	(750,000)					(750,000)
Absorption of companies	42					430,755	430,755
Balance as at 31st December 2014		**1,830,594**	**11,393,315**	**0**	**(7,449)**	**(5,829,593)**	**7,386,867**
Opening balance as at 1st January 2015		**1,830,594**	**11,393,315**	**0**	**(7,449)**	**(5,829,593)**	**7,386,867**
Other comprehensive income for the year, net of tax	16, 42				99,811		99,811
Results after tax	42					(2,389,397)	(2,389,397)
Total recognised income for the year 2015		**0**	**0**	**0**	**99,811**	**(2,389,397)**	**(2,289,586)**
Increase of share capital	41	2,601,649		2,040,000			4,641,649
Share capital increase expenses	41		(130,915)				(130,915)
Decrease of the nominal value of ordinary shares	41	(1,812,288)	1,812,288				0
Transfer between other reserves and retained earnings	42				26,754	(26,754)	0
Balance as at 31st December 2015		**2,619,955**	**13,074,688**	**2,040,000**	**119,116**	**(8,245,744)**	**9,608,016**

Amounts in thousand euros (unless otherwise stated)

CASH FLOW STATEMENT	**Note**	**Year ended**	
		31 December 2015	**31 December 2014**
Cash flows from operating activities			
Profit / (loss) before tax		(3,479,786)	(3,149,161)
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		4,397,490	4,073,898
Add: depreciation and amortisation charge	26, 27	83,958	79,613
Add: retirement benefits and estimated cost of volunatry exit scheme	12, 39	131,502	68,478
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		91,580	(98,061)
(Gains)/ losses from investing activities		(122,592)	(85,249)
Cash flows from operating activities before changes in operating assets and liabilities		1,102,152	889,518
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		(141,768)	(150,699)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		76,135	(87,806)
Net (increase)/ decrease in loans and advances to credit Institutions		44,133	268,506
Net (increase)/ decrease in loans and advances to customers		511,769	1,603,463
Net (increase)/ decrease in debt securities - receivables		8,599	1,295,539
Net (increase)/ decrease in reverse repos with customers		63,632	(57,280)
Net (increase)/ decrease in other assets		(72,191)	(332,453)
Net increase/ (decrease) in amounts due to credit institutions		9,936,379	(2,790,574)
Net increase/ (decrease) in liabilities at fair value through profit or loss		513	1,304
Net increase/ (decrease) in amounts due to customers		(13,973,280)	(325,825)
Net increase/ (decrease) in other liabilities		1,232,276	196,672
Net cash flow from operating activities before income tax payment		(1,211,652)	510,366
Income tax paid		(347)	(616)
Net cash inflow/ (outflow) from operating activities		**(1,211,998)**	**509,750**
Cash flows from investing activities			
Purchases of property, plant and equipment	27, 28	(117,030)	(120,871)
Sales of property, plant and equipment		12,532	37,705
Purchases of intangible assets	26	(31,916)	(37,633)
Purchases of assets held for sale		(6,222)	-
Purchases of investment securities	23	(8,249,248)	(6,780,095)
Disposals/ maturity of investment securities	23	7,996,067	5,400,064
Acquisition of subsidiaries and participation in share capital increases		(157,462)	(145,552)
Sales of subsidiaries		140,124	2,136
Acquisition of associates and participation in share capital increases		(57,985)	(363)
Sales of associates		34,623	1,200
Dividends receipts from subsidiaries		92,500	3,000
Dividends receipts from associates	8	-	1,694
Dividends receipts from available for sale securities	8	7,567	13,232
Net cash inflow/ (outflow) from investing activities		**(336,450)**	**(1,625,484)**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(346,134)	305,588
Increase of share capital	41	1,340,000	1,750,000
Share capital increase expenses	41	(130,915)	(76,481)
Repurchase of preferred shares	41	-	(750,000)
Net cash inflow/ (outflow) from financing activities		**862,951**	**1,229,107**
Effect of exchange rate changes on cash and cash equivalents		20,079	21,054
Net increase/ (decrease) in cash and cash equivalents of the year (A)		**(665,418)**	**134,428**
Cash and cash equivalents at the beginning of the year (B)		**1,926,139**	**1,040,989**
Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank (C)		**3,303**	**-**
Cash and cash equivalents from absorptions of companies (D)		**-**	**750,723**
Cash and cash equivalents at the end of the year (A)+(B)+(C)+(D)	44	**1,264,024**	**1,926,139**

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, 4261/2014 on credit institutions, and other relevant laws. According to its statute, the scope of the Bank is to execute any 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, in Frankfurt (Germany) and in London (U.K.). The Bank employs in total 14,326 people.

Apart from the ATHEX General Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Large Cap, Banks), FTSE (All World, Emerging Europe, Mid Cap, Med 100), MSCI (Emerging Markets, EM EMEA, Greece), Euro Stoxx (TMI, TMI Banks, All Europe, 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

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 income statement for the year 2015 are not comparable with the corresponding figures for the year 2014 as Piraeus Bank acquired 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 assessing the macroeconomic and financial environment in Greece, the Bank´s capital adequacy and the liquidity, estimates that the Bank will continue in operational existence for the foreseeable future, as described below:

Macroeconomic environment

The volatile macroeconomic and financial environment in Greece, in combination with the political developments, remains the main risk factor for the Greek banking sector. The intensified political and economic uncertainty in 2015 peaked on June 28, 2015 with the imposition of capital controls and bank holiday in the country. The bank holiday lasted for 3 weeks, with the banks reopening on 20 July 2015 and capital control measures began gradually to relax. Capital controls include, among others, a weekly limit on all cash withdrawals (€ 420) per customer and restrictions on capital transfers and payments abroad, affecting mainly dealings with foreign suppliers and creditors. It is estimated that capital controls, although harsh in nature, have rather limited and short-term negative effects in the economy due to the following factors:

a) Significant increase of banknotes in circulation in the Greek economy, that took place in the period end November 2014 to end June 2015.

b) Ability to conduct electronic transactions without restrictions through alternative channels and networks within the country, which was given from the first moment of the imposition of capital controls, reducing significantly the impact for the transacting parties and the economy.

c) The majority of companies (especially the larger ones trading internationally) were prepared for the possibility of capital controls and, as a consequence, their operation was not disrupted as much as it was initially expected.

d) Limited impact on tourism. The initial concerns about a significant impact on tourism did not materialise, as in 2015 revenues from tourism increased for third consecutive year by 6.0% to € 14.2 million and the tourist arrivals increased by 7.0% to 23.6 million.

In 2015 the real GDP decreased by 0.3% (significantly better than the forecast of the economic adjustment programme for -2.3%), while the unemployment rate in the first nine months of the year – although it remained high – was limited to 25.1% against 26.6% in the comparative period of 2014.

On 8 July 2015, Greece made an official request for stability support – in the form of a loan facility – to the European Stability Mechanism (ESM) to be used for meeting debt obligations and to ensure stability of its financial system. A separate request for financial assistance was sent to the IMF on 23 July 2015. The Greek authorities passed a set of legislation on 11th, 15th and 22nd July 2015, as well as on 14th August 2015. On 19th of August 2015, the European Commission signed a Memorandum of Understanding (MoU) with Greece following approval by the ESM Board of Governors for further stability support accompanied by a third economic adjustment program. The new program passed with great majority of the parliament (c.74%). Moreover, the Greek authorities signed a Financial Assistance Facility Agreement with the ESM to specify the financial terms of the loan. The total amount of the loans from the ESM is up to € 86 billion (period: August 2015 – August 2018). The disbursement of funds is linked to progress in delivery of policy conditions, in accordance with the MoU.

A first disbursement of funds under the program in the amount of € 13 billion was made available on 20 August 2015 to allow the Greek state to cover financing needs, make overdue payments, as well as repay a short-term bridge loan of € 7.16 billion that was disbursed under the European Financial Stabilisation Mechanism on 20 July 2015. Moreover on 20th of August 2015, an additional amount of € 10 billion was made available immediately in a segregated account at the ESM for potential bank recapitalization and resolution costs. On 16th of October 2015, on 19th of November 2015 and on 15th of December 2015 the voting of a sequence of prerequisite measures was completed, leading to the disbursement of the relevant instalments. In total by the end of 2015, Greece through ESM had received € 21.4 billion, of which € 16 billion related to funds in order to cover financing needs and € 5.4 billion to the recapitalisation of the banking system, which was completed in December 2015, following the announcement of the results of the Comprehensive Assessment conducted by ECB on 31/10/2015.

However, the critical point is the completion of the 1st evaluation of the 3rd Greek adjustment program and the assurance of the smooth disbursement of the remaining instalments, as servicing of the debt has already begun for 2016. The completion of the evaluation is expected to lead to an improvement in the economic environment, contributing to the implementation of privatizations, to the gradual liberalization of capital movements, to a return to positive rates of GDP, to the acceptance of Greek bonds as collateral by the ECB and their participation in ECB´s quantitative easing program. At the same time, the assessment is a prerequisite for the start of discussions with respect to the debt.

Piraeus Bank's management closely monitors the developments and assesses periodically the negative impact that might have in its operations.

Capital adequacy

According to the Eurogroup statement on the ESM program for Greece on August 14, 2015, the total € 86 billion envelope includes a buffer of up to € 25 billion for the banking sector, in order to address capital needs and resolution costs. The first sub-tranche of € 10 billion was made available in a segregated account at the ESM, as part of the € 23 billion instalment of the program paid on 20th of August 2015. The MoU required the Comprehensive Assessment (“CA” i.e. Asset Quality Review and Stress Tests) which was carried out by ECB/ Single Supervisory Mechanism (SSM) to quantify the capital shortfalls, which were included in the above mentioned buffer, after the legal framework is applied (i.e. transposition of the Bank Recovery and Resolution Directive).

The announcement of the outcome of the CA by the relevant European regulatory authorities (ECB/ SSM), was made on October 31, 2015. Reference to the results of the Comprehensive Assessment is made in note 3.1.11.

Based on the results of the Comprehensive Assessment, the Bank completed its share capital increase of € 4.6 billion in December 2015, aiming at:

- The cover of its capital needs, as determined by the Comprehensive Assessment conducted by the ECB,
- The significant strengthening of its capital base,
- The enhancement of the image of the Bank, thus contributing towards the expected recovery for a part of deposits that were lost in Greece during the 1st semester of 2015 and the reduction of the funding from Eurosystem and more specifically from the ELA.

The Bank's management has been informed in writing by the regulator (SSM), that an onsite inspection will take place for the purpose of assessing the accuracy of the capital adequacy ratios calculation. The inspection will commence in March 2016 and the Bank’s management cannot, at present, estimate the result of the above mentioned inspection.

Liquidity

During the year of 2015, the Greek banking system had to raise liquidity from the emergency liquidity assistance (ELA) mechanism to cover the short term financing needs resulting from a) the decision of the ECB to suspend acceptance of securities issued or guaranteed by the Greek government for Main Refinancing Operations, b) the minimized access to international repo markets as well as c) the significant reduction of domestic deposits due to the uncertainty that prevailed in the country in the 1st semester of 2015.

During the year 2015, domestic market deposits (private and public sector) reduced by € 39 billion, amounting to € 134 billion. The exposure of all Greek banks in the Eurosystem increased from € 45 billion at the end of November 2014 (no contribution from the Emergency Liquidity Assistance existed) to € 108 billion at the end of December 2015, of which about € 69 billion was covered by the Emergency Liquidity Assistance ELA (the provision of liquidity support by the ELA is granted to adequately capitalized credit institutions that have acceptable assets as collateral, and is assessed on a regular basis by the ECB). Following the banks reopening on 20 July 2015, given the capital control measures, customer deposits present stabilization with a slightly growing trend, while Eurosystem funding shows a decreasing trend compared to the maximum point of € 127 billion on June, 30th 2015.

More specifically, during the 2nd semester of 2015, Piraeus Bank's exposure to the Eurosystem reduced by approximately € 4.5 billion, supported by the successful recapitalization of the Bank at the end of 2015, which contributed both to its capital enhancement and to the increase of the available acceptable guarantees for ECB financing, due to the receipt of the ESM bonds, of amount € 680 million, complying with the Fund´s activation process. Also, in the context of the Liability Management Exercise, the Bank reduced its long term financing, reducing simultaneously its total capital needs. Finally, with the stabilization of conditions in the banking sector at the end of the 2nd semester of 2015, the Bank returned to the interbank Repo market with repo transactions of amount € 1.7 billion. Reference to the liquidity management is made in note 3.11.

Piraeus Bank's management, after taking into account the introduction of the new economic adjustment program, the liquidity provided by the Eurosystem to the Greek banking system, as well as the successful completion of the share capital increase, 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 reporting period year (Section A) or subsequent years (Sections B and C), are as follows:

(A) The following interpretation as well as the improvements to IFRS have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and they are effective from 1.1.2015:

- **IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2015).** The interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This amendment has no significant impact in the financial statements.

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

- **IFRS 3 (Amendment), "Business Combinations" (effective for annual periods beginning on or after 1 January 2015).** 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 January 2015).** 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 January 2015).** 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.

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

(B) The following amendments and improvements to IFRS have been issued by the International Accounting Standards Board and have been endorsed by the E.U. up to December 2015. They are not effective in 2015 and they have not been early adopted by the Bank:

- **IAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 February 2015).** 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.

- **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 "business".

- **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.

- **IAS 27 (Amendment), "Separate Financial Statements" effective for annual periods beginning on or after 1 January 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 structure of financial statements and the disclosures of accounting policies, as well as the presentation of items of other comprehensive income arising from equity accounted investments. Also, the amendment clarifies that the minimum required disclosures by any I.F.R.S. may not be provided in the financial statements, if they are considered immaterial.

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

- **IFRS 2 (Amendment), "Share-based Payment" (effective for annual periods beginning on or after 1 February 2015).** The amendment clarifies the definition of vesting conditions.

- **IFRS 3 (Amendment), "Business Combinations" (effective for annual periods beginning on or after 1 February 2015**). The objective of this amendment is to clarify the accounting treatment of contingent consideration in a business combination.

- **IFRS 8 (Amendment), "Operating Segments" (effective for annual periods beginning on or after 1 February 2015).** 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 February 2015).** 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 February 2015**). 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 February 2015).** The amendment clarifies that an entity providing Key Management Personnel services to the reporting entity is a related party of the reporting entity.

<u>**Annual Improvements to IFRSs 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 it is not 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 (Amendment) "Interim financial reporting" (effective for annual periods beginning on or after 1 January 2016).** The relevant amendment clarifies that the required information according to IAS 34 shall be disclosed in the interim financial statements. In case such information is presented in sections of the interim financial report other than disclosures, cross-references shall be used.

(C) The following new IFRSs, amendments and improvements to IFRSs have been issued by the International Accounting Standards Board but they have not been endorsed by the E.U. up to December 2015 and they have not been adopted by the Bank:

- **IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).** IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors disclose information in a manner that faithfully represents those transactions, as well as introduces a single lessee accounting model and requires to recognize assets and liabilities of lessee with a term of more than 12 months, unless the underlying asset is of low value. The standard has not yet been endorsed by the EU.

- **IAS 12 (Amendment)) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017).** These amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendment has not yet been endorsed by the EU.

- **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. Piraeus Bank has commenced a specific project for the implementation of the International Financial Reporting Standard (IFRS) 9. Part of this project is to assess the effect of the implementation of the standard. At this stage the process of assessing the effect of the implementation has not been completed. The EU has not yet endorsed IFRS 9.

- **IFRS 15, "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).** 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, 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.

- **IAS 7 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after 1 January 2017).** These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

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. In the case of credit default swaps, it is agreed to exchange payments based on the nominal value of credit instruments (i.e. bonds or loans), that are the underlying instruments of the agreements in this category, when defined credit events take place.

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 priceor the 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 International Swaps and Derivatives Association (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. 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.

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.

The hedging transactions are classified to the following categories:

(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 directly transferred to 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 directly 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.

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.

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.

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. 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, except in the case of counterparty's bankruptcy. If the securities are sold to a third party, the Bank recognises the consideration received as well as the corresponding obligation to return the securities, at fair value in the consolidated financial statements.

2.10 Investment portfolio

The Bank's responsible units categorize securities at the various portfolios upon 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.

The held to maturity portfolio after the reclassification to the available for sale portfolio is measured at fair value, reflecting any difference with the carrying amount in the available for sale reserve. In such case, the Bank will not be able to classify any financial assets to the held to maturity portfolio for the next two years.

The following cases of sale or reclassification are exceptional to the aforementioned accounting treatment under I.A.S. 39:

- the held to maturity securities are so close to maturity that any changes in the market rate of interest would not have a significant effect on the financial asset´s fair value,
- the sale or reclassification of held to maturity securities occurs after the substantial collection all of the financial asset´s original principal,
- the sale or reclassification of held to maturity securities are attributable to an isolated event, unexpected on their acquisition, that is beyond the Bank´s control and nonrecurring.

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.

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 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.

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 these financial assets are no longer held for sale in the foreseeable future and that they meet the definition of the category to which they are transferred at the date of reclassification.

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 the category to which they are transferred 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 conditions that should be met, in order to prove intention and ability to hold the financial assets for the foreseeable future or until maturity:

- the business plan should not include profit from short term movements in prices,
- there should be no intention of disposing the asset within the following six months and
- there should be neither internal nor external restriction on the Bank’s ability to hold the financial asset.

For financial assets reclassified as described above, out of the “Financial instruments at fair value through profit or loss” category or out of the “Available for sale securities” category) to “Loans and receivables to customers” category, the fair value at the date of reclassification is considered the new amortized cost at that date. Any gain or loss from revaluation 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 reclassification.

Reclassification of financial assets from 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.

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. arrears bucket, industry sector, customer segment, collateral type, the currency in which the loan is denominated 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.

Forborne loans are loans to which a convercion of the original contractual terms and conditions or refinancing of the borrower´s debt on more favorable terms due to current or expected financial difficulties has been done and are not applicable to borrowers of similar risk profile.

Interest on forborne 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

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

(a) those that the Bank classifies as "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 Bank 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.

2.14 Derecognition of financial assets and financial liabilities

<u>Derecognition of financial assets</u>

A financial asset or a part of a financial asset is derecognized when:

- the contractual rights to receive the cash flows arising from this financial asset have expired;
- the Bank has transferred its contractual rights to receive the cash flows from that financial asset and has also transferred substantially all the risks and rewards related to ownership;
- the Bank has retained the contractual right to collect the cash flows and has assumed at the same time an obligation to pay those cash flows to one or more recipients, subject to specific criteria.
- the Bank has transferred its contractual rights to receive cash flows, as well as the control of that asset, without transferring or retaining the risks and rewards of ownership of a financial asset. If, however, the Bank retains control of the transferred asset, it continues to recognize this transferred asset to the extent of its continuing involvement.

<u>Derecognition of financial liabilities</u>

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Consolidated Statement of Income.

2.15 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.

2.16 Intangible assets

2.16.1 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.

2.16.2 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.

2.17 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.

2.18 Investment property

Property that is held for long-term rental yields or 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 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.

2.19 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.

2.20 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.

2.21 Leases

A. The Bank is the Lessee

Operating leases

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

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

Finance leases

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

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

At the inception of the lease, leased fixed assets are recognised on the balance sheet at amounts equal to the fair value of the leased property or, if lower, at the present value of the future lease payments. Own use 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 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 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.

2.22 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.

2.23 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 probability that an outflow will be required in the settlement of these obligations, 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.

2.24 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.

2.25 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.

2.26 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.

2.27 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:

<u>Level 1</u>
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.

<u>Level 2</u>
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.

<u>Level 3</u>
The valuation of assets and liabilities is carried out by introducing variables that are not based on observable market data. 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.

The valuation of <u>shares categorized in the available for sale portfolio</u> 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.

The derivatives are accounted at fair value. The fair value of the embedded derivatives are determined according to valuation techniques 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.

For the determination of the fair value of investment property, generally accepted valuation models are used by valuers that are presented in note 2.18 “Investment property” of the Bank’s accounting policies.

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 (levels 1-3) requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

2.28 Share capital

Group’s equity, except for the common shares, includes contingent convertible bonds which were issued in the context of the recapitalization that took place in December 2015. The aforementioned contingent convertible bonds meet the requirements of equity according to the relevant provisions of IAS 32. Specific reference is made in note 41.

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.

2.29 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 statement of financial position, and the difference between the carrying amount of a liability and the consideration paid is included in the income statement.

2.30 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.

2.31 Related party transactions

Related parties include: a) Members of the Bank Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of 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%, d) Bank's subsidiaries, e) Bank's associates and f) HFSF. Related parties exclude the companies to which the HFSF is considered related party. 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 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.

2.33 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 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.

2.34 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 48).

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 related to the Group's business objectives, while assessing the effectiveness of risk management, as well as the capital adequacy in relation to the size and type of the risks assumed. In this context, business plans and targets are subject to fine tuning in order to embody current developments that may materially impact Bank's risk profile.

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.

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 Bank 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, derivatives transactions, as well as 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:

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

– 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.

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 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 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:

Amounts in thousand euros (Unless otherwise stated)

RATING	CREDIT WORTHINESS	POLICY
1 2 3 4	Excellent	Develop relationship
5 6 7	Very Strong	Develop relationship
8 9 10	Strong	Develop relationship
11 12	Good	Develop relationship in accordance to business growth
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, Systematic 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 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.

– Business customers that belong to special categories (e.g. newly established businesses with inadequate financials, syndicated loans, insurance companies, natural persons, 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 Ratings - based approach (IRB).

– For 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 business loans, which is used for IFRS 7 implementation is the following:

1. Standard monitoring
2. Special monitoring

Credit ratings (a) 1-19 of MRA models and Manual Rating and (b) 1-7 for B model correspond to the “Standard monitoring” category**.** “Special monitoring” includes customers assigned 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:

1. 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.

2. 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.

3. 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.

4. 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,
- monthly disposable income (MDI),
- 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 (Probability of Default (PD) model and Loss Given Default (LGD) model) for the total retail banking portfolio and for the business banking portfolio as well. These models are validated at least semiannually 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 and 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, bonds issued from EFSF, as well as bonds issued from the European Stability Mechanism (ESM) which were contributed by the Financial Stability Fund for its participation to Piraeus Bank's share capital increase and for covering the total issue of contingent convertible bonds in the 4th quarter of 2015. 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. Reference to the receivables from EFSF bonds and ESM bonds is made in note 24.

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 and management of counterparty risk, while maintaining existing business relations.

In addition to compliance with the regulatory limits, the Bank sets specific limits for concentration risk, which are reviewed regularly, depending on economic events that take place and alter 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 Banks 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. The monitoring of counterparty credit limits is taking place on a daily basis. For limits are set either in nominal amounts or risk units (credit equivalent), depending on the transaction and they are revised at least anually, 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 the present value of the estimated future cash flows of the financial asset or group of financial assets and 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 Bank 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 asset's 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 Bank 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,
- Loan categorization as Forborne

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.

Advanced credit risk statistical models are 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 following:

- 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 specific 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 Comprehensive assessment exercise (AQR & Stress Test)

Piraeus Bank participated in the assessment exercise of the 4 systemic Greek Banks, performed in preparation of the ECB's undertaking their direct supervision. The results of the exercise were published on 31/10/2015.

The comprehensive assessment exercise was performed with reference to the interim balance sheet of 30 June 2015 and was comprised of the i) Asset Quality Review (AQR) which entails a detailed assessment of the book value of the Bank's domestic loan portfolio and ii) the Stress Test (ST), which was performed in the basis of a Basic (expected) and an Adverse (stressed) scenario.

The Asset Quality Review (AQR) resulted to total adjustments of € 3.2 billion.

The results indicate that the Bank's capital requirements, on a consolidated basis and before any possible mitigation actions of the capital shortfall, equal to the maximum of the following:

I. € 2,213 million under the " basic" scenario, having taken into account the results of the AQR and stress test exercise,
II. € 4,933 million under the "adverse" scenario, having taken into account the results of the AQR and stress test exercise.

Piraeus Bank submitted a revised Restructuring Plan, which was approved by the European Commission on 29 November 2015. The Bank successfully completed in December 2015 its recapitalization to cover capital needs.

Further information regarding share capital increase is provided in note 41.

3.1.12 Forbearance

The Bank applies 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”.

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 justified to be 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

The gross amounts of loans and advances to credit institutions, reverse repos with customers as well as debt securities - receivables are summarized below:

	31 December 2015			31 December 2014		
	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 nor impaired	787,795	-	16,979,825	932,793	63,632	14,268,783
B) Loans and advances past due but not impaired	-	-	5,511	-	-	5,152
C) Loans and advances impaired	-	-	23,846	-	-	23,846
Total	**787,795**	**0**	**17,009,181**	**932,793**	**63,632**	**14,297,780**

The following tables present "Loans and advances to credit institutions" and "Reverse repos with customers" by asset quality for category neither past due nor impaired.

Grades of loans and advances to credit institutions	31 December 2015	31 December 2014
Investment grade	-	46,753
Standard monitoring	-	45,036
Special monitoring	787,795	841,003
Total	**787,795**	**932,793**

Grades of reverse repos with customers	31 December 2015	31 December 2014
Standard monitoring	-	63,632
Total	**0**	**63,632**

The gross, as well as the net amounts of debt securities receivables are depicted in the following table. Related to the debt securities - receivables rating is note 3.5.

	31 December 2015	31 December 2014
Debt securities-receivables	17,009,181	14,297,780
Less: Allowance for impairment on debt securities - receivables	(23,846)	(23,846)
Net	**16,985,336**	**14,273,935**

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to customers are summarized below:

	31 December 2015			
	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 nor impaired	30,771,672	-	(611,031)	**30,160,641**
B) Loans and advances past due but not impaired	7,334,179	-	(588,939)	**6,745,240**
C) Loans and advances impaired	27,673,096	(10,355,092)	(4,798,132)	**12,519,872**
Total	**65,778,947**	**(10,355,092)**	**(5,998,102)**	**49,425,753**

	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 nor 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**

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., Geniki Bank S.A. and Panellinia 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)

31/12/2015	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	**11,667,903**	**3,271,074**	**267,985**	**7,414,447**	**22,621,409**	**(222,280)**	**(3,991,013)**	**18,408,116**	**14,425,014**
Mortgages	9,398,752	2,733,359	214,452	3,972,641	16,319,205	(131,761)	(1,541,245)	14,646,198	13,189,195
Consumer	1,697,537	503,260	53,533	2,699,745	4,954,075	(90,519)	(1,870,497)	2,993,058	1,235,819
Credit cards	571,392	34,453	-	740,633	1,346,478	-	(579,271)	767,207	-
Other	222	1	-	1,428	1,651	-	-	1,651	-
Corporate Lending	**17,747,607**	**4,059,402**	**16,799,319**	**3,176,385**	**41,782,714**	**(10,131,163)**	**(2,006,649)**	**29,644,901**	**18,267,471**
Large	10,310,025	1,563,532	6,541,193	43,247	18,457,997	(3,996,648)	(146,334)	14,315,015	5,900,385
SMEs	7,437,583	2,495,870	10,258,126	3,133,138	23,324,718	(6,134,516)	(1,860,315)	15,329,887	12,367,086
Public Sector (Greece)	**1,356,161**	**3,703**	**13,373**	**1,586**	**1,374,823**	**(1,648)**	**(439)**	**1,372,736**	**1,231,654**
Total	**30,771,672**	**7,334,179**	**17,080,677**	**10,592,419**	**65,778,947**	**(10,355,092)**	**(5,998,102)**	**49,425,753**	**33,924,139**

Amounts in thousand euros (Unless otherwise stated)

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**
Mortgages	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 cards	624,178	56,004	-	757,748	1,437,930	-	(599,100)	838,830	-
Other	272	14	-	1,580	1,866	-	-	1,866	-
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**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 3,517 million (2014: € 3,239 million) and floating rate loans amount to € 62,262 million (2014: € 65,344 million).

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

31/12/2015	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired loans and advances to customers	Value of Collateral
Retail lending	**11,667,903**	**0**	**11,667,903**	**8,415,328**
Mortgages	9,398,752	-	9,398,752	7,869,318
Consumer	1,697,537	-	1,697,537	546,010
Credit cards	571,392	-	571,392	-
Other	222	-	222	-
Corporate Lending	**15,989,358**	**1,758,249**	**17,747,607**	**7,284,046**
Large	9,631,234	678,790	10,310,025	2,946,142
SMEs	6,358,124	1,079,458	7,437,583	4,337,905
Public Sector (Greece)	**1,353,355**	**2,806**	**1,356,161**	**1,227,975**
Total	**29,010,617**	**1,761,055**	**30,771,672**	**16,927,349**

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	**12,344,855**	**0**	**12,344,855**	**9,053,225**
Mortgages	9,900,564	-	9,900,564	8,457,527
Consumer	1,819,840	-	1,819,840	595,698
Credit cards	624,178	-	624,178	-
Other	272	-	272	-
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**

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

31/12/2015	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	1,171,947	228,180	16,768	1	182,399	723,172	2,267	2,324,735
30-59 days	667,381	131,586	10,359	-	328,950	363,223	1,436	1,502,935
60-89 days	343,625	143,494	7,327	-	258,226	361,078	-	1,113,749
90-179 days	116,921	-	-	-	407,172	155,251	-	679,344
180-360 days	132,042	-	-	-	91,658	119,407	-	343,107
>360 days	301,442	-	-	-	277,785	537,918	-	1,117,145
Denounced	-	-	-	-	17,343	235,820	-	253,164
Total	**2,733,359**	**503,260**	**34,453**	**1**	**1,563,532**	**2,495,870**	**3,703**	**7,334,179**
Value of collateral	2,278,925	190,998	-	-	951,491	1,917,718	-	5,339,132

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

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 opening balance as at 1.1.2015	3,944,881	2,689,492	757,748	1,579	6,359,916	13,689,608	22,666	**27,465,890**
Opening balance of new companies and banking operations acquired	30,336	4,334	509	-	12,130	59,293	-	**106,602**
New impaired L&As	587,079	365,784	115,699	16	832,831	2,162,490	7,293	**4,071,192**
Transferred to non-impaired	(350,481)	(200,336)	(71,967)	(1,170)	(268,396)	(552,521)	(1,083)	**(1,445,953)**
Repayment	(67,152)	(31,147)	(30,874)	(101)	(359,209)	(454,263)	-	**(942,746)**
Impaired L&As written-off	-	(76,022)	(28,419)	(9)	(193,671)	(231,505)	-	**(529,626)**
Reclassification of impaired loans	229	723	(2,064)	1,111	659,018	(645,101)	(13,917)	**0**
Derecognition of impaired loans	-	-	-	-	(500,107)	(181,802)	-	**(681,910)**
Foreign exchange differences and other movements	42,200	451	-	-	85,344	82,984	-	**210,979**
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	-	-	-	(43,415)	(537,919)	-	**(581,334)**
Gross balance as at 31.12.2015	**4,187,093**	**2,753,278**	**740,633**	**1,426**	**6,584,440**	**13,391,265**	**14,960**	**27,673,094**
Impairment allowance	(1,330,719)	(1,670,819)	(562,657)	-	(4,008,752)	(7,578,428)	(1,849)	(15,153,224)
Net balance as at 31.12.2015	**2,856,374**	**1,082,459**	**177,976**	**1,426**	**2,575,688**	**5,812,837**	**13,110**	**12,519,870**

The amounts reported in the line "Reclassification of impaired loans" of the above table, relate to transfers of certain loans between SMEs and large corporate, made in the context of the periodic customer assessment regarding the fulfillment of the classification criteria in the aforementioned categories of enterprises.

Amounts in thousand euros (Unless otherwise stated)

	Retail lending				Corporate Lending		Public Sector	Total
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
Gross opening 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**
Derecognition of impaired loans	-	-	-	-	(118,989)	-	-	**(118,989)**
Foreign exchange differences and other movements	-	-	-	-	(2,877)	(44,458)	-	**(47,335)**
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**

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
31/12/2015	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
Not past due	-	-	-	-	936,035	1,020,737	530	1,957,302
1-29 days	-	-	-	-	69,777	253,367	-	323,144
30-59 days	-	-	-	-	73,116	52,173	-	125,289
60-89 days	-	-	-	-	104,419	92,716	-	197,135
90-179 days	142,138	59,486	7,863	-	97,410	429,865	1,357	738,118
180-360 days	162,405	63,000	11,800	-	253,785	276,192	556	767,737
>360 days	398,310	202,824	13,831	318	761,883	1,696,586	817	3,074,569
Denounced	2,153,522	757,150	144,483	1,109	279,263	1,991,201	9,851	5,336,578
Total net amount	**2,856,374**	**1,082,459**	**177,976**	**1,428**	**2,575,688**	**5,812,837**	**13,110**	**12,519,872**
Value of collateral	3,040,952	498,811	-	-	2,002,752	6,111,463	3,679	**11,657,657**

	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**

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.

31/12/2015	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	3,552,418	326,476
50%-70%	2,675,272	205,766
71%-80%	1,410,641	133,043
81%-90%	1,326,213	237,704
91%-100%	1,285,290	246,952
101%-120%	2,128,666	154,998
121%-150%	2,001,498	272,705
Greater than 150%	1,939,205	1,302,963
Total exposure	**16,319,205**	**2,880,607**
Average LTV	85%	184%

31/12/2014	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	4,330,769	239,491
50%-70%	3,289,646	308,484
71%-80%	1,761,395	143,011
81%-90%	1,636,942	254,830
91%-100%	1,463,782	131,648
101%-120%	2,092,335	254,084
121%-150%	1,456,846	341,805
Greater than 150%	756,007	928,405
Total exposure	**16,787,722**	**2,601,758**
Average LTV	80%	153%

The "Commercial real estate loans" and the "Average loan-to-value ratio" have been restated as regards to 31 December 2014, as a result of a data cleansing project that Piraeus Bank had taken on during the last semester of 2015, following the multiple data migrations in the Bank's systems.

Amounts in thousand euros (Unless otherwise stated)

3.2.6 Repossessed collaterals

The repossessed collaterals in line "Real Estate", comprise property which along with advances for the acquisition of property that amount to € 31.4 million, appear in line "Inventories Property" in the statement of financial position.

31/12/2015	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	**561,206**	**140,497**	**(76,803)**	**(53,615)**	**484,403**	**22,790**	**(6,128)**
- Residential	421,837	101,130	(54,414)	(44,947)	367,423	16,784	(3,075)
- Commercial	139,369	39,367	(22,389)	(8,668)	116,980	6,007	(3,053)
Financial assets	**85,310**	**85,310**	**-**	**-**	**85,310**	**-**	**-**

Apart from the property above, within 2015 the Bank acquired under the same scope property of total amount € 8.7 million (2014: € 13 million), but due to their different characteristics classified, according to the IFRS, as "Investment Property".

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**	**-**

The Bank grants loans which are collateralized by property. In case that these loans become defaulted, the Bank proceeds to the possession of the relevant property, when this is assessed as the best solution by the responsible, authorized for this purpose, units of the Bank.

In this context, the Bank assesses the specific characteristics of each property (such as the type and the condition of the property, the location, the possible uses etc) and the cost for acquiring the property, as compared to the value of subsequent sale or the value in use.

The aforementioned assessment is part of the Bank's strategy and is in line with its objectives for profitability, liquidity and capital adequacy.

The possession and management of property from auctions, is performed by the unit of Technical Projects and Property Management, based on the approved internal procedures. The same unit reassesses periodically the best use of the acquired property.

Amounts in thousand euros (Unless otherwise stated)

The properties that are to be sold, are forwarded from the Property Sales & Tenancy Management department of the aforementioned unit to the Bank's branch network, real estate agencies or specialized subsidiaries of the Group, whereas the properties that are to be rented or own used (from the Bank or Group subsidiaries) are forwarded to the Leased Property department of the same unit, that is responsible for renting such properties as well as managing the relevant rentals. In addition, special properties that can be utilized with further investments are examined individually.

The above mentioned activities determine the basic policy and the framework for the Bank's procedures in normal conditions of the real estate market. However, due to the ongoing recession, the Bank assesses alternative scenarios for the mass sale of repossessed properties or their contribution to various investment vehicles, in cooperation with external advisors, in an attempt for the rationalization of its total asset position.

3.2.7. Breakdown of collateral and guarantees

31/12/2015	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	14,048,742	247,325	128,947	14,425,014	-
Corporate Lending	15,727,813	841,860	1,697,799	18,267,471	10,715,768
Public Sector	7,060	1,468	1,223,126	1,231,654	38
Total	**29,783,614**	**1,090,653**	**3,049,872**	**33,924,139**	**10,715,806**

31/12/2014	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
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**

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 1.1.2015	1,069,868	1,891,729	599,100	3,560,698	11,027,429	7,525	14,595,652
Opening balance of absorbed company	14,624	1,624	493	16,741	94,641	-	111,382
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	-	-	-	(319,328)	-	(319,328)
Allowance of transferred loans at acquisition date	6,340	33,810	-	40,149	111,688	-	151,838
Charge for the year	644,617	165,991	24,466	835,075	2,410,410	(5,265)	3,240,220
Amounts written off	(7)	(84,534)	(34,801)	(119,342)	(426,734)	-	(546,076)
Provision of derecognised loans	-	-	-	-	(693,107)	-	(693,107)
Unwinding	(78,171)	(60,415)	(9,988)	(148,573)	(173,292)	(173)	(322,038)
Foreign exchange differences and other movements	15,734	12,812	-	28,546	106,104	-	134,651
Closing balance as at 31.12.2015	**1,673,006**	**1,961,016**	**579,271**	**4,213,293**	**12,137,813**	**2,087**	**16,353,194**

	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
Charge for the year	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)
Provision of derecognised loans	-	-	-	-	(209,927)	-	(209,927)
Unwinding	(65,805)	(51,194)	(7,099)	(124,098)	(163,516)	-	(287,614)
Foreign exchange differences and other movements	-	-	-	-	(21,272)	-	(21,272)
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**

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

31.12.2015	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	**22,405,096**	**7,622,854**	**(4,157,866)**	**216,313**	**59,578**	**(55,427)**
Mortgages	16,243,563	4,175,394	(1,663,833)	75,641	11,698	(9,173)
Consumer	4,813,403	2,705,398	(1,914,762)	140,672	47,880	(46,254)
Credit cards	1,346,478	740,633	(579,271)	-	-	-
Other	1,651	1,428	-	-	-	-
Corporate Lending	**39,712,241**	**18,679,413**	**(11,562,732)**	**2,070,473**	**1,296,292**	**(575,081)**
Commerce and services	5,676,778	3,245,639	(2,004,481)	260,876	205,840	(101,460)
Manufacturing	6,415,177	2,985,868	(1,658,877)	140,121	129,025	(53,014)
Shipping	2,786,490	687,153	(364,460)	-	-	-
Construction	4,434,643	3,010,508	(1,741,825)	261,039	247,494	(148,263)
Tourism	2,804,959	928,978	(434,393)	16,935	14,297	(4,185)
Energy	982,326	66,193	(37,628)	7,499	3,629	(86)
Agriculture	1,235,012	377,435	(254,828)	44,607	41,416	(12,857)
Coastline/ Ferries Companies	320,130	139,728	(56,236)	-	-	-
Transport & Logistics	1,091,309	538,024	(424,468)	95,581	59,291	(37,864)
Financial Sector	4,478,347	1,964,947	(1,406,841)	242,703	46,877	(2,644)
Real Estate Companies	2,373,224	1,363,845	(718,184)	505,948	261,768	(121,136)
Project Finance	1,379,644	267,447	(197,208)	248,830	122,475	(73,185)
Other	5,734,202	3,103,648	(2,263,303)	246,335	164,181	(20,386)
Public Sector	**1,374,823**	**14,959**	**(2,087)**	-	-	-
Total	**63,492,161**	**26,317,226**	**(15,722,686)**	**2,286,786**	**1,355,870**	**(630,508)**

Amounts in thousand euros (Unless otherwise stated)

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)**
Mortgages	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 cards	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)

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

2015	Interest income on non-impaired Loans & Advances	Interest income on impaired Loans & Advances	Total interest income
Retail lending	598,196	195,719	793,915
Corporate lending	1,261,246	419,599	1,680,845
Public sector	20,515	321	20,836
Total interest income	**1,879,957**	**615,639**	**2,495,596**

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**

3.4 Forbearance

Relevant to the restructuring policy is note 3.1.12.

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

Forbearance measures:	Forborne Loans & Advances (net amounts)	
	31/12/2015	31/12/2014
Interest only schedule	274,633	306,140
Reduced payment schedule	2,726,486	2,153,347
Payment moratorium/ Holidays	678,948	1,057,082
Term extension	811,050	576,884
Arrears capitalization	899,864	882,396
Hybrid (i.e. combination of measures)	3,217,457	3,087,316
Other	710,446	1,205,658
Total net amount	**9,318,884**	**9,268,824**

3.4.2. Credit quality of forborne loans and advances to customers

31/12/2015	Total amount of Loans & Advances	Total amount of forborne Loans & Advances	% of Forborne Loans & Advances
Neither past due nor impaired	30,771,672	4,607,836	14.97%
Past due but not impaired	7,334,179	2,502,171	34.12%
Impaired	27,673,096	5,596,804	20.22%
Total gross amount	**65,778,947**	**12,706,811**	**19.32%**
Individual impairment allowance	(10,355,092)	(2,499,911)	24.14%
Collective impairment allowance	(5,998,102)	(888,016)	14.80%
Total net amount	**49,425,753**	**9,318,884**	**18.85%**
Collateral received	33,924,139	7,580,669	22.35%
Total net amount less collateral value	**15,501,614**	**1,738,215**	**11.21%**

Amounts in thousand euros (Unless otherwise stated)

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%**

3.4.3. Reconciliation of forborne loans and advances to customers

	31/12/2015
Opening balance as at 1.1.2015	9,268,824
Forbearance measures in the year	4,263,385
Repayment of loans (partial or total)	(709,477)
L&As that exited forbearance status in the year	(2,518,487)
Impairment loss	(716,007)
Foreign exchange differences and other movements	147,403
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	(416,756)
Closing balance as at 31.12.2015	**9,318,884**

The reconciliation of forborne loans and advances to customers as at 31.12.2014 has not been included, as during this year, the forborne loans have been calculated based on new standards. Especially, 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”. As a result, the calculation of restated figures, regarding forborne loans for the year 2013, was not possible for practical purposes.

3.4.4. Forborne loans and advances to customers by product line

	31/12/2015	31/12/2014
Retail Lending	**3,049,310**	**2,595,425**
Mortgage	2,419,928	1,995,852
Consumer	629,381	599,574
Corporate Lending	**6,267,574**	**6,673,029**
Large	2,686,443	2,851,105
SMEs	3,581,130	3,821,924
Public Sector (Greece)	**2,001**	**370**
Total net amount	**9,318,884**	**9,268,824**

3.4.5. Forborne loans and advances to customers by geographical region

	31/12/2015	31/12/2014
Greece	9,145,382	8,963,165
Rest of Europe	173,502	305,659
Total net amount	**9,318,884**	**9,268,824**

3.4.6. Debt to Equity transactions

Piraeus Bank, in certain cases of debt restructuring agreements, participates in debt to equity transactions in an effort to make the businesses viable, so that they can meet their obligations to the Bank. The debt to equity transactions refer to renegotiation of the terms of the loan by the borrower and the Bank, aiming to the full or partial reduction of the debt with the parallel issue of the borrower's equity to the Bank. Such debt restructuring agreements, result to the Bank's control or significant influence or minority shareholding over the borrower.

Debt to equity transactions that took place during 2014 and 2015 are as follows:

	2015			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	SELONDA AQUACULTURE S.A.	33.85%	31/3/2015	20.73
2	NIREUS AQUACULTURE S.A.	33.10%	7/10/2015	25.72
3	ATTICA HOLDINGS S.A.	1.00%	18/2/2015	1.17

	2014			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	HOLDING SPECTACLES S.A.	100.00%	3/11/2014	19.81
2	ELLTHEA S.A.	87.13%	3/11/2014	16.52
3	FLEXOPACK PLASTICS S.A.	0.18%	11/12/2014	0.05
4	MARFIN INVESTMENT GROUP HOLDINGS S.A.	17.78%	18/9/2014	90.00

Amounts in thousand euros (Unless otherwise stated)

3.5 Debt securities and other eligible bills

The tables below present an analysis of bonds and treasury bills at fair value through profit or loss, bonds and treasury bills of investment portfolio, as well as debt securities - receivables by rating as at 31 December 2015, based on Standard & Poor's ratings or their equivalent:

31 December 2015	Bonds and Treasury Bills at fair value through profit or loss	Debt securities - receivables	Bonds and Treasury Bills of investment portfolio	Total
AAA	56	2,719,362	23,643	2,743,061
AA- to AA+	-	14,244,680	-	14,244,680
A- to A+	-	-	-	0
BBB- to BBB+	-	-	-	0
BB- to BB+	55	-	-	55
Lower than BB-	50,351	5,511	2,022,471	2,078,333
Unrated	-	15,783	-	15,783
Total	**50,462**	**16,985,336**	**2,046,114**	**19,081,912**

Investment securities with rating lower than BB- include mainly bonds and greek government treasury bills.

31 December 2014	Bonds and Treasury Bills at fair value through profit or loss	Debt securities - receivables	Bonds and Treasury Bills of investment portfolio	Total
AAA	-	-	-	-
AA- to AA+	-	14,268,783	5,792	14,274,575
A- to A+	-	-	-	-
BBB- to BBB+	-	-	-	-
BB- to BB+	-	-	-	-
Lower than BB-	110,173	5,152	1,768,727	1,884,052
Unrated	-	-	228	228
Total	**110,173**	**14,273,935**	**1,774,747**	**16,158,855**

Amounts in thousand euros (Unless otherwise stated)

3.6 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the carrying amounts of financial assets, which are exposed to credit risk. The credit risk exposure is based on the country of domicile of the Group's companies.

	Greece	Rest of Europe	Total
Loans and advances to credit institutions	787,609	185	787,795
Derivative financial instruments - assets	437,028	-	437,028
Bonds and Treasury Bills at fair value through profit or loss	50,462	-	50,462
Loans and advances to customers (net of provisions)	47,769,475	1,656,279	49,425,753
Loans to individuals	18,247,230	160,886	18,408,116
- Mortgages	14,579,730	66,468	14,646,198
- Consumer - personal loans	2,900,292	94,417	2,994,710
- Credit cards	767,207	-	767,207
Loans to corporate entities/ public sector	29,522,245	1,495,393	31,017,637
Debt securities - receivables	16,979,825	5,511	16,985,336
Bonds & Treasury Bills of Investment Portfolio	2,046,114	-	2,046,114
Other assets	2,075,071	35,673	2,110,744
As at 31 December 2015	**70,145,583**	**1,697,648**	**71,843,231**
As at 31 December 2014	**71,656,750**	**1,942,610**	**73,599,361**

Amounts in thousand euros (Unless otherwise stated)

b) Industry sectors

The following table breaks down the carrying amounts per industry sector of financial assets that are exposed to credit risk. The allocation has been made according to the business sector of each counterparty.

	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	787,795	-	-	-	-	-	-	-	-	-	-	-	-	787,795
Derivative financial instruments - assets	16,611	1,003	-	808	27,886	131	347,370	2,966	14,034	-	-	26,219	-	437,028
Bonds and Treasury Bills at fair value through profit or loss	56	-	-	-	-	-	50,406	-	-	-	-	-	-	50,462
Loans and advances to customers (net of provisions)	3,311,565	4,843,407	2,805,593	2,039,852	1,358,080	3,831,713	1,372,736	2,685,924	1,676,669	2,383,316	1,011,934	3,696,847	18,408,116	49,425,753
Loans to individuals (retail customers)	-	-	-	-	-	-	-	-	-	-	-	-	18,408,116	18,408,116
Loans to corporate entities/ Public sector	3,311,565	4,843,407	2,805,593	2,039,852	1,358,080	3,831,713	1,372,736	2,685,924	1,676,669	2,383,316	1,011,934	3,696,847	-	31,017,637
Debt securities - receivables	5,012	5,511	-	-	-	-	16,964,042	-	-	-	-	10,771	-	16,985,336
Bonds, treasury bills and other variable income securities of investment portfolio	4,740	-	-	-	-	-	2,053,895	-	-	-	-	-	-	2,058,635
Other assets	148,710	570	-	7,736	9	-	1,074,114	703	380	-	-	667,710	210,810	2,110,744
Balance at 31st December 2015	**4,274,489**	**4,850,491**	**2,805,593**	**2,048,397**	**1,385,975**	**3,831,844**	**21,862,564**	**2,689,594**	**1,691,083**	**2,383,316**	**1,011,934**	**4,401,547**	**18,618,926**	**71,855,752**
Balance at 31st December 2014	**4,296,590**	**5,127,264**	**3,239,488**	**2,488,577**	**1,324,053**	**4,092,389**	**19,743,876**	**2,795,182**	**2,185,505**	**2,646,917**	**1,100,548**	**4,637,664**	**19,951,531**	**73,629,584**

The loans to public sector (€ 1.4 billion) at 31/12/2015 include the seasonal loan to OPEKEPE (€ 1 billion). In line "Bonds, treasury bills and other variable income securities of Investment portfolio" of the above table, other variable income securities are also included. For this purpose, the total amount of public sector for the comparative year 2014 has been restated.

Off Balance Sheet Items - Industry sectors	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Energy, Transports & Logistics	Hotels	Agriculture	Other industries	Individuals	Total
Letters of Guarantee	598,010	405,235	1,087,921	105,922	166,216	189,827	-	-	98,928	100,367	14,906	287,766	-	3,055,098
Letters of Credit	910	12,589	-	-	-	4,927	-	-	-	-	30	10,838	-	29,294
Undrawn Committed Credit Facilities	18,556	12,501	6,862	7,856	12,803	32,586	-	-	37,940	13,584	4,154	31,935	78,681	257,458
Balance at 31st December 2015	**617,476**	**430,325**	**1,094,783**	**113,778**	**179,019**	**227,341**	**0**	**0**	**136,869**	**113,951**	**19,089**	**330,538**	**78,681**	**3,341,850**
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
Undrawn Committed Credit Facilities	51,476	15,787	7,443	125	5,477	29,136	7	-	94,541	3,709	3,538	43,825	73,524	328,589
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**	**73,524**	**3,482,829**

The presentation of undrawn credit facilities for the year 2014 has changed for comparability purposes and refers only to committed undrawn credit facilities.

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 31/12/2015 and 31/12/2014, given that the netting criteria mentioned in the first case (i) are not fulfilled.

The following tables, present the recognized on 31/12/2015 and 31/12/2014 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.

Amounts in thousand euros (Unless otherwise stated)

31/12/2015	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	434,257	-	434,257	236,289	-	197,968
Total	**434,257**	**-**	**434,257**	**236,289**	**-**	**197,968**

31/12/2015	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	444,629	-	444,629	-	444,629	-
Repurchase agreements	1,655,402	-	1,655,402	-	1,338	1,654,064
Total	**2,100,032**	**-**	**2,100,032**	**-**	**445,967**	**1,654,064**

31/12/2014	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	487,790	-	487,790	-	-	487,790
Total	**487,790**	**-**	**487,790**	**-**	**-**	**487,790**

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	538,173	-	538,173	-	538,173	-
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**

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) 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 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 31/12/2015, was € 3.87 million. This estimate consists of € 2.85 million for interest rate risk and € 2.62 million for foreign exchange risk. There is a reduction in the Value-at-Risk estimate of € -1.60 million due to the diversification effect in the portfolio.

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, € 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.

During 2015, the Bank’s Trading Book VaR increased due to the increase of foreign exchange position.

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
2015	**3.87**	**2.85**	**0.00**	**2.62**	**0.00**	**-1.60**
2014	**3.44**	**3.32**	**0.00**	**1.24**	**0.07**	**-1.19**

The Value at Risk estimate at 31/12/2015 for the Available for Sale portfolio was € 11.74 million against a figure of € 9.37 million at 31/12/2014. The increase is attributable to an increase in Greek Government Bonds by € 71 million and in Greek Government Treasury Bills by € 166 million.

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 31/12/2015. 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:

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2015	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with Central Bank	2,287,328	46,733	40,711	6,797	18,808	44,375	2,444,752
Loans and advances to credit institutions	469,794	47,494	164	153	36,629	233,561	787,795
Derivative financial instruments - assets	419,776	2,990	-	-	14,261	-	437,028
Financial instruments at fair value through profit or loss	50,406	56	-	-	-	-	50,462
Loans and advances to customers (net of provisions)	44,258,840	2,849,506	62,931	107,588	2,083,186	63,702	49,425,753
Debt securities - receivables	16,979,825	5,511	-	-	-	-	16,985,336
Investment securities	2,382,335	24,964	-	-	-	529	2,407,828
Other assets	2,068,436	42,065	210	33	-	-	2,110,744
Total financial assets	**68,916,740**	**3,019,319**	**104,016**	**114,571**	**2,152,884**	**342,168**	**74,649,697**
Foreign exchange risk of liabilities							
Due to credit institutions	34,581,393	7,308	319	87	1,021	1,624	34,591,752
Liabilities at fair value through profit or loss	2,499	-	-	-	-	-	2,499
Derivative financial instruments - liabilities	408,081	36,557	1	-	-	-	444,639
Due to customers	35,059,826	1,310,335	111,714	3,676	14,101	271,704	36,771,355
Debt securities in issue	102,314	-	-	-	-	-	102,314
Other liabilities	559,138	5,177	-	-	64,548	421,529	1,050,393
Total financial liabilities	**70,713,250**	**1,359,377**	**112,034**	**3,763**	**79,670**	**694,857**	**72,962,952**
Net on-balance sheet financial position	**(1,796,510)**	**1,659,942**	**(8,018)**	**110,807**	**2,073,214**	**(352,689)**	**1,686,745**
Net position of non financial assets - liabilities	**(2,149,941)**	**36,578**	**1,877**	**-**	**(14,261)**	**818,848**	**(1,306,899)**
Net Off balance sheet items	**3,891,436**	**(1,677,433)**	**5,431**	**(110,389)**	**(2,077,485)**	**(407,849)**	**(376,288)**
Currency position	**(55,015)**	**19,087**	**(710)**	**419**	**(18,533)**	**58,310**	**3,559**

At 31 December 2014	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	70,441,080	3,475,308	111,927	165,137	2,242,682	312,631	76,748,764
Total financial liabiities	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 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)**

Amounts in thousand euros (Unless otherwise stated)

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 31/12/2015:

At 31 December 2015	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	2,444,752	-	-	-	-	-	2,444,752
Loans and advances to credit institutions	478,420	263,375	46,000	-	-	-	787,795
Financial instruments at fair value through profit or loss	-	-	-	111	50,351	-	50,462
Loans and advances to customers (net of provisions)	38,387,498	6,651,519	3,271,743	682,314	432,679	-	49,425,753
Debt securities - receivables	-	-	-	9,796,898	7,188,438	-	16,985,336
Investment securities	4,082	926,374	695,969	281,161	138,529	361,714	2,407,828
Other assets	-	-	-	-	-	2,110,744	2,110,744
Total financial assets	**41,314,752**	**7,841,268**	**4,013,712**	**10,760,483**	**7,809,997**	**2,472,458**	**74,212,670**
Liabilities							
Due to credit institutions	31,852,833	36,076	2,842	2,700,000	-	-	34,591,752
Due to customers	29,861,344	4,477,584	2,340,951	19,305	-	72,171	36,771,355
Liabilities at fair value through profit or loss	-	-	-	2,499	-	-	2,499
Debt securities in issue	45,749	56,162	245	157	-	-	102,314
Other liabilities	-	-	-	-	-	1,050,392	1,050,392
Total financial liabilities	**61,759,926**	**4,569,823**	**2,344,038**	**2,721,961**	**0**	**1,122,563**	**72,518,312**
Net notional amounts of derivative financial instruments	**(92,258)**	**(190,197)**	**(86,507)**	**0**	**0**	**0**	**(368,962)**
Total interest rate gap	**(20,537,432)**	**3,081,249**	**1,583,167**	**8,038,522**	**7,809,997**	**1,349,894**	**1,325,396**

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.

Amounts in thousand euros (Unless otherwise stated)

The table below presents comparative figures:

At 31 December 2014	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	45,466,323	8,435,191	18,563,866	1,034,396	506,806	2,235,240	76,241,823
Total financial liabiities	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)	-	(107,930)
Total interest rate gap	**(8,898,125)**	**(289,556)**	**9,213,428**	**(2,176,589)**	**434,953**	**1,400,678**	**(315,210)**

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 € 6.3 million (2014: € 25.32 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 November 2014, the Group is supervised by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB), in collaboration with the Central Bank of Greece.

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). According to European Regulation, the Liquidity Coverage Ratio (LCR) limit of 60% was introduced in 1/10/2015. Piraeus Bank LCR is below the required limit, due to Greece economic conditions and the use of the Emergency Liquidity Assistance (ELA) mechanism.

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).

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

During the first half of 2015, Piraeus Bank deposits decreased by € 14,200 million, due to increased political and financial uncertainty. The Greek banking system experienced a significant outflow of deposits, which was stopped by the Greek government, with the imposition of capital controls. At 31/12/2015, total deposits of Piraeus Bank amounted to € 36,771 million (€ 50,240 million at 2014).

In the first half of the 2015, Piraeus Bank had limited access to the interbank repo market, creating an additional funding gap, compared to 31/12/2014. At the end of the second half of 2015, the Greek banking sector was stabilized and Piraeus Bank returned to the interbank repo market. It acquired funding, through repo transactions of € 1,655 million (2014: € 9,169 million).

Amounts in thousand euros (Unless otherwise stated)

The funding gap, created by the deposits outflow and deterioration of interbank funding, was covered through the use of the Emergency Liquidity Assistance (ELA) mechanism. Piraeus Bank acquired funding of € 16,700 million through the use of ELA. Funding from the European Central Bank (ECB) amounted to € 15,980 million, slightly higher as compared to December of 2014 (€ 14,100 million). The Bank in order to raise funding from ECB, collateralizes mainly bonds issued from the European Stability Mechanism (ESM) and bonds issued from the European Financial Stability Fund (EFSF). During the financial year 2015, the available acceptable collaterals for funding by ECB were increased, due to a) the receipt of ESM bonds, of nominal value € 680 million, for the Financial Stability Fund's participation in the Bank's share capital increase as well as due to b) the receipt of ESM bonds of nominal value € 2,040 million, in the context of the exclusive participation of the HFSF in the Bank's issue of contingent convertible bonds. Reference to the funding from the Eurosystem is made in notes 31 and 40.

At the end of 2015, Piraeus Bank completed successfully its Capital Increase, improving the liquidity. Moreover, during 2015, there was a reduction of deposit cost.

a) Non derivative cash flows

The tables below present, 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 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	31,848,337	6,209	2,317	2,746,055	12,828	**34,615,745**
Due to customers	29,919,920	4,394,973	2,391,673	28,054	102,732	**36,837,352**
Liabilities at fair value through profit or loss	-	-	-	2,499	-	**2,499**
Debt securities in issue	53	140	725	102,338	-	**103,257**
Other liabilities	1,050,392	-	-	-	-	**1,050,392**
Total liabilities (contractual maturity dates)	**62,818,702**	**4,401,322**	**2,394,715**	**2,878,946**	**115,560**	**72,609,245**
Total assets (expected maturity dates)	**4,422,000**	**2,505,051**	**5,765,145**	**30,782,889**	**36,296,055**	**79,771,140**

In "Due to Credit Institutions" in the "up to 1 month" time band, Emergency Liquidity Assistance (ELA) funding and European Central Bank (ECB) funding is included as they have an initial contractual maturity of 1 week.

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**
Due to customers	32,293,687	8,766,379	9,425,461	71,937	420	**50,557,885**
Liabilities at fair value through profit or loss	-	-	-	1,853	-	**1,853**
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**

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 tables below analyse, 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 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
- Interest rate derivatives	250	1,473	(228)	8,516	7,147	**17,158**
Total	**250**	**1,473**	**(228)**	**8,516**	**7,147**	**17,158**

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**

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

At 31 December 2015	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	(1,137,015)	(711,429)	(2,120,784)	(1,222,021)	(144,887)	**(5,336,137)**
Inflow	1,127,838	697,460	1,947,063	1,055,583	119,116	**4,947,061**

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**

biii) Off balance sheet items

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	118,691	62,595	579,472	2,291,242	3,097	**3,055,098**
Letters of Credit	10,613	15,500	3,181	-	-	**29,294**
Undrawn Committed Credit Facilities	11,529	2,601	32,560	146,568	64,200	**257,458**

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**
Undrawn Committed Credit Facilities	62,479	1,368	53,619	143,888	67,235	**328,589**

The presentation of undrawn credit facilities for the year 2014 has changed for comparability purposes and refers only to committed undrawn credit facilities.

Amounts in thousand euros (Unless otherwise stated)

3.12 Transfers of financial assets

According to the provisions of IFRS 7, the Bank transfers all or part of a financial asset if and only if: (a) transfers its contractual rights to receive the cash flows from that financial asset or (b) retains the contractual rights to collect the cash flows and assumes at the same time an obligation to pay those cash flows to one or more recipients.

In the context of its usual operation, the Bank transfers financial assets to third parties or special purpose vehicles, which are not derecognized from its balance sheet, as the Bank is exposed to the risks and rewards arising from these financial assets. It shall be noted that the Bank has not transferred any financial assets, which are recognized in the financial statements to the extent of its continuing involvement.

The carrying amount of the financial assets that have been transferred but are still recognized in the Statements of Financial Position, as well as the carrying amount of the liabilities associated with the aforementioned assets are as follows:

	Transferred assets			Associated liabilities		
31/12/2015	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**
Financial assets at fair value through profit or loss	8,707	-	-	3,699	-	-
Available-for-sale financial assets	1,192,301	-	-	506,491	-	-
Loans and advances	30,875,157	6,108,753	-	13,151,046	1,897,006	-
Debt securities	16,898,862	-	1,666,333	16,953,511	-	1,655,405
Total	**48,975,027**	**6,108,753**	**1,666,333**	**30,614,747**	**1,897,006**	**1,655,405**

	Transferred assets			Associated liabilities		
31/12/2014	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**
Financial assets at fair value through profit or loss	74,330	-	-	41,540	-	-
Available-for-sale financial assets	1,726,333	-	644,605	1,539,288	-	574,525
Loans and advances	10,270,972	6,224,232	-	2,709,291	135,607	43,040
Debt securities	14,268,783	-	8,530,585	14,170,772	-	8,461,441
Total	**26,340,418**	**6,224,232**	**9,175,190**	**18,460,891**	**135,607**	**9,079,005**

Securitisation

The Bank securitises mortgages, corporate and consumer loans as well as credit cards and current accounts, through special purpose entities, that are consolidated in the Bank, in order to raise funding. The aforementioned special purpose entities have proceeded to the issuance of securities. The Bank retains substantially the risks and rewards of the aforementioned financial assets and as a result does not proceed to their derecognition from the Statement of Financial Position.

Raising funding through the Eurosystem and repurchase agreements

The Bank raises funding from the Eurosystem through pledging securities. Additionally, the Bank proceeds to repurchase agreements. The aforementioned securities do not qualify for derecognition from the balance sheet, as the Bank retains substantially all the risks and rewards of the securities.

Amounts in thousand euros (Unless otherwise stated)

3.13 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 the Bank's balance sheet at fair value.

Assets	Carrying value		Fair value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Loans and advances to credit Institutions	787,795	932,793	787,795	932,793
Loans and advances to customers (net of provisions)	49,425,753	53,987,068	47,661,676	53,230,068
- Loans to individuals	18,408,116	19,703,467	17,350,134	19,591,467
- Loans to corporate entities	29,644,901	32,073,524	28,955,936	31,428,524
- Loans to public sector	1,372,736	2,210,077	1,355,606	2,210,077
Debt securities - receivables	16,985,336	14,273,935	17,286,346	14,641,345
Reverse repos with customers	-	63,632	-	63,632

Liabilities	Carrying value		Fair value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Due to credit institutions	34,591,752	24,566,067	34,591,752	24,566,067
Due to customers	36,771,355	50,240,344	36,771,355	50,240,344
Debt securities in issue	102,314	661,341	75,354	532,140
Hybrid capital and other borrowed funds	-	232,381	-	197,327

The fair values as at 31/12/2015 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.

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 tables below:

Analysis of Fair Value in Levels at 31/12/2015	Level 2	Level 3	Total
Assets			
Loans and advances to customers (net of provisions)	-	47,661,676	47,661,676
- Loans to individuals	-	17,350,134	17,350,134
- Loans to corporate entities	-	28,955,936	28,955,936
- Loans to public sector	-	1,355,606	1,355,606
Debt securities-receivables	17,286,346	-	17,286,346
Liabilities			
Debt Securities in Issue	75,354	-	75,354

Analysis of Fair Value in Levels at 31/12/2014	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:

<u>Level 1</u>

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.

<u>Level 2</u>

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).

<u>Level 3</u>

The valuation of assets and liabilities is carried out by introducing variables that are not based on observable market data. 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 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.

Derivative financial instruments

The embedded derivatives of the convertible bonds issued by Marfin Investment Group and Nireus S.A., are included in level 3 of derivative financial assets.

The aforementioned derivatives are accounted at fair value. The fair value of the embedded derivatives are determined according to valuation techniques 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 2.18 “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 tables present financial assets and liabilities measured at fair value, categorized in the three levels mentioned above:

Assets & Liabilities measured at fair value at 31/12/2015	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	434,831	2,197	**437,028**
Financial instruments at fair value through profit or loss				
- Bonds	50,462	-	-	**50,462**
Available for Sale Securities				
- Bonds	424,419	-	-	**424,419**
- Shares & Other variable income securities	141,476	-	220,238	**361,714**
- Treasury bills	1,621,695	-	-	**1,621,695**
Liabilities				
Derivative financial instruments - liabilities	-	444,639	-	**444,639**
Financial Liabilities at FV through PL	2,499	-	-	**2,499**

Assets & Liabilities measured at fair value at 31/12/2014	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				
- 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 examines transfers between fair value hierarchy levels at the end of each reporting period.

For assets and liabilities valued at fair value on 31/12/2015 and on 31/12/2014, no transfer from level 1 to level 2 and vice versa occurred during 2015 and 2014.

The following tables present the movement of derivative financial instruments - assets and shares of the available for sale portfolio within level 3 on 31/12/2015 and on 31/12/2014:

Reconciliation of level 3 items (2015)	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening balance 1/1/2015	18,488	166,553
Balance of Panellinia Bank at acquisition date	-	176
Purchases	1,258	107
Profit/ (loss) for the year	(17,549)	-
Other comprehensive Income	-	65,715
Impairment	-	(12,021)
Settlements	-	(16)
Foreign exchange differences and other movements	-	(275)
Closing balance 31/12/2015	**2,197**	**220,238**

Reconciliation of level 3 items (2014)	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
Closing balance 31/12/2014	**18,488**	**166,553**

The following tables present the sensitivity analysis of level 3 available for sale securities and derivative financial instruments - assets:

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	31/12/2015	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(22)
Derivative financial instruments - assets	5	(5)
Equity Statement		
Available for sale shares & other variable income securities	16	-

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	31/12/2014	
	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)

The estimation of the change in the value of the shares of available-for-sale portfolio 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 fair 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.

3.14 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.

3.15 Capital adequacy

From January 2014 onwards Piraeus Bank S.A. applies the new regulatory framework "CRD IV" (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU and Regulation (EU) No. 575/2013. For the transposition of Directive 2013/36/EU, Greece adopted L.4261/2014.

The aforementioned regulatory framework requires financial institutions to maintain a minimum level of regulatory capital related to the undertaken risks. The minimum thresholds for the 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 Bank'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 and
- Maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

Presented below, are the year-end capital adequacy ratios as at 31/12/2014 and 31/12/2015 for Piraeus Bank S.A. as calculated under the current regulatory framework, taking into account all relevant transitional period provisions applicable under Regulation (EU) No. 575/2013.

Amounts in thousand euros (Unless otherwise stated)

	31 December 2015	31 December 2014
Ordinary Shares	2,619,955	1,830,594
Share premium	13,074,688	11,393,315
Contingent Convertible bonds	2,040,000	-
Available for sale reserve	30,643	(44,777)
Legal reserve and other reserves	88,473	37,328
Retained earnings	(8,245,744)	(5,829,593)
Less: intangible assets	(250,765)	(238,448)
Total regulatory adjustments on Tier I capital	(257,279)	(98,860)
Total Core Tier I & Tier I capital (A)	**9,099,971**	**7,049,559**
Tier II Capital		
Subordinated debt	-	216,008
Total regulatory adjustments on Tier II capital	-	(140,405)
Total Tier II Capital (B)	**0**	**75,603**
Regulatory capital (A+B)	**9,099,971**	**7,125,162**
Total risk weighted assets (on and off- balance sheet items)	**49,871,054**	**51,105,375**
Common Equity Tier 1 ratio	**18.2%**	**13.8%**
Tier I ratio	**18.2%**	**13.8%**
CAD ratio	**18.2%**	**13.9%**

During 2015, following the agreement between Greece and the institutions, the Single Supervisory Mechanism (SSM) of the ECB carried out a Comprehensive Assessment, the results of which are provided in note 3.1.11.

Piraeus Bank, through coordinated actions with the competent authorities and by a series of own initiatives (share capital increase, disposal of subsidiaries, liabilities management exercise etc) managed to successfully cover its capital needs. Relative reference is provided in note 41.

3.16 Risk related to the recognition claims (Tax Credits) against the Greek State

The calculation of the capital adequacy ratios of the Bank, takes into account the deferred tax assets which have been recognized on the basis of the relevant provisions of the IFRS´s. On 31/12/2015, the deferred tax asset of the Bank amounted to € 5.0 billion approximately (31/12/2014: € 4.0 billion).

On each reporting date, the Bank proceeds to the estimation of the deferred tax assets, which is likely to lead to a change of their amount in the balance sheet, and consequently to affect the calculation of capital adequacy ratios.

Under the current directive about the capital adequacy ("CRD IV"), deferred tax assets which are recognized according to the IFRS´s and are based on the future profitability of the Bank, are deducted from the Common Equity Tier 1 capital ("CET1") if they exceed specific limits. However, according to Article 27A of Law 4172/2013, as added with par. 1 of article 23 of Law 4302/2014 and replaced by then in force with article 4 of Law 4340/2015, concerning deferred tax assets, it is allowed under conditions to credit institutions, from 2017 onwards, to transform deferred tax assets, that have been recognized due to losses from the Private Sector Involvement "PSI" and accumulated provisions due to credit risk in relation to existing receivables as of 30 June 2015, into directly enforceable claims (tax credits) against the Greek State. In this case, these tax credits are not deducted from the CTE1, but are included in the risk weighted assets of the Bank based on the current weights.

On 31/12/2015, the deferred tax assets of the Bank, which met the above conditions, amounted to € 4.1 billion, of which € 1.4 billion relates to the remaining unamortized amount of debit difference from the participation of the Private Sector Involvement program PSI and € 2.7 billion relates to the differences between the IFRS accumulated provisions for loan impairments and the respective tax provisions.

The recognition of deferred tax assets as well as their probable conversion to claims against the Greek State (Tax Credits) can be adversely affected by: a) the future reduction of income tax rates, b) the adverse change of the regulations governing the treatment of deferred tax assets for regulatory capital purposed and c) any adverse change in the interpretation of the aforementioned legislative amendments by the European Commission. In case where any of the aforementioned risks occurs, it would probably have an adverse effect on the adequacy of the Bank´s regulatory capital.

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

The preparation of the annual financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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 losses. Relevant to the adjustment in the estimates for the impairment test of loans, performed by the Bank in 2015, is note 22 of the stand alone financial statements.

4.2. Fair value of over the counter derivative instruments

The fair value of derivative financial instruments that are traded over the counter (OTC), with banking counterparties, is determined by using commonly accepted valuation models. These valuation models use observable data. Where this is not possible, estimates and assumptions are required by Management concerning the parameters that affect the fair value of derivatives. These assumptions and estimates are assessed regularly and when market conditions change significantly.

The fair value for derivative financial instruments includes adjustments for the credit risk in a bilateral derivative transaction (CVA/ DVA). The calculation of credit adjustments takes 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 (as per the ISDA-CSA contracts in force).

In addition, the calculation of credit adjustments is also based on loss given default (LGD) rates as well as probability of default (PD) curves of the Bank and the respective counterparties, 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.

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 investments in subsidiary and associate companies

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.

Investment in subsidiary and associate companies

The Bank tests for impairment the investments in subsidiary and 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 subsidiary or the associate company. The amount of the permanent impairment of the investment, which may arise from the assessment, is recorded to the income statement.

On 31/12/2015, the Bank assigned to independent valuers the determination of the recoverable amount of several foreign subsidiaries. In the cases where the estimated recoverable amount was less than the respective carrying amount of the subsidiary, permanent impairment of the investment was recognized with a corresponding charge in the results of the financial year. Relevant reference is made in note 25.

4.4. Estimation of property fair value

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

Own-use properties are tested for impairment, when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value-in-use.

Inventories are measured at the lower of cost and net realizable value. The net realizable value is the estimated selling price less any expenses necessary to conclude the sale.

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.

On 31/12/2015, for the fair value measurement of the Bank´s properties was selected a sample of investment properties, own-use and inventory properties. The valuation of these properties was assigned to independent valuers. The results of the valuations were extrapolated to the remaining property population depending on the category, the type and the location of the property.

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 recognized 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 appropriate 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 revised Restructuring Plan approved as of 29 November 2015, by the European Commission, 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.

4.8. Assets held for sale

In "Assets held for sale", the Bank includes the cost of investment in subsidiary and associate companies that meet the classification requirements in this portfolio in accordance with the relevant provisions of I.F.R.S. 5. For these subsidiary companies, the Management of the Bank makes estimates regarding the potential completion of the transaction, namely the sale of the subsidiary company, within a year of the initial classification, in accordance with I.F.R.S. 5.

4.9. 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 Combinations". 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. Reference to goodwill is made in note 26 of the annual financial statements.

Amounts in thousand euros (Unless otherwise stated)

4.10. Greek public sector

Piraeus Bank's management makes significant estimates and assumptions regarding the progress of the Greek economy. The economic situation in Greece creates uncertainties that may affect the creditworthiness of the Greek public sector. Reference to the Management's estimates concerning the economic developments is made in note 2.

As at 31 December 2015, the total carrying value of the Bank's receivables from Greek Public Sector is as follows:

	2015	2014
Derivative financial instruments – assets	347,370	393,286
Bonds and Treasury Bills at fair value through profit or loss	50,351	110,151
Loans to corporate entities/ Public sector	1,372,736	2,210,077
Bonds, treasury Bills and other variable income of Investment portfolio	2,034,992	1,798,168
Other assets	1,073,808	957,242
Total	**4.879.257**	**5.468.924**

5 Segment analysis

a) By Business segment

Piraeus Bank has defined the following business segments:

Retail Banking - This segment includes the retail banking operations 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 operations 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 income and other financial figures per business segment of the Bank is presented below:

Amounts in thousand euros (unless otherwise stated)

1/1 - 31/12/2015	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	1,326,431	599,289	3	117,133	(331,421)	**1,711,435**
Net fee and commission income	176,262	30,673	306	5,105	2,991	**215,337**
Other income	(2,373)	2,056	7	51,837	175,586	**227,113**
Net income	**1,500,319**	**632,018**	**316**	**174,076**	**(152,844)**	**2,153,884**
Depreciation and amortisation	(24,070)	(109)	(8)	(2,620)	(57,151)	**(83,958)**
Other operating expenses	(1,010,407)	(75,202)	(2,983)	(63,631)	-	**(1,152,223)**
Results before provisions, impairment and income tax	**465,842**	**556,707**	**(2,676)**	**107,825**	**(209,995)**	**917,703**
Impairment losses on loans	(2,333,447)	(906,774)	-	-	-	**(3,240,220)**
Impairment on other receivables	-	-	-	-	(106,829)	**(106,829)**
Impairment on participations and investment securities	-	-	-	-	(886,363)	**(886,363)**
Impairment of tangible and intangible assets	(14,630)	-	-	-	(48,619)	**(63,249)**
Impairment on assets held for sale	-	-	-	-	(2,677)	**(2,677)**
Other provisions	(1,652)	(601)	-	-	(95,899)	**(98,151)**
Results before tax	**(1,883,886)**	**(350,667)**	**(2,676)**	**107,825**	**(1,350,382)**	**(3,479,786)**
Income tax						1,090,389
Results after tax						**(2,389,397)**
As at 31 December 2015						
Total assets	37,451,178	12,940,203	189	22,339,913	10,270,795	**83,002,278**
Total liabilities	35,009,300	1,255,610	29	36,027,628	1,101,694	**73,394,262**
Capital expenditure	48,113	409	237	1,533	98,654	**148,946**

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	(20,889)	(95)	-	(1,322)	(57,307)	**(79,613)**
Other operating expenses	(931,311)	(71,606)	(2,289)	(60,131)	-	**(1,065,337)**
Results before provisions, impairment and income tax	**297,500**	**778,807**	**(943)**	**(17,838)**	**(132,788)**	**924,738**
Impairment losses on loans	(2,775,949)	(817,855)	-	-	-	**(3,593,805)**
Impairment on other receivables	-	-	-	-	(105,751)	**(105,751)**
Impairment on participations and investment securities	-	-	-	-	(314,407)	**(314,407)**
Impairment of tangible and intangible assets	(35,139)	-	-	-	(16,389)	**(51,528)**
Other provisions	(1,520)	(553)	-	-	(6,336)	**(8,408)**
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)**
As 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)

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

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

Assets of business segments «Retail Banking» and «Corporate Banking» include the following loans, which are managed by the Bank's special Unit named "Recovery Business Unit "(RBU) that was established during 2014.

31 December 2015	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	19,037,227	(9,853,613)	9,183,614
Mortgages	4,748,082	(1,344,007)	3,404,075
Consumer	3,357,285	(2,161,579)	1,195,706
Total	**27,142,594**	**(13,359,199)**	**13,783,394**

31 December 2014	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
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" of amount € 426,154 thousand (31/12/2014: € 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 2015	Net Revenues	Non Current Assets
Greece	2,096,278	1,420,778
United Kingdom	56,843	511
Germany	764	99
Total	**2,153,884**	**1,421,389**

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**

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

	1/1-31/12/2015	1/1-31/12/2014
Interest income		
Interest on fixed income securities	152,241	153,393
Interest on loans and advances to customers and reverse repos	2,495,608	2,748,606
Interest on loans and advances to credit institutions	117,588	96,064
Other interest income	3,319	3,509
Total interest income	**2,768,755**	**3,001,573**
Interest expense		
Interest on customer deposits and repos	(381,593)	(903,192)
Interest on debt securities in issue and on other borrowed funds	(34,260)	(55,242)
Interest on due to credit institutions	(488,485)	(242,747)
Contribution of Law 128	(151,154)	(154,256)
Other interest expense	(1,829)	(5,178)
Total interest expense	**(1,057,321)**	**(1,360,615)**
Net Interest Income	**1,711,435**	**1,640,958**

7 Net fee and commission income

	1/1-31/12/2015	1/1-31/12/2014
Fee and commission income		
Commercial banking	231,175	221,358
Investment banking	7,759	10,412
Asset management	17,434	15,515
Total fee and commission income	**256,368**	**247,284**
Fee and commission expense		
Commercial banking	(37,356)	(25,379)
Investment banking	(1,494)	(1,093)
Asset management	(2,181)	(2,431)
Total fee and commission expense	**(41,031)**	**(28,904)**
Net fee and commission income	**215,337**	**218,381**

8 Dividend income

	1/1-31/12/2015	1/1-31/12/2014
Dividend from subsidiaries	92,595	5,515
Dividend from associates	-	1,694
Dividend from AFS securities	7,568	13,233
	100,163	**20,442**

The dividend income from subsidiaries, amounting to € 92.6 million, derives mainly from dividends distributed by the subsidiary companies Piraeus Insurance and Reinsurance Brokerage S.A. (€ 15.0 million), Piraeus Insurance Agency S.A. (€ 66.5 million) and Piraeus Factoring S.A. (€ 11.0 million).

Amounts in thousand euros (unless otherwise stated)

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

	1/1-31/12/2015	1/1-31/12/2014
Gains less losses on FX	(9,284)	(27,452)
Gains less losses on derivatives	27,969	(43,162)
Gains less losses on bonds and treasury bills	42,662	(4,448)
Gains less losses on liabilities designated at fair value through profit or loss	(429)	-
Net trading income (A)	**60,919**	**(75,061)**
Net income from other financial instruments designated at fair value through profit or loss (B)	**0**	**(1,269)**
Total (A) + (B)	**60,919**	**(76,330)**

During the year 2015, "Gains less losses on derivatives" include mainly gains of € 17.2 million arising from interest rate swaps. Additionally, "Gains less losses on bonds and treasury bills" include mainly gains of € 26.4 million from euro medium term note (EMTN) repurchases and € 10.7 million from Greek Government bonds and treasury bills.

10 Results from investment securities

	1/1-31/12/2015	1/1-31/12/2014
Gains less losses on AFS - shares and mutual funds (note 42)	27	63,146
Gains less losses on AFS - bonds (note 42)	(15)	9,032
Gains less losses from sales of subsidiaries and associates	16,239	636
Total	**16,251**	**72,814**

Results from investment securities amount to a gain of € 16.3 million for the year 2015, mainly due to the disposal of the subsidiary company Piraeus Bank Egypt S.A.E. and the associate company AIK Banka.

Impairment of investment securities is included in “Impairment on investment securities” in the consolidated income statement. Relative reference is provided in note 25 and note 42.

11 Other results

	1/1-31/12/2015	1/1-31/12/2014
Rental income	7,107	5,965
Gains less losses from valuation of investment property	6,282	(7,569)
Other income from banking activities	15,281	1,337
Gains from the capitalization of liabilities following the Liability Management Exercise	17,629	-
Other	3,480	193,689
Total	**49,780**	**193,423**

In the year 2015, “Other results” are significantly lower than the respective results of the previous year as the account for the year 2014 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.

Amounts in thousand euros (unless otherwise stated)

12 Staff costs

	1/1-31/12/2015	1/1-31/12/2014
Wages & salaries	(396,021)	(388,902)
Social insurance contributions	(99,970)	(101,522)
Other staff costs	(24,279)	(22,777)
Voluntary Redundancy Costs (note 39)	(6,841)	(55,288)
Retirement benefit charges (note 39)	(14,660)	(13,190)
Estimated cost of voluntary exit scheme	(110,000)	-
Total	**(651,772)**	**(581,678)**

The number of staff employed by Piraeus Bank as at 31 December 2015 was 14,326 compared to 14,418 at the end of 2014.

In the context of the November 29th, 2015 approved by the European Commission Piraeus Bank's revised Restructuring Plan, the Bank is committed to reduce further its staff as well as the staff of its subsidiaries, in order to achieve benefits in operating costs. As a result, the Bank proceeded to the recognition of a provision of amount € 110 million as at 31/12/2015 for a Voluntary Exit Scheme. The final cost will be determined in 2016 when the number of employees participating in the Scheme is finalized.

13 Administrative expenses

	1/1-31/12/2015	1/1-31/12/2014
Rental expense	(52,100)	(62,370)
Taxes & duties	(81,733)	(84,144)
Promotion and advertising expenses	(39,113)	(39,500)
Servicing - promotion of banking products	(45,905)	(47,262)
Fees and third parties expenses	(89,357)	(86,591)
Security & maintenance of fixed assets	(32,285)	(32,979)
Telecommunication & electricity expenses	(18,579)	(22,376)
Contribution expense in State Controlled Deposit Guarantee Scheme	(77,562)	(36,082)
Other administrative expenses	(63,816)	(72,353)
Total	**(500,450)**	**(483,658)**

The increase of the line "Contribution expense in State Controlled Deposit Guarantee Scheme" in 2015, is mainly due to increase of contributions to Hellenic Deposit & Investment Guarantee Fund (HDIGF).

The available financial means of the Resolution Scheme (RS) of HDIGF, as Resolution Fund for credit institutions, come from regular ex-ante contributions, extraordinary ex-post contributions and alternative financial means under Law No. 4335/2015. Participating credit institutions when granting loans to the RS pay contributions, with which the RS repays its loan obligations for resolution purposes.

In Year 2015, the total amount of contributions of € 77.6 million concerns a) annual contribution to the Resolution Scheme (RS) amounting to approximately € 43.5 million, b) regular ex-ante contribution to European Resolution Mechanism for year 2015 of approximately € 21.2 million and c) supplementary contribution for the funding of cooperative bank resolution plan of approximately € 12.9 million. Under the provisions of Law 3746/2009 on assets Hellenic Deposit & Investment Guarantee Fund (HDIGF) placed at the disposal of Deposit Guarantee Scheme, no annual fee was incurred in the year 2015 as in previous year 2014.

Amounts in thousand euros (unless otherwise stated)

14 Income tax

	1/1-31/12/2015	1/1-31/12/2014
Current tax	-	(3,804)
Deferred tax (note 38)	1,090,389	1,087,765
Total	**1,090,389**	**1,083,961**

In accordance with the provisions of the enacted Greek Tax Law (Law 4172/2013), as amended by Law 4334/2015 (Gazette A΄80/16-07-2015) and being in effect today, the income tax rate for legal entities increased from 26% to 29% from the tax year 2015 and thereon. Withholding tax for dividends distribution which will be approved from 1/1/2014 and thereon is set at 10%. The above change of the tax rate had a positive effect on the current period results (taxes) of approximately € 0.5 billion on the fiscal year of 2015 (3rd quarter), equally increasing the amount of deferred tax, recognized in financial statements.

The income tax revenue for 2015 amounting to € 1.09 billion, was mainly affected from the recalculation of the deferred tax assets, by applying the new (increased) tax rate from the 3rd quarter of 2015 for the Bank and its Greek subsidiaries, as mentioned above, from the deferred tax relating to the amounts recognized for tax purposes of this period, as well as to the additional provisions for loan impairments recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes. Relevant reference is provided in note 38.

The Bank has recognized deferred tax assets amounting to € 5 billion, based on the best estimates of the Management for the future evolution of the Bank's tax results, taking into account the revised approved restructuring plan by the European Commission on November 29th 2015, 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 that have already been implemented under the existing restructuring plan of Bank, as well as, those included in the revised 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 added with par. 1 of Article 23 of Law 4302/2014 and replaced by then in force with Law 4340/2015, deferred tax assets of Greek financial institutions that have been recognized due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing receivables as of 30 June 2015, will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the after tax accounting result from the fiscal year 2016 onwards, is a loss. This claim will be offset against the relevant amount of income tax. When the amount of income tax is insufficient to offset the above claim, any remaining claim will give rise to a direct refund right against the Greek State. In this case, a special reserve equal to 100% of the above claim will be created exclusively for a share capital increase and the issuance of capital conversion rights (warrants) without consideration in favor of the Greek State. The above rights will be convertible into ordinary shares. Existing shareholders will have a call option right. The above-mentioned reserve will be capitalized and new ordinary shares will be issued in favor of the Greek State.

The Extraordinary General Meeting of the Bank's Shareholders, on December 19th 2014, approved the Bank's opting into the special regime enacted by article 27A of the Law 4172/2013, regarding the voluntary conversion of deferred tax assets arising from temporary differences into final and settled claims against the Greek State and authorized the Board of Directors of the Bank to proceed with all actions required for the implementation of the above mentioned Law provisions.

Amounts in thousand euros (unless otherwise stated)

As at 31/12/2015, deferred tax assets of the Bank meeting the provisions of Law, rise up to € 4.1 billion, of which € 1.4 billion regards the remaining unamortized amount of debit difference from the participation on the Private Sector Involvement program (PSI) and € 2.7 billion regards on the differences on International Financial Reporting Standards accumulated provisions for loan impairments, and tax provisions respectively.

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

	2015	2014
Results before tax	(3,479,786)	(3,149,161)
Tax calculated	1,009,138	818,782
Income not subject to tax (corresponding tax)	42,177	-
Non deductible expenses and provisions (corresponding tax)	(449,971)	(206,748)
Impact on deferred tax from the legally approved change of tax rate	452,941	-
Utilisation of previously unrecognised tax losses	36,104	471,927
Income Tax	**1,090,389**	**1,083,961**

Audit Tax certificate

For the fiscal years 2011 until 2013 the tax audit for the Bank conducted by the same statutory auditor that issues the audit opinion on the statutory financial statements, who must issue a "Tax Compliance Report". This report is submitted to the Ministry of Finance. In case of a non qualified Tax Compliance Report, a tax audit is not initially performed, but only if certain criteria defined by the Ministry of Finance, are met.

For fiscal years 2014 onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must additionally obtain an "Annual Tax Certificate" as provided by article 65A of Law 4174/2013. The Tax Administration retains its right to proceed with a tax audit, within the applicable statute of limitations in accordance with article 36 of Law 4174/2013.

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 par.5 of Law 2238/94, the tax audit of the Bank, conducted by PricewaterhouseCoopers S.A. for the fiscal years of 2011 and 2012, has been completed and a non qualified Tax Compliance Report has been issued.

The tax audit for the fiscal year 2013 has been completed and a relevant "Tax Compliance Report" has been issued and submitted to the Ministry of Finance. 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 above mentioned transactions are not subject to tax.

For the fiscal year 2014, 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 of 2015, the tax audit is being performed by PricewaterhouseCoopers S.A.

Amounts in thousand euros (unless otherwise stated)

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.

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 period. There is no potential dilution on basic earnings/ (losses) per share.

Basic and diluted earnings/(losses) per share	1/1-31/12/2015	1/1-31/12/2014
Profit/(loss) attributable to ordinary shareholders	(2,389,397)	(2,065,200)
Weighted average number of ordinary shares in issue	2,220,775,782	1,616,709,639
Basic and diluted earnings/(losses) per share (in €)	(1.0759)	(1.2774)

According to the requirements of IAS 33, the weighted average number of shares for the comparative period from 1/1/2014 - 31/12/2014 has been adjusted by a 27.6294 factor, in order to adjust earnings/ (losses) per share for the discount price of the share capital increase that took place during the 4th Quarter of 2015. Comparative period has been also adjusted by a factor 1/100 in order to adjust earnings/ (losses) per share for the reverse split (note 41).

16 Analysis of other comprehensive income

1/1 - 31/12/2015	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)	103,678	(28,258)	75,420
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations (note 42)	19,615	4,777	24,392
Other comprehensive income	**123,293**	**(23,481)**	**99,812**

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	(206,507)	53,692	(152,815)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(38,365)	-	(38,365)
Other comprehensive income	**(244,873)**	**53,692**	**(191,181)**

17 Cash and balances with Central Bank

	31 December 2015	31 December 2014
Cash in hand	416,232	516,082
Nostros and sight accounts with other banks	331,784	106,484
Balances with Central Bank	438,399	1,017,389
Cheques clearing system - Central Bank	74,580	182,289
Included in cash and cash equivalents less than 90 days (note 44)	**1,260,995**	**1,822,245**
Blocked deposits	1,172,785	1,028,484
Mandatory reserves with Central Bank	10,972	13,505
Total	**2,444,752**	**2,864,234**

Amounts in thousand euros (unless otherwise stated)

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 2015	31 December 2014
Placements with banks	3,029	12,770
Cheques receivables	-	6
Reverse repurchase agreements	-	91,118
Included in cash and cash equivalents less than 90 days (note 44)	**3,029**	**103,894**
Placements with banks over 90 days	784,766	828,899
Total loans and advances to credit institutions	**787,795**	**932,793**

	31 December 2015	31 December 2014
Current loans and advances to credit institutions (up to 1 year)	182,188	205,193
Non current loans and advances to credit institutions (more than 1 year)	605,607	727,599
	787,795	**932,793**

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 the end of 2015 and 2014 are set out below:

At 31 December 2015	Notional Amount	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Interest rate swaps	3,569,705	422,986	416,065
Currency swaps	1,563,085	-	-
FX forwards	52,279	401	-
Options and other derivative instruments	31,455	565	10
Cross Currency Interest Rate Swaps	3,157,077	10,849	28,564
		434,801	**444,639**
Embedded equity derivatives			
Customer deposits/ loans linked to options	958	29	-
Other embedded equity derivatives	172,607	2,197	-
Total recognised derivative assets/ liabilities		**437,028**	**444,639**

At 31 December 2015	Fair values	
	Assets	**Liabilities**
Current	7,155	3,136
Non-current	429,872	441,503
	437,028	**444,639**

Amounts in thousand euros (unless otherwise stated)

At 31 December 2014	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	4,512	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**

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 60.11% of the transactions are conducted with other financial institutions (notional amount). The top four counterparties account for 78.42% of the total outstanding notional amount of interest rate swaps. The remaining 21.58% is executed through a number of counterparties.

20 Financial assets at fair value through profit or loss

	31 December 2015	31 December 2014
Greek Government bonds	50,351	110,151
Foreigh Government bonds	55	-
Corporate entities bonds	-	23
Bank bonds	56	-
Total financial assets at fair value through profit or loss	**50,462**	**110,173**

From the above mentioned bonds of trading securities as at 31/12/2015, amount of € 50 million relates to fixed income securities (2014: € 109.2 million), amount of € 0.5 million relates to floating rate securities (2014: € 1 million) and there are no zero - coupon bonds for the years 2014 and 2015.

Securities pledged are presented in note 40.

Amounts in thousand euros (unless otherwise stated)

21 Reverse repos with customers

	31 December 2015	31 December 2014
Reverse Repos with customers - individuals	-	57,058
Reverse Repos with customers - corporate entities	-	6,574
Total reverse repos with customers	**0**	**63,632**

22 Loans and advances to customers

	31 December 2015	31 December 2014
Mortgages	16,004,066	16,493,547
Consumer/ personal and other loans	3,747,777	3,865,998
Credit cards	973,811	1,065,755
Loans to individuals	**20,725,654**	**21,425,300**
Loans to corporate entities and Public sector	**36,943,509**	**39,310,855**
Total loans and advances to customers (before allowances for losses)	**57,669,163**	**60,736,155**
Less: Allowance for impairment on loans and advances to customers	(8,243,410)	(6,749,087)
Total loans and advances to customers (net of provisions)	**49,425,753**	**53,987,068**

	31 December 2015	31 December 2014
Current loans and advances to customers (up to 1 year)	7,296,327	15,045,658
Non current loans and advances to customers (more than 1 year)	42,129,426	38,941,410
	49,425,753	**53,987,068**

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 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., Geniki Bank S.A. and Panellinia Bank S.A. at their acquisition date by Piraeus Bank, has decreased the gross balance of loans in the table 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 loans	Credit Cards	**Total Loans to individuals**	**Loans to corporate entities and Public sector**	**Total**
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)	**(873,892)**
Provisions of derecognised loans	-	-	-	**0**	(209,927)	**(209,927)**
Unwinding	(65,805)	(51,194)	(7,099)	**(124,098)**	(163,516)	**(287,614)**
Foreign exchange differences and other movements	(640)	513	(426)	**(553)**	9,112	**8,559**
Balance at 31/12/2014	**775,693**	**719,215**	**226,925**	**1,721,833**	**5,027,255**	**6,749,087**
Opening balance at 1/1/2015	**775,693**	**719,215**	**226,925**	**1,721,833**	**5,027,255**	**6,749,087**
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	-	-	**0**	(319,328)	**(319,328)**
Charge for the year	644,617	165,991	24,466	**835,075**	2,405,146	**3,240,220**
Loans written-off	(7)	(84,534)	(34,801)	**(119,342)**	(426,734)	**(546,076)**
Provisions of derecognised loans	-	-	-	**0**	(693,107)	**(693,107)**
Unwinding	(78,171)	(60,415)	(9,988)	**(148,573)**	(173,464)	**(322,038)**
Foreign exchange differences and other movements	15,734	12,812	-	**28,546**	106,104	**134,651**
Balance at 31/12/2015	**1,357,868**	**753,068**	**206,603**	**2,317,538**	**5,925,871**	**8,243,410**

During the year 2015, the Bank's management assessed the information and the status of the economy, such as GDP, employment, the evolution of the real estate market and the imposed capital controls. As a result, the Bank proceeded to the adjustment of its estimates in the context of the impairment calculation procedure, in order to better reflect the current market conditions and the macroeconomic environment. More specifically, the Bank adjusted the variables of the collective provisions calculation models to the new status of the economy, which were taken into account in determining the recoverable amount of the loans on an individual basis and consequently in calculating the required individual provisions. Furthermore, the Bank took into account the results of the Asset Quality Review conducted in 2015, and to the extent that they are consistent with the provisions of IFRS's, they were incorporated into the impairment models for loans provisioning as well as the aforementioned adjustment in the Management's estimates. Reference to the results of the AQR is made in note 3.1.11.

Amounts in thousand euros (unless otherwise stated)

23 Available for sale securities

	31 December 2015	31 December 2014
Greek Government bonds	400,776	310,799
Foreign government bonds	18,903	5,792
Greek Government treasury bills	1,621,695	1,457,146
Corporate entities bonds	-	782
Bank bonds	4,740	228
Total bonds and other fixed income securities (A)	**2,046,114**	**1,774,747**
Listed shares	64,054	50,082
Unlisted shares	224,512	158,027
Mutual funds	60,626	46,838
Other variable income securities	12,521	30,223
Total shares and other variable income securities (B)	**361,714**	**285,170**
Total available for sale securities (A) + (B)	**2,407,828**	**2,059,917**

As at 31/12/2015, amount of € 424.4 million relates to investment portfolio bonds with fixed rates (2014: € 316.8 million), amount of € 1,621.7 million relates to zero coupon bonds (2014: € 1,457.1 million), while there are no floating rate bonds (2014: € 0.8 million).

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

	31 December 2015	31 December 2014
Opening balance	2,059,917	888,538
Opening balance of acquired banking operations	2,679	2,618
Additions	8,249,248	6,780,095
Disposals	(7,996,067)	(5,400,064)
Changes in fair value (note 42)	92,306	(169,899)
Impairment of available for sale portfolio	-	(9,723)
Foreign exchange differences	745	17
Transfers to subsidiaries (note 25)	-	-
Transfers to associates (note 25)	(1,000)	(31,667)
Closing balance	**2,407,828**	**2,059,917**

	31 December 2015	31 December 2014
Current available for sale securities (up to 1 year)	1,626,425	1,463,167
Non current available for sale securities (more than 1 year)	419,689	311,581
	2,046,114	**1,774,747**

Amounts in thousand euros (unless otherwise stated)

24 Debt securities - receivables

	31 December 2015	31 December 2014
Corporate entities debt securities - receivables	16,282	5,152
Bank debt securities - receivables	28,858	23,846
ESM and EFSF bonds debt securities - receivables	16,964,042	14,268,783
Total debt securities - receivables	**17,009,181**	**14,297,780**
Less: Allowance for impairment of debt securities - receivables	(23,846)	(23,846)
Total debt securities - receivables (less allowances for losses)	**16,985,336**	**14,273,935**

	31 December 2015	31 December 2014
Current debt securities - receivables (up to 1 year)	-	-
Non current debt securities - receivables (more than 1 year)	16,985,336	14,273,935
	16,985,336	**14,273,935**

The increase of "EFSF bonds and ESM bonds" in the year 2015, is due to a) the participation of the European Financial Stability Fund in the Bank's share capital increase that took place in the 4th quarter of 2015, through the in kind contribution of bonds issued by the European Stability Mechanism (ESM) of a nominal value of € 680 million as well as b) the exclusive participation of the European Financial Stability Fund in the Bank's issue of contingent convertible bonds, through the in kind contribution of ESM bonds of a nominal value of € 2,040 million. Relevant note is note 41.

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.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine
6.	Piraeus Leasing Romania IFN S.A.	Finance leases	99.85%	Romania
7.	Piraeus Leases S.A.	Finance leases	100.00%	Greece
8.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece
9.	Tirana Leasing S.A.	Finance leases	100.00%	Albania
10.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece
11.	Piraeus Group Capital Ltd	Debt securities issue	100.00%	United Kingdom
12.	Piraeus Leasing Bulgaria EAD	Finance leases	94.83%	Bulgaria
13.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom
14.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece
15.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece
16.	Picar S.A.	City Link areas management	100.00%	Greece

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
17.	Bulfina S.A.	Property management	100.00%	Bulgaria
18.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece
19.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece
20.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece
21.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece
22.	ND Development S.A.	Property management	100.00%	Greece
23.	Property Horizon S.A.	Property management	100.00%	Greece
24.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece
25.	Piraeus Development S.A.	Property management	100.00%	Greece
26.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece
27.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
28.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	90.85%	Cyprus
29.	Lakkos Mikelli Real Estate Ltd	Property management	40.00%	Cyprus
30.	Philoktimatiki Public Ltd	Land and property development	6.39%	Cyprus
31.	IMITHEA S.A.	Organization, operation and management of hospital units	100.00%	Greece
32.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
33.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
34.	Vitria Investments S.A.	Investment company	100.00%	Panama
35.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
36.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases - rent-a-car and long term rental of vehicles	94.00%	Greece
37.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia
38.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
39.	Piraeus Leasing Doo Beograd	Financial leasing	51.00%	Serbia
40.	Piraeus Capital Management S.A.	Venture Capital Fund	100.00%	Greece
41.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	83.52%	Greece
42.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
43.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
44.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
45.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
46.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
47.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom
48.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
49.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	100.00%	Cyprus
50.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus
51.	Achaia Clauss Estate S.A.	Property management	75.27%	Greece
52.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece
53.	Pleiades Estate S.A.	Property management	15.98%	Greece
54.	Piraeus Real Estate Egypt LLC	Property management	99.90%	Egypt
55.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	100.00%	Greece
56.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
57.	R.E. Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus
58.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece
59.	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom
60.	Kion Mortgage Finance No.3 Plc	SPE for securitization of mortgage loans	-	United Kingdom
61.	Kion CLO Finance No.1 Plc	SPE for securitization of mortgage loans	-	United Kingdom
62.	Tellurion Ltd	Holding company	100.00%	Cyprus
63.	Special Business Services S.A.	Advising, consultancy, organizational and training services	100.00%	Greece
64.	Geniki Financial & Consulting Services S.A.	Financial & Consulting Services	100.00%	Greece
65.	Special Financial Solutions S.A.	Advising, consultancy, organizational and training services	80.00%	Greece
66.	Geniki Information S.A.	Assessment and collection of commercial debts	100.00%	Greece
67.	Marathon 1 Greenvale Rd LLC	Real Estate Development	99.95%	U.S.A.
68.	Piraeus ACT Services S.A.	Accounting and tax consulting	100.00%	Greece
69.	Trastor Real Estate Investment Company	Real Estate Investment Company	91.71%	Greece
70.	Cyprus Leasing S.A.	Finance leases	100.00%	Greece

Companies numbered 27, 38, 42, 43, 45-48 and 59-61 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 29, 30 and 53 are included in the Bank's subsidiaries' portfolio due to the existence of control in Group level. In addition, the companies numbered 14, 33, 34, 60 and 61 are under liquidation as at 31/12/2015. The financial results of the companies numbered 60 and 61 are included in the Financial Statements of the Piraeus Bank. The financial results of the company numbered 70 are included in the Financial Statements of the Piraeus Bank for the period 1/1 - 31/7/2015, whereas for the period 1/8 -31/12/2015 the company was consolidated as a subsidiary.

Amounts in thousand euros (unless otherwise stated)

The movement for investments in subsidiaries is analysed as follows:

	31 December 2015	31 December 2014
Opening Balance	1,691,120	1,707,317
Opening balance of acquired banking activities	-	4,191
Additions	80,687	2,696
Participation in share capital increases of subsidiaries	273,602	214,132
Disposals	(28)	(1,678)
Impairment charge	(867,469)	(225,875)
Transfers to held for sale portfolio	(140,240)	-
Foreign exchange differences	310	-
Absorption of subsidiaries	-	(9,663)
Transfers from Associate companies	36,345	-
Closing balance	**1,074,328**	**1,691,120**

Banks' additions during 2015 consist mainly of the increase of the shareholding percentage of Trastor Real Estate Investment Company by 20.83% and the 100% acquisition of Cyprus Leasing S.A..

The "Transfers to held for sale portfolio" are related to Piraeus Bank Egypt S.A.E. and Piraeus Bank Cyprus LTD. Relative reference is provided in note 29.

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	28.65%	Greece
8.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece
9.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece
10.	Euroterra S.A.	Property management	39.22%	Greece
11.	Rebikat S.A.	Property management	40.00%	Greece
12.	Abies S.A.	Property management	40.00%	Greece
13.	Exodus S.A.	Information technology & software	49.90%	Greece
14.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	50.01%	Greece
15.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%	Greece
16.	Pyrrichos S.A.	Property management	50.77%	Greece
17.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	39.61%	Greece

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
18.	Euroak S.A. Real Estate	Real Estate Investment	32.81%	Greece
19.	Olganos Real Estate S.A.	Property management/Electricity Production from Hydropower Stations	32.27%	Greece
20.	Exus Software Ltd.	IT products Retailer	49.90%	United Kingdom
21.	Marfin Investment Group Holdings S.A.	Holding company	28.43%	Greece
22.	Selonda Aquaculture S.A.	Fish farming	33.16%	Greece
23.	Nireus Aquaculture S.A.	Fish farming	24.84%	Greece

The aforementioned companies were assessed in the context of IFRS 10 by Piraeus Bank. Based on the relevant assessment, Piraeus Bank does not control these companies and as a result, they are not subsidiaries of Piraeus Bank. According to the provisions of IAS 28, the criteria for classifying these companies as associates are met.

In accordance with the provisions of IFRS 12, concerning the companies in which the Bank's voting rights exceed 50% but are not controlled by the Bank, the following shall be noted:

The company numbered 14 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 company numbered 16 is included in the associate companies portfolio as Piraeus Bank exercises significant influence.

The movement of investments in associates is analysed as follows:

	31 December 2015	31 December 2014
Opening Balance	279,154	291,901
Opening balance of acquired banking activities	-	281
Participation in share capital increases of associates	4,722	331
Additions	83,479	32
Impairment charge	(7,510)	(44,037)
Return of capital due to share capital decrease	-	(1,023)
Disposals	(44,903)	-
Transfers from available for sale portfolio (note 23)	1,000	31,668
Transfers to Subsidiaries	(36,345)	-
Closing balance	**279,597**	**279,154**

Banks' additions during 2015 consist mainly of the increase of the shareholding percentage of Marfin Investment Group Holdings S.A. by 10.71%, of Hellenic Seaways Maritime S.A. by 16.19%, as well as of the acquisition of the associate companies Selonda Aquaculture S.A. and Nireus Aquaculture S.A..

Banks' disposals during 2015 include mainly the disposal of the associate company AIK Banka.

During the year 2015, the Bank' s investment in subsidiary companies and associate companies was impaired by € 875 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 Romania (€ 196.2 million), in Cyprus (€ 145.6 million), in Serbia (€ 105.5 million.), in Greece (€ 251.9 million), in Ukraine (€ 62.2 million), in Bulgaria (€ 78.6 million) and in Albania (€ 34.9 million). Additionally, it is noted that the impairments related to abroad are mainly due to credit institutions, while the impairments of domestic are related mainly to companies that operate either in the real estate sector or the lease sector.

Amounts in thousand euros (unless otherwise stated)

26 Intangible assets

2015	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2015	0	410,735	31,339	442,073
Opening balance of acquired banking activities	-	185	7,828	8,012
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	(4)	-	(4)
Additions	4,632	27,284	-	31,916
Disposals	-	(29)	-	(29)
Write-Offs	-	(8,663)	-	(8,663)
Transfers	-	22,321	(2,195)	20,126
Cost as at 31 December 2015	**4,632**	**451,828**	**36,972**	**493,432**

2015	Goodwill	Software	Other intangible	Total
Accumulated depreciation				
Opening balance as at 1 January 2015	0	(188,186)	(15,439)	(203,625)
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	1	-	1
Charge for the year	-	(40,351)	(3,217)	(43,568)
Disposals	-	1	-	1
Write-Offs	-	4,521	-	4,521
Transfers	-	2	2	4
Accumulated depreciation as at 31 December 2015	**0**	**(224,013)**	**(18,653)**	**(242,666)**
Net book value as at 31 December 2015	**4,632**	**227,815**	**18,318**	**250,765**

During 2015, the Bank made transfers of an amount of € 20.1 million from “assets under construction” to intangible assets due to commencement of operational use.

2014	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2014	0	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	-	12,378	1,772	14,150
Cost as at 31 December 2014	**0**	**410,735**	**31,339**	**442,073**

2014	Goodwill	Software	Other intangible	Total
Accumulated depreciation				
Opening balance as at 1 January 2014	0	(152,996)	(11,895)	(164,891)
Charge for the year	-	(35,281)	(3,994)	(39,276)
Write-Offs	-	91	451	542
Accumulated depreciation as 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**

Amounts in thousand euros (unless otherwise stated)

27 Property, plant and equipment

2015	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2015	577,371	324,818	44,135	9,342	220,403	1,176,069
Opening balance of acquired banking activities	814	204	-	-	1,865	2,884
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	(372)	-	-	-	(372)
Impairment	(40,028)	(9,560)	-	(208)	(13,453)	(63,249)
Additions	34,409	32,337	28,466	814	14,404	110,430
Transfers	28,347	248	(20,205)	(200)	(114)	8,075
Disposals	(2,744)	(8,992)	-	(1,065)	-	(12,801)
Write - offs	(1,134)	(48,208)	(482)	(751)	(11,733)	(62,308)
Cost as at 31 December 2015	**597,035**	**290,475**	**51,914**	**7,931**	**211,372**	**1,158,728**

2015	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Accumulated depreciation						
Opening balance as at 1 January 2015	(25,070)	(217,384)	0	(6,981)	(87,830)	(337,265)
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	362	-	-	-	362
Charge for the year	(7,204)	(22,514)	-	(365)	(10,307)	(40,390)
Transfers	805	(212)	-	210	116	919
Disposals	14	8,501	-	722	-	9,237
Write - offs	158	48,216	-	751	11,928	61,053
Accumulated depreciation as at 31 December 2015	**(31,297)**	**(183,030)**	**0**	**(5,662)**	**(86,093)**	**(306,084)**
Net book value as at 31 December 2015	**565,739**	**107,445**	**51,914**	**2,269**	**125,279**	**852,644**

During 2015, the Bank made a) transfers to “investment property” of € 6.1 million, b) transfers to “intangible assets” of € 20.2 million due to commencement of operational use, c) transfers from "Investment property" of € 35.1 million and d) transfers from "inventories property" of 0.2 million. Additionally, it is noted that during 2015 the output of depreciation is charged with an amount of € 14.6 million due to interruptions of branches operations.

The Note 4.4 is related to the determination of the recoverable value of own occupied property in accordance with applicable of IFRS.

Amounts in thousand euros (unless otherwise stated)

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)	-	(33,325)	(49,713)
Additions	27,231	33,139	20,517	501	25,114	106,502
Transfers	(10,459)	36	(14,215)	-	(321)	(24,959)
Disposals	-	(10,808)	(155)	(241)	-	(11,204)
Write - offs	(13)	(98)	-	(26)	(17,980)	(18,117)
Cost as at 31 December 2014	**577,371**	**324,818**	**44,135**	**9,342**	**220,403**	**1,176,069**

2014	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Accumulated depreciation						
Opening balance as at 1 January 2014	(19,777)	(208,198)	0	(6,833)	(90,490)	(325,298)
Charge for the year	(6,616)	(19,623)	-	(377)	(13,721)	(40,337)
Transfers	1,319	-	-	-	18	1,338
Disposals	-	10,339	-	224	-	10,562
Write - offs	4	98	-	5	16,361	16,468
Accumulated depreciation as at 31 December 2014	**(25,070)**	**(217,384)**	**0**	**(6,981)**	**(87,830)**	**(337,266)**
Net book value as at 31 December 2014	**552,302**	**107,433**	**44,135**	**2,361**	**132,573**	**838,804**

For the year 2014, the expenditure from the closure of Bank's branches amounting to € 35.1 million, was transferred in the income statement from depreciation cost to impairment of tangible assets. In the above table the aformentioned expenditure is included in the lines "Impairment" (€ 33.3 million) and "Write - offs" (€ 1.8 million).

28 Investment property

	31 December 2015	31 December 2014
Opening balance	321,636	291,058
Opening balance of acquired banking activities	303	-
Additions	6,599	14,369
Revaluation	6,282	(7,569)
Transfers	(13,469)	24,196
Disposals	(3,085)	(226)
Write - offs	(288)	(193)
Closing balance	**317,980**	**321,636**

During 2015, the Bank made transfers a) of € 9.6 million to "Inventories property" due to non-fulfillment of the criteria for classification under IAS 40, b) of € 35.1 million to owner-occupied "Land and buildings", c) of € 25.2 million from "inventories property", due to lease of the property and d) € 6.1 million from owner-occupied "Land and buildings".

Fair value of investment property of amount € 318 million has been categorized under Level 3. Further information with regard to the determination of fair value of investment property is provided in note 4.4.

Amounts in thousand euros (unless otherwise stated)

29 Assets held for sale

Line “Assets held for sale” of € 10.3 million as at 31/12/2015 and 31/12/2014 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 € 90.1 million in cash and is subject to customary net asset value adjustments upon closing. The completion of the transaction is delayed due to factors beyond the Bank´s control. The Bank continues to maintain its commitment for the implementation of the sales plan of the above mentioned company.

On 10 November 2015, Piraeus Bank announced the completion of the sale of its stake in the Egyptian subsidiary Piraeus Bank Egypt S.A.E. (“PBE”) to Al Ahli Bank of Kuwait K.S.C.P. (“ABK”), after receiving all required approvals from the Central Bank of Egypt and other regulatory authorities in Egypt, Kuwait and Greece, including the Hellenic Financial Stability Fund.

Piraeus Bank Cyprus Ltd has been transferred from the subsidiaries' portfolio to “Assets held for sale” as at 31/12/2015 since the classification criteria of IFRS 5 are met. For the Subsidiary there is an ongoing sale process which is expected to be concluded in 2016.

Additionally, in the "Assets held for sale " are included the following companies:

s/n	Name of Company	Activity	% holding	Country
1.	Piraeus Bank Cyprus LTD	Banking activities	100%	Cyprus
2.	ATE Insuranse S.A.	Insurance	100%	Greece
3.	ATE Insurance Romania S.A.	Insurance	99.49%	Romania

30 Other assets

	31 December 2015	31 December 2014
Inventories property	515,759	523,883
Inventories property (A)	**515,759**	**523,883**
Prepaid expenses	52,480	33,345
Accrued income	47,621	47,576
Prepaid taxes and taxes withheld	49,559	55,051
Claims from tax authorities and the State	655,475	510,836
Dividends receivable	1,247	3,493
Credit cards	168,054	137,208
Receivables from subsidiaries	319,352	316,671
Receivables from Deposit Guarantee and Investors Compensation Scheme	372,015	362,355
Other items	444,942	483,536
Other receivables (B)	**2,110,744**	**1,950,071**
Other assets (A) + (B)	**2,626,503**	**2,473,954**

The figures "Claims from tax authorities and the State" and "Other items" of 2014 have been restated for comparability purposes.

	31 December 2015	31 December 2014
Current other assets (up to 1 year)	973,344	1,325,906
Non current other assets (more than 1 year)	1,137,399	624,165
	2,110,744	**1,950,071**

Amounts in thousand euros (unless otherwise stated)

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

During 2015, the Banks’ results were burdened with an impairment loss of € 107 million, of which € 57 million are related to the impairment of the portfolio of fixed assets, that are classified in inventories, while the amount of € 50 million is related to various receivables included in Other assets (such as temporary account differences, tax amounts, etc.), which under the annual examination of collectability by the Management of the Bank, were deemed partially or totally irrecoverable.

The Note 4.4 is related to the determination of the net realisable value of inventories property in accordance with applicable of IFRS.

31 Due to credit institutions

	31 December 2015	31 December 2014
Due to the Central Bank	32,686,463	14,101,145
Deposits from other banks	207,687	974,405
Repurchase agreement - credit institutions	1,655,402	9,169,248
Other obligations to banks	42,200	321,269
	34,591,752	**24,566,067**

	31 December 2015	31 December 2014
Current due to banks (up to 1 year)	31,852,123	21,863,194
Non current due to banks (more than 1 year)	2,739,629	2,702,873
	34,591,752	**24,566,067**

Balances due to credit institutions bear floating rates.

“Due to credit institutions” as at 31/12/2015, includes refinancing operations through repo transactions within the eurosystem amounting to € 32.7 billion (31/12/2014: € 14.1 billion). The increase in the refinancing raised during the year is mainly due to the reduction of domestic deposits in the 1st semester of 2015 relating to economic uncertainty, as well as the significantly limited access to international repo markets. The liquidity raised from the emergency liquidity assistance (ELA) mechanism is included in the aforementioned transactions and is partially due to ECB´s decision to suspend the acceptance of securities issued or guaranteed by the Greek government for main refinancing operations.

32 Liabilities at fair value through profit or loss

As at 31/12/2015, the open short positions for Greek Government bonds and treasury bills, amount to € 2.5 million (2014: € 1.9 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.

Amounts in thousand euros (unless otherwise stated)

33 Due to customers

	31 December 2015	31 December 2014
Corporate		
Current and sight deposits	6,529,057	6,161,212
Term deposits	1,671,899	4,980,518
Blocked deposits, guarantee deposits and other accounts	183,505	101,221
Repurchase agreements	-	1,476
Total (A)	**8,384,461**	**11,244,427**
Retail		
Current and sight deposits	2,606,560	2,402,931
Savings account	15,010,615	12,897,426
Term deposits	10,691,063	23,599,427
Blocked deposits, guarantee deposits and other accounts	6,485	8,688
Total (B)	**28,314,723**	**38,908,471**
Cheques payable and remittances (C)	**72,171**	**87,446**
Total Due to Customers (A)+(B)+(C)	**36,771,355**	**50,240,344**

The decrease in “Due to customers” for the year that ended in 31/12/2015, is due to the instability of the Greek market and the economy as well as the uncertainty created during this period, leading to a significant reduction of Bank’s deposits in Greece, in alignment with the Greek market.

Other accounts include cheques payable and remittances of € 72.2 million (2014: € 87.4 million). Customer deposits (corporate and retail) with floating rates are € 24,285.4 million (2014: € 21,551 million) and with fixed rate are € 12,413.8 million (2014: € 28,601.7 million).

	31 December 2015	31 December 2014
Current due to customers (up to 1 year)	36,652,614	50,169,673
Non current due to customers (more than 1 year)	118,741	70,671
	36,771,355	**50,240,344**

34 Debt securities in issue

		31 December 2015	31 December 2014
Euro Medium Term Note			
€ 60 million floating rate notes due 2015		-	60,000
€ 500 million fixed rate notes due 2017		-	447,805
Accrued interest and other expenses		-	17,928
Total (A)		**0**	**525,733**
Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 million floating rate notes due 2040	3M Euribor + 0.51 %	25,756	46,600
€ 1,250 million floating rate notes due 2054	3M Euribor + 0.59 %	56,196	59,916
€ 600 million floating rate notes due 2051	3M Euribor + 0.51 %	20,361	29,092
Total (B)		**102,314**	**135,607**
Total debt securities in issue (A)+(B)		**102,314**	**661,341**

	31 December 2015	31 December 2014
Current debt securities in issue (up to 1 year)	245	60,000
Non current debt securities in issue (more than 1 year)	102,068	601,341
	102,314	**661,341**

It should be noted that, apart from the debt securities in the table above, as of 31/12/2015 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.

As at 31/12/2015, a total amount of € 10 million Covered Bonds, issued by Piraeus Bank, are retained by Piraeus Bank. These covered bonds come from two separate issues, with original amount € 1,250 million (Series 1), due February 2017, and € 750 million (Series 2), due December 2016, issued under Piraeus Bank's Global Covered Bond Programme. On July 3, 2015, Piraeus Bank proceeded with the partial cancellation of € 1,990 million of two Series of Covered Bonds (€ 1,245 million from Series 1 and € 745 million from Series 2) and the total outstanding Covered Bonds are currently € 5 million per Series.

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 bearing the guarantee of Piraeus Bank.

In January 2015 Piraeus Bank issued a 3,100 million senior bond due April 2015. In March 2015 matured senior bonds, were issued in 2014 by Piraeus Bank amounting to € 4,500 million and € 1,750 million. In April 2015, Piraeus Bank issued a € 4,500 million senior bond and a € 1,750 million senior bond, both due July 2015. In May 2015 a senior bond of € 3,100 million, issued by Piraeus Bank due August 2015. In July 2015 Piraeus Bank issued a € 4,500 million bond due October 2015 and a 1,750 million bond due April 2016. In August 2015 Piraeus Bank issued a € 3,100 million senior bond and a € 1,050 million senior bond, both due May 2016, which were both cancelled in February 2016. In October 2015, Piraeus Bank issued a € 2,500 million bond due March 2016 and a € 2,000 million bond due February 2016. All bonds mentioned above are issued by Piraeus Bank, through Piraeus Bank's EMTN programme, bearing the unconditional and irrevocable guarantee of the Hellenic Republic, pursuant to Article 2 of Law 3723/2008, pay a floating rate coupon of 3M Euribor plus 600 bps and are retained by Piraeus Bank.

Piraeus Bank, during the year 2015, proceeded with the buy back of bonds of securitised loans of total amount after amortization of € 19.6 million.

From the above mentioned securitisation of mortgage loans issues, Piraeus Bank possesses as at 31/12/2015 bonds of nominal value amounting € 106.4 million from the issuance of € 750 million, € 632.8 million from the issuance of € 1,250 million and € 43.4 million from the issuance of € 600 million.

On October 13, 2015, Piraeus Bank proceeded with the cancellation of € 134.8 million of retained senior unsecured notes from the € 500 milllion 5% fixed coupon notes due March 2017, issued by Piraeus Group Finance.

On October 15, 2015, the Bank launched a Liability Management Exersice (LME) and invited the holders of the aforementioned € 365.2 million of senior unsecured notes due March 2017, to voluntarily exchange any or all of such existing securities for non-transferable receipts issued by the Bank. The above LME was completed on December 7, 2015 and relevant reference to the result is provided in note 11.

Amounts in thousand euros (unless otherwise stated)

35 Hybrid capital and other borrowed funds

	31 December 2015	31 December 2014
Hybrid Capital (Tier I)		
€ 200 million floating rate notes due 2034	-	16,373
	0	**16,373**
Subordinated debt (Tier II)		
€ 336 million floating rate notes due 2016	-	215,132
Accrued interest and other expenses	-	876
	0	**216,008**
Total hybrid capital and other borrowed funds	**0**	**232,381**

Piraeus Bank, during the year 2015, proceeded with the buy back of hybrid securities and subordinated securities of total amount € 4.8 million.

The nominal value of € 400 million relating to the issuance of the subordinated debt (Tier II) has been reduced by € 63.8 million, concerning the nominal value of the debt repurchased and cancelled by the Bank during 2012, under the Proposal that was made to the owner of the aforementioned debt. On October 13, 2015, Piraeus Bank proceeded with the cancellation of € 124.91 million of Tier II subordinated debt, which were retained by Piraeus Bank.

On October 15, 2015, the Bank invited the holders of € 16.2 million of hybrid capital and the holders of € 211.2 million of subordinated debt to participate in the LME and to voluntarily exchange any or all of such existing securities for non-transferable receipts issued by the Bank. The aforementioned LME was completed on December 7, 2015 and relevant reference to the result is provided in note 11.

36 Other liabilities

	31 December 2015	31 December 2014
Prepaid income	379,513	117,432
Accrued expenses	75,835	66,698
Withholding taxes and contributions	80,005	79,401
Transactions with Interbank Systems (DIAS)	190,203	158,140
Creditors	155,302	88,408
Other liability accounts	93,116	169,697
Liability from collections on behalf of Public sector and third parties	76,419	67,340
	1,050,392	**747,116**

	31 December 2015	31 December 2014
Current other liabilities (up to 1 year)	962,923	643,044
Non current other liabilities (more than 1 year)	87,469	104,072
	1,050,392	**747,116**

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 31/12/2015 amount to € 250,413 thousand and consist of provisions for outstanding litigations (€ 13,456 thousand) and other provisions (€ 236,957 thousand). The analysis is as follows:

Provisions for outstanding litigations	31 December 2015	31 December 2014
Opening balance	11,210	5,541
Opening balance of acquired banking activities	-	3,597
P&L charge for the year	2,252	2,073
Other movements	(6)	-
Closing balance	**13,456**	**11,210**

	31 December 2015	31 December 2014
Current (up to 1 year)	10,396	2,891
Non-current (more than 1 year)	3,061	8,320
	13,457	**11,211**

Other provisions	31 December 2015	31 December 2014
Opening balance	16,454	15,337
P&L charge for the year	95,899	6,336
Estimated cost of voluntary exit scheme	110,000	-
Provisions used during the year	(15)	(4,200)
Transfer from impairment of other assets	15,136	-
Other movements	(517)	(1,019)
Closing balance	**236,957**	**16,454**

	31 December 2015	31 December 2014
Current (up to 1 year)	110,144	22
Non-current (more than 1 year)	126,813	16,432
	236,957	**16,454**

Other provisions as at 31/12/2015 include: a) provisions under the approved by the European Commission Piraeus Bank's revised Restructuring Plan, in which the Bank is committed to reduce the operating cost and the number of staff and they are related to the cost of the Bank's voluntary exit scheme of € 110 million (note 12), b) estimated losses of approximately € 80.6 million from subsidiaries, whose value has been fully impaired and their equity value is negative, c) provisions for forfeiture of letters of guarantee of approximately € 28.6 million and d) provisions for other banking risks of € 17.5 million.

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:

Amounts in thousand euros (unless otherwise stated)

Deferred tax assets	31 December 2015	31 December 2014
Pensions and other post retirement benefits	46,263	44,434
Impairment of loans and receivables	2,895,313	2,263,654
Other provisions	69	823
Securities valuation	(12,582)	15,676
Recognition of tax losses	764,215	515,069
Derivatives financial instruments valuation	2,362	12,856
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	(146,308)	(175,380)
Investment property valuation	(5,936)	2,282
Depreciation of property, plant and equipment	(42,859)	(59,006)
Intangible assets	66,886	58,758
Impairment of Greek Government Bonds	1,436,019	1,336,926
Other deferred tax items	9,359	(65,109)
Net deferred tax asset	**5,012,800**	**3,950,983**

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

	2015	2014
Net deferred tax asset as at 1 January	**3,950,983**	**2,706,304**
Deferred tax asset of absorbed company	-	83,189
Deferred tax liability of acquired company	(5,092)	-
Effect of deferred tax on profit or loss	1,090,389	1,087,765
Available for sale portfolio securities (note 42)	(28,258)	53,692
Deferred tax on expenses of share capital increase	-	20,033
Deferred tax on actuarial gains/ (losses) (note 16)	4,778	-
Net deferred tax asset as at 31 December	**5,012,800**	**3,950,983**

Deferred tax amounts directly recognised in Bank' s equity during 2015 are as follows: a) deferred tax of amount € -28,258 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 and b) amount of € 4,778 thousand relating to deferred tax asset of actuarial gains/ (losses) recorded under the reserve of defined benefit obligations (note 16).

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

Deferred tax (Income Statement)	1/1-31/12/2015	1/1-31/12/2014
Pensions and other post retirement benefits	(2,950)	11,173
Impairment of loans and receivables	633,921	737,313
Other provisions	(754)	(1,112)
Securities valuation	-	4,468
Recognition of tax losses	249,146	288,732
Derivative financial instruments valuation	(10,495)	11,482
Recognition of commision and amortization of adjustments to FV according to effective interest rate calculation (EIR)	29,072	6,921
Valuation of investment property	(8,219)	18,697
Depreciation of property, plant and equipment	16,148	(17,006)
Intangible assets	10,959	(6,591)
Impairment of Greek Government Bonds	99,093	20,105
Other deferred tax items	74,468	13,583
	1,090,389	**1,087,765**

Amounts in thousand euros (unless otherwise stated)

Net deferred tax asset analysis:	31/12/2015	31/12/2014
Current	131,276	126,541
Non current	4,881,525	3,824,442
	5,012,800	**3,950,983**

Deferred tax additional information	31/12/2015	31/12/2014
Unused tax losses for which no deferred tax asset has been recognised in the balance sheet	-	124,495

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 benefits paid for the years 2015 and 2014, according to the voluntary redundancy schemes that was announced during 2014, are included in the disclosures for the non funded plans.

Amounts recognised in the balance sheet	31 December 2015	31 December 2014
Pension schemes - funded	86,685	90,800
Other post retirement benefits - not funded	94,212	101,398
Total	**180,897**	**192,198**

Income statement	1/1-31/12/2015	1/1-31/12/2014
Pension schemes - funded	7,212	6,743
Other post retirement benefits - not funded	14,290	61,734
Total (Note 12)	**21,502**	**68,478**

A) Pension schemes - funded

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

	31 December 2015	31 December 2014
Present value of funded obligations	113,081	117,644
Fair value of plan assets	(26,396)	(26,843)
Liability in the balance sheet	**86,685**	**90,800**

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 2016, amounts to € 2.4 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:

	2015	2014
Opening balance	117,644	99,050
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	(197)	-
Current service cost	6,498	5,032
Interest cost	2,120	3,428
Contributions by plan participants	1,086	1,130
Benefits paid from the fund	(2,891)	(2,863)
Benefits paid directly by the employer	-	(7,134)
Settlement/ Curtailment/ Termination loss/ (gain)	(1,011)	(1,063)
Actuarial (gains)/ losses	(10,166)	20,063
Closing balance	**113,081**	**117,644**

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

	2015	2014
Opening balance	26,843	24,347
Expected return on plan assets	464	731
Employer contributions	1,370	2,444
Employee contributions	1,086	1,130
Benefits paid from the fund	(2,891)	(2,863)
Expenses	(69)	(78)
Actuarial gains / (losses)	(406)	1,132
Closing balance	**26,396**	**26,843**
Return on plan assets	**58**	**1,863**

The plan assets are invested as follows:

	31 December 2015	31 December 2014
Money market	55.03%	53.24%
Bonds	33.51%	35.08%
Deposits	11.33%	11.57%
Shares	-	0.04%
Mutual Funds	0.13%	0.06%

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

Income statement	1/1-31/12/2015	1/1-31/12/2014
Current service cost	6,498	5,032
Net interest cost	1,656	2,697
Expenses	69	78
Settlement/ Curtailment/ Termination loss/ (gain)	(1,011)	(1,063)
Total	**7,212**	**6,743**

The amounts recognised in equity are analysed as follows:

Remeasurements	31/12/2015	31/12/2014
Liability gain /(loss) due to changes in assumptions	7,356	(19,461)
Liability experience gain/ (loss) arising during the year	2,811	(602)
Return on plan assets excluding amounts included in interest income	(406)	1,132
Total amount recognised in equity	**9,760**	**(18,932)**

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

Amounts in thousand euros (unless otherwise stated)

	2015	2014
Opening balance	90,800	74,703
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	(197)	-
Total expense recognised in the income statement	7,212	6,743
Employer contributions	(1,370)	(2,444)
Benefits paid directly by the employer	-	(7,134)
Amount recognised in equity	(9,760)	18,932
Closing balance	**86,685**	**90,800**

B) Other post retirement benefits - not funded

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

	31 December 2015	31 December 2014
Present value of unfunded obligations	94,212	101,398
Liability in the balance sheet	**94,212**	**101,398**

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

	2015	2014
Opening balance	101,398	71,141
Balance of acquired Banks/ Banking operations	-	6,377
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	(230)	-
Current service cost	5,241	3,136
Interest cost	1,662	1,926
Benefits paid directly by the employer	(11,390)	(57,549)
Settlement/ Curtailment/ Termination loss/ (gain)	7,367	56,351
Past service cost	19	321
Actuarial (gains)/ losses	(9,855)	19,695
Closing balance	**94,212**	**101,398**

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

Income statement	1/1-31/12/2015	1/1-31/12/2014
Current service cost	5,241	3,136
Interest cost	1,662	1,926
Past servise cost recognised	19	321
Settlement/ Curtailment/ Termination loss/ (gain)	7,367	56,351
Total	**14,290**	**61,734**

The amounts recognised in equity are analysed as follows:

Remeasurements	31/12/2015	31/12/2014
Liability gain /(loss) due to changes in assumptions	7,020	(18,310)
Liability experience gain/ (loss) arising during the year	2,835	(1,385)
Total amount recognised in equity	**9,855**	**(19,695)**

Amounts in thousand euros (unless otherwise stated)

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

	2015	2014
Opening balance	101,398	71,141
Balance of acquired Banks/ Banking operations	-	6,377
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	(230)	-
Total expense recognised in the income statement	14,290	61,734
Benefits paid by the employer	(11,390)	(57,549)
Amount recognised in equity	(9,855)	19,695
Closing balance	**94,212**	**101,398**

The expected weighted average duration of the defined benefit obligation is 15.3 years.

The main actuarial assumptions used are as follows:

	31/12/2015	31/12/2014
Discount rate	2.50%	2.00%
Expected return on plan assets	2.50%	2.00%
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%	-6.27%	6.94%
Pay increase	0.50%	6.54%	-6.03%
Voluntary withdrawal rate	decreased by 50%	-	4.36%

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.

40 Contingent liabilities and commitments

A) Legal procedures

It is noted that the Bank as at 31/12/2015 has raised a provision for outstanding litigations of amount € 13.5 million. against € 11.2 million at 31/12/2014. The legal proceedings outstanding against the Bank as at 31/12/2015, for which no provisions were recorded, are not expected to have any significant impact on the financial statements of the Bank.

Amounts in thousand euros (unless otherwise stated)

B) Credit commitments

As at 31/12/2015 the Bank had the following capital commitments:

	31 December 2015	31 December 2014
Letters of guarantee	3,055,098	3,123,380
Letters of credit	29,294	30,861
Undrawn committed credit facilities	257,458	328,589
	3,341,850	**3,482,829**

The presentation of undrawn credit facilities for 2014 has changed for comparability purposes and consists of committed undrawn credit facilities.

C) Assets pledged

	31 December 2015	31 December 2014
Cash and balances with Central Bank	1,172,785	1,028,484
Financial instruments at fair value through profit or loss	8,707	74,330
Investment securities	1,192,301	1,081,727
Loans and advances to customers	24,766,404	4,046,740
Debt securities - receivables	15,252,624	5,738,198
	42,392,821	**11,969,479**

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 € 16,092 million as at 31/12/2015 (31/12/2014: € 6,284 million) and are not included in the Bank's assets. The amount of € 16,092 million includes securities of amount € 10,487 million, that had been issued with the unconditional and irrecoverable guarantee of the Hellenic Republic, securities of amount € 5,595 million issued under the securitization of consumer, mortgage and corporate loans of the Bank and securities of amount € 10,0 million from the issuance of covered bonds of the Bank. Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities amounting to € 1,666 million (31/12/2014: € 8,531 million) are also used for liquidity purposes. Relative reference to the raise of funding through collaterals within the eurosystem is provided in note 31.

It is also noted that the "Loans and advances to customers" include loans of € 23,613 million, which have been pledged under financing from the E.L.A..

D) Operating lease commitments

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

	31 December 2015	31 December 2014
Up to 1 year	56,763	65,673
From 1 to 5 years	231,373	267,155
More than 5 years	425,616	496,204
	713,752	**829,032**

Amounts in thousand euros (unless otherwise stated)

41 Share capital and contigent convertible securities

	Share Capital	Share premium	Contigent convertible securities	Total
Opening balance at 1 January 2014	**2,271,770**	**10,008,734**	-	**12,280,505**
Increase of share capital	308,824	1,441,177	-	1,750,000
Share capital increase expenses	-	(56,596)	-	(56,596)
Repurchase of preferred shares	(750,000)	-	-	(750,000)
Balance at 31 December 2014	**1,830,594**	**11,393,315**	**0**	**13,223,910**
Opening balance at 1 January 2015	**1,830,594**	**11,393,315**	**0**	**13,223,910**
Increase of share capital	2,601,649	-	2,040,000	4,641,649
Share capital increase expenses	-	(130,915)	-	(130,915)
Decrease of the nominal value of ordinary shares	(1,812,288)	1,812,288	-	0
Balance at 31 December 2015	**2,619,955**	**13,074,688**	**2,040,000**	**17,734,644**

	Number of shares
Opening balance at 1 January 2014	**6,416,802,751**
Increase of share capital	1,029,411,764
Repurchase of preferred shares	(1,344,234,800)
Balance at 31 December 2014	**6,101,979,715**
Adjustment (decrease) in the number of ordinary shares due to reverse split (100:1)	(6,040,959,917)
Increase of share capital	8,672,163,482
Balance at 31 December 2015	**8,733,183,280**

Following the share capital increase and the redemption of preference shares that took place in 2014, the share capital of the Bank on 31/12/2014 and 30/9/2015 amounted to € 1,830,593,914.50 divided into 6,101,979,715 ordinary registered shares with a nominal value of € 0.30 each. The amendment to the articles of association of the Bank, related to the cancellation of the preference shares of the Hellenic Republic, has been resolved by the Bank's Extraordinary General Meeting of Shareholders dated 30/10/2014 and it was approved by the supervising authority during the 4th quarter of 2015.

Following the decision of the Bank's Extraordinary General Meeting of Shareholders held on 15/11/2015, which was further specified by its Board of Directors' resolution dated 17/11/2015, the Bank resolved the following:

a) The increase of the nominal value of each ordinary share from € 0.30 to € 30.00 and the simultaneous reduction of the total number of the Bank's ordinary shares from 6,101,979,715 to 61,019,798 (reverse split with 100 old shares for every new share) and the consequent share capital increase of the Bank via capitalization of € 25.50 of the reverse of article 4 par 4a c.l. 2190/1920 for the purposes of achieving an integral number of shares.

b) The creation of the special reserve of article 4 par. 4a of c.l. 2190/1920, of € 1,812,288,000.60 by means of reduction of the Bank's share capital by decrease of the nominal value of each ordinary share from € 30.00 to € 0.30 without altering the total number of the 61,019,798 ordinary shares.

Consequently, the Bank's share capital amounted to € 18,305,939.40 divided into 61,019,798 ordinary registered shares with a nominal value of € 0.30 each.

In accordance to the decision of the Bank's Extraordinary General Meeting of Shareholders held on 15/11/2015, which was further specified by its Board of Directors' decisions of 20/11/2015 and 2/12/2015, the Bank resolved to a share capital increase that was covered as follows:

i. amount of € 581,649,044.40 by capitalization of liabilities, equivalent to payment in cash, with the issuance of 1,938,830,148 new ordinary registered shares of nominal value of € 0.30 each, following the Liability Management Exercise,

ii. amount of € 1,340,000,000.10 through private placement, via payment in cash with the issuance of 4,466,666,667 new ordinary registered shares of nominal value of € 0.30 each and

iii. amount of € 680,000,000.10 through the contribution in kind of ESM bonds with the issuance of 2,266,666,667 new ordinary registered shares of nominal value € 0.30 each,by the Hellenic Financial Stability Fund,in accordance with Law 3864/2010 and Cabinet Act 36/02.11.2015.

Following the completion of the share capital increase, and on 31/12/2015, the share capital of the Bank amounts to € 2,619,954,984.00, divided into 8,733,183,280 ordinary registered shares with a nominal value of € 0.30 each.

The Share premium reserve increased by € 1,681,373,286.85 including the decrease of the share capital amounting to € 1,812,288,000.60 and the reduction of the expenses related to the share capital increase amounting to € 130,914,688.25.

On 2/12/2015, the Board of Directors proceeded with the issue of a contingent convertible bond loan of a total amount € 2,040 million, which represents 75% of the difference between the adverse (€ 4,933 million) and the baseline scenario (€ 2,213 million) of the Comprehensive Assessment. This amount was exclusively covered by the HFSF with bonds issued by ESM.

The main terms of the contingent convertible bonds are summarized as follows:

• If the index CET1 of the Bank, calculated on a standalone or a consolidated basis falls below 7%, the contingent convertible bonds will be mandatorily converted into ordinary share and the number of ordinary shares to be issued to each holder shall be determined by dividing 116% of the initial nominal amount of the outstanding contingent convertible bonds held, by the conversion price.

• The contingent convertible bonds are interest bearing with an annual rate of 8%, payable annually on an accrual basis. Interest Payments (whether in whole or in part) are left to the discretion of the Bank's Board of Directors. In case the Bank does not make any of the scheduled interest payments in full on the relevant interest payment date, no dividend shall be paid on ordinary shares.

• The contingent convertible bonds are mandatorily converted into ordinary shares, if interest payments are not paid by the Bank in whole or partially in two interest payment dates (not necessarily consecutive), excluding for this purpose any interest payable by the issuance of common shares instead of payments in cash.

• The contingent convertible bonds do not have a fixed repayment date.

On 31/12/2015, contingent convertible bonds form part of the Bank's equity, as all the relevant criteria in the provisions of IAS 32 are met.

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 corresponded to 15,969 ordinary shares, with the total amount paid by the warrant holders to the HFSF amounting to € 28,911.87. Following the abovementioned exercise of warrants (3rd in row), as well as the 4th exercise that took place in 2/7/2015 and the 5th exercise that took place in 4/1/2016 in which no warrants were exercised, the issued warrants currently outstanding amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF (0.43% percentage of total share capital).

Amounts in thousand euros (unless otherwise stated)

The Annual Ordinary General Meeting of Shareholders of the Bank, held on 29/6/2015, decided not to distribute dividend for the fiscal year 2014, according to the established provisions of article 10 of Law 3864/2010 combined with article 1 par. 3 of Law 3723/2008, as in force for the credit institutions participating in the Economy reinforcement plan.

According to article 28 of 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 2015	31 December 2014
Legal reserve	69,442	69,442
Available for sale reserve	30,643	(44,777)
Reserve of defined benefit obligations	(7,723)	(32,114)
Other reserves	26,754	-
Total other reserves	**119,116**	**(7,449)**

The movement in the available for sale reserve is as follows:

Available for sale reserve movement	31 December 2015	31 December 2014
Opening balance	(44,777)	108,039
Opening balance of acquired banking activities	-	798
Gains/(losses) from the valuation of bonds and Greek government treasury bills	30,217	(95,331)
Gains/(losses) from the valuation of shares and mutual funds	62,089	(74,568)
Recycling to income statement of shares and mutual funds impairment	11,383	34,772
Recycling of the accumulated fair value adjustment of disposed securities (note 10)	(11)	(72,179)
Deferred income taxes (note 38)	(28,258)	53,692
Closing balance	**30,643**	**(44,777)**

In December 2015, Visa Europe announced the sale of its shares in Visa Inc. The total sale price, for all credit institutions, was set at € 16.5 billion, out of which € 11.5 billion will be paid in cash and the rest of € 5 billion in preference shares to the members of Visa Europe. At the end of 2015, the Bank recognized in “Gains/(losses) from the valuation of shares and mutual funds” the proportional benefit of approximately € 65.9 million, as it was determined from Visa Europe based on the Bank’s contribution to the net income of Visa Europe for a particular period.

Retained earnings movement	31 December 2015	31 December 2014
Opening balance	(5,829,593)	(4,195,148)
Profit/(loss) after tax	(2,389,397)	(2,065,200)
Absorption of companies	-	430,755
Transfer from other reserves	(26,754)	-
Closing balance	**(8,245,744)**	**(5,829,593)**

43 Dividend per share

For fiscal years 2014 and 2015 there is no 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.

Amounts in thousand euros (unless otherwise stated)

Therefore, the Annual Ordinary General Meeting of Shareholders, held on 29/6/2015, decided not to distribute dividend for the fiscal year 2014. For the same reasons the Board of Directors of Piraeus Bank will propose the non – distribution of dividends for the fiscal year 2015 in the Annual Ordinary General Meeting of Shareholders of 2016.

According to the article 1 of L. 3723/2008, banks, for the period they participate in the programs 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 par. 1, 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 3864/2010 "Establishing the Hellenic Financial Stability Fund" and of the Cabinet Act 36/2015, issued under the aforementioned Law.

Also, the distribution of dividends is not feasible in case that the Bank does not pay in full, on the relevant interest payment date, any scheduled interest payments on the contingent convertible bonds, which were issued in the context of the Bank's recapitalization. Relevant to the contingent convertible bonds is note 41.

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/2015/49) on dividend distribution policies providing for a conservative distribution policy for the fiscal year 2015, 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 2015	31 December 2014
Cash and balances with Central Bank (note 17)	1,260,995	1,822,245
Loans and advances to credit institutions (note 18)	3,029	103,894
	1,264,024	**1,926,139**

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%, d) Bank's subsidiaries, e) Bank's associates and f) HFSF, which in accordance with IAS 24 is related party of Piraeus Bank, after the recapitalization in the context of the law 3864/2010. It is noted that related parties do not include companies with which HFSF is potentially considered as a related party.

The transactions with the above related parties are under the usual market terms. More specifically, 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 and the risk of their repayment is within the normal course of the market conditions.

Amounts in thousand euros (unless otherwise stated)

Transactions with the Board of Directors members and the key management personnel and the other related parties, that include related parties mentioned in points (b) and (c) above, are presented in the table below. It is noted there were no transactions with the HFSF in years 2015 and 2014.

	31/12/2015		31/12/2014	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans	22,147	41,898	55,323	45,778
Deposits	6,023	4,648	15,544	8,176
Letters of guarantee and letters of credit	-	3,463	-	3,357

	1/1 - 31/12/2015		1/1 - 31/12/2014	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	375	1,689	700	2,673
Expense	73	1,246	229	1,162

Members of the Board of Directors and key management personnel benefits	1/1 - 31/12/2015	1/1 - 31/12/2014
Short term benefits	7,936	9,341
Post employment benefits	667	943

Short term benefits for the members of the Board of Directors and the key management personnel include wages, salaries, employers' share of social contribution and other charges. The Bank's profit or loss has been charged with the cost of the post employment benefits, through the recognition of provisions for this purpose.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 26.5 million, from € 29.7 million as at 31/12/2014. The full amount of the above provisions has been included in the retirement benefit obligations (note 39).

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

I. Subsidiaries

	31 December 2015	31 December 2014
Assets		
Cash and balances with Central Bank	10,940	16,844
Loans and advances to credit institutions	745,943	806,975
Loans and advances to customers	2,569,950	2,092,153
Other assets	319,352	316,671
Total	**3,646,184**	**3,232,644**
Liabilities		
Due to credit institutions	181,045	1,051,396
Due to customers	515,194	842,169
Debt securities in issue	180,172	731,367
Hybrid capital and other borrowed funds	-	232,381
Other liabilities	20,494	11,871
Total	**896,904**	**2,869,184**

Amounts in thousand euros (unless otherwise stated)

	1/1-31/12/2015	1/1-31/12/2014
Revenues		
Interest and similar income	71,925	76,395
Fee and commission income	9,538	11,615
Other income	1,783	1,560
Total	**83,246**	**89,569**
Expenses		
Interest expense and similar charges	(57,455)	(108,370)
Fee and commission expense	(18,850)	(8,939)
Operating expenses	(45,091)	(42,501)
Total	**(121,396)**	**(159,810)**

Letters of guarantee and letters of credit to subsidiaries of the Group as at 31/12/2015 amount to € 165.5 million (31/12/2014: € 181.9 million).

II. Associates

	31 December 2015	31 December 2014
Deposits and other liabilities	76,314	124,661
Loans and other receivables	1,081,109	908,522
Debt securities	10,771	-
Derivatives financial assets	2,197	18,488

The increase in the balance of loans and other receivables as at 31/12/2015 versus 31/12/2014 is mainly due to the classification of “Selonda Aquaculture S.A.” and "Nireus Aquaculture S.A." in the portfolio of associate companies. The aggregate provisions on loans to associate companies amount to € 65.6 million, from € 47.1 million as at 31/12/2014.

	1/1-31/12/2015	1/1-31/12/2014
Total expense and capital expenditure	(8,313)	(10,757)
Total income	51,823	8,517

The increase in total revenues for the year 2015 compared to the respective period last year, is mainly due to loan interest income of the Group of MIG, which has been classified in the portfolio of associates in December 2014.

Letters of guarantee to associates of the Group as at 31/12/2015 amount to € 17.3 million (31/12/2014: € 13.9 million).

46 Independent Auditor's fees

For the years ended at 31 December 2015 and 2014 the legal auditor's fees of the Bank (PricewaterhouseCoopers) 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 2015	31 December 2014
Statutory audit fees	1,490	1,493
Tax audit fees	211	222
Other audit related fees	544	791
Other non audit related fees	2,462	475
Total	**4,708**	**2,980**

Amounts in thousand euros (unless otherwise stated)

47 Completion of the purchase price allocation of former Panellinia Bank S.A.

On 17/4/2015, Piraeus Bank acquired the "healthy" segments of the assets and liabilities of former Panellinia Bank S.A. for a consideration of € 17.1 million. Piraeus Bank applied the rules of IFRS 3 "Business Combinations" and completed within 12 months from the acquisition date the allocation of the acquisition cost of former Panellinia Bank S.A. to the assets and liabilities acquired. It is noted that the estimation of the fair value of the loans and advances to customers as well as the recognition of intangible assets in accordance with the requirements of I.F.R.S. and their fair value measurement have been conducted by an independent international audit company.

The total fair values of the assets and liabilities acquired, are presented in the table below:

	Acquired asstes and liabilities of former Panellinia Bank S.A.
Assets	
Cash and balances with Central Banks	1,594
Loans and advances to credit institutions	1,709
Loans and advances to customers (net of provisions)	260,684
Available for sale securities	2,679
Intangible assets	8,012
Property, plant and equipment	3,188
Other assets	40,201
Funding gap	296,994
Total Assets	**615,061**
Liabilities	
Due to credit institutions	89,306
Due to customers	504,291
Other liabilities	8,996
Total liabilities	**602,593**
Shareholders equity	12,468
Total liabilities and shareholders equity	**615,061**
Cost of acquisition	17,100
Percentage of net assets acquired	100%
Goodwill	4,632

The following table presents total net revenues, total expenses and provisions and the results before income taxes of former Panellinia Bank S.A. that were incurred after the acquisition date, as well as the respective amounts that would have been incurred for the Bank, if the acquisition had taken place on 1/1/2015.

	Results 2015	Results after the acquisition
Total net revenues	(3,740)	(1,213)
Total expenses and provisions	(16,146)	(8,323)
Results before income taxes	**(19,887)**	**(9,536)**

Amounts in thousand euros (unless otherwise stated)

48 Restatement of comparative year

In the income statement of the period 01/01-31/12/2015, the effect of interruptions of Group's branches operations, has been included in the "Impairment of tangible assets". Therefore, for comparison purposes in the income statement of 2014, an amount of € 35.1 million, relating to the effect of interruptions of Group's branches operations, was reclassified in the "Impairment of intangible and tangible assets" from the "Depreciation".

INCOME STATEMENT	From 1 January to 31 December 2014		
	Published amounts	Restatements	Restated amounts
Depreciation and amortisation	(114,752)	35,139	(79,613)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(1,180,088)**	**35,139**	**(1,144,950)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	**889,599**	**35,139**	**924,737**
Impairment of tangible and intangible assets	(16,389)	(35,139)	(51,528)

49 Disclosures of Law 4151/2013

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 to the Greek State, until the end of April of each year. The Bank in 2015 remitted to the Greek State the amount of € 401,609.29.

50 Events subsequent to the end of the year

- On January 5th, 2016, with regards to the exercise process of the titles representing share ownership rights ("Warrants"), the Bank announces that no Warrant on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) has been exercised.Consequently, the issued Warrants currently outstanding amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF.

- On January 15, 2016, Mr. Anthimos Thomopoulos resigned from his duties as Managing Director and Chief Executive Officer (CEO) of the Bank. On January 18, 2016, the Bank's Board Nomination Committee engaged an international executive search firm to assist in selecting suitable candidates to be nominated to the Board of Directors in the near term for the position of CEO. On January 20, 2016, further to the resignation of its Executive Member, Managing Director and CEO Mr. AnthimosThomopoulos, the Board of Directors was reconstituted as a corporate body and appointed its member Mr. Stavros Lekkakos as Managing Director and CEO, until the appointment of the new CEO.

Amounts in thousand euros (unless otherwise stated)

- The Board of Directors on its meeting of January 27th, 2016, further to the resignations of its Non – Executive Vice Chairman, Mr N. Christodoulakis and its Independent Non – Executive Member, Mr. S. Golemis and upon recommendation of the Board Nomination Committee, elected Mr. David Hexter father's name Richard as a new Independent Non – Executive Member for the remaining term of the Board and Messrs Alexander Blades father's name Zisis and Andreas Schultheis father's name Willi as Non- Executive Members for the remaining term of the Board. The assessment of the suitability of the new members by the Single Supervisory Mechanism is pending.

- On March 7th, 2016, the Law 4370/2016 "Deposit Guarantee Schemes, Deposit and Investment Guarantee Fund and other provisions" was published on Government's Gazette (No 37-7.3.2016). Through this law the Directive 2014/49/EU on deposit guarantee schemes (DGS) is incorporated in the Greek legislation, and the provisions of L.3746/2009 regarding the Deposit and Investment Guarantee Fund (TEKE) are replaced and abolished. The Directive 2014/49/EU establishes common rules for all DGS providing a uniform level of protection for depositors throughout the EU.

- On March 23, 2016, began the submission of applications of employees willing to participate in the voluntary exit program, which is part of the Bank's Restructuring Plan commitments. Relevant note is note 12.

Athens, March 30th, 2016

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, 2015

(Published according to Codified Law 2190/1920, 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, Development and Tourism
Company's web side:	www.piraeusbankgroup.com
Date of Approval by the Board of Directors of Financial Statements:	March, 30th 2016
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 could adversely affect the going concern assumption.

BOARD OF DIRECTORS COMPOSITION

(at the date of approval of financial statements)

Michalis G. Sallas	Chairman of the Board
Apostolos S.Tamvakakis	Independent Non Executive Vice Chairman
Stavros M. Lekkakos	Managing Director & C.E.O.
Charikleia A.Apalagaki	Authorized Executive Director
Argyro A.Athanasiou	Independent Non Executive Member
Chariton D.Kyriazis	Independent Non Executive Member
Petros A. Pappas	Independent Non Executive Member
David R. Hexter	Independent Non Executive Member
Iakovos G. Georganas	Non Executive Member
Vasileios S. Fourlis	Non Executive Member
Eftichios Th.Vassilakis	Non Executive Member
Alexander Z. Blades	Non Executive Member
Andreas W. Schultheis	Non Executive Member
Aikaterini K. Beritsi	HFSF Representative (Law 3864/2010)
Gerasimos K.Tsiaparas	Greek Government Representative (Law 3723/2008)

STATEMENT OF FINANCIAL POSITION

Amounts in thousand euros

	GROUP		BANK	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
ASSETS				
Cash and balances with Central Banks	3,644,821	3,837,541	2,444,752	2,864,234
Loans and advances to credit institutions	179,523	297,109	787,795	932,793
Financial instruments at fair value through profit or loss	240,398	299,562	50,462	110,173
Derivative financial instruments - assets	437,678	508,928	437,028	506,941
Reverse repos with customers	641	64,299	-	63,632
Loans and advances to customers (net of provisions)	50,591,193	57,143,022	49,425,753	53,987,068
Available for sale securities	2,739,687	2,533,587	2,407,828	2,059,917
Debt securities - receivables	16,985,336	14,400,421	16,985,336	14,273,935
Held to maturity	182	27,180	-	-
Assets held for sale	34,089	38,022	48,707	10,307
Inventories property	847,386	844,994	515,759	523,883
Investment property	1,035,911	989,504	317,980	321,636
Investments in subsidiaries	-	-	1,074,328	1,691,120
Investments in associated undertakings	297,738	298,672	279,597	279,154
Property, plant and equipment	1,474,160	1,435,942	852,644	838,804
Intangible assets	274,159	313,072	250,765	238,448
Deferred tax assets	5,074,770	4,018,745	5,012,800	3,950,983
Other assets	2,076,130	1,934,171	2,110,744	1,950,071
Assets from discontinued operations	1,594,414	304,925	-	-
TOTAL ASSETS	87,528,216	89,289,696	83,002,278	84,603,099
LIABILITIES				
Due to credit institutions	34,490,583	23,690,331	34,591,752	24,566,067
Due to customers	38,951,880	54,732,834	36,771,355	50,240,344
Liabilities at fair value through profit or loss	2,499	1,853	2,499	1,853
Derivative financial instruments - liabilities	445,819	544,026	444,639	538,260
Debt securities in issue	102,314	661,350	102,314	661,341
Current income tax liabilities	51,737	32,566	-	9,007
Deferred tax liabilities	31,499	37,772	-	-
Retirement benefit obligations	192,780	211,944	180,897	192,198
Other provisions	182,500	250,414	42,733	27,665
Other liabilities	1,571,196	1,275,911	1,050,392	747,116
Hybrid capital and other borrowed funds				
Hybrid capital (Tier I)	-	16,373	-	16,373
Subordinated debt capital (Tier II)	-	216,008	-	216,008
	-	232,381	-	232,381
Liabilities from discontinued operations	1,484,883	503,753	-	-
Total Liabilities	77,507,690	81,967,454	73,394,262	77,216,232
EQUITY				
Share Capital	2,619,955	1,830,594	2,619,955	1,830,594
Share premium	13,074,688	11,393,315	13,074,688	11,393,315
Contingent Convertible bonds	2,040,000	-	2,040,000	-
Less: Treasury shares	(460)	-	-	-
Other reserves and retained earnings	(7,848,402)	(6,032,535)	(8,126,627)	(5,837,042)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	21,863	18,787	-	-
Capital and reserves attributable to equity holders of the parent entity	9,907,644	7,210,161	9,608,016	7,386,867
Non controlling interest	112,882	112,081	-	-
Total Equity	10,020,526	7,322,242	9,608,016	7,386,867
TOTAL LIABILITIES AND EQUITY	87,528,216	89,289,696	83,002,278	84,603,099

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amounts in thousand euros

	GROUP						BANK	
	1 Jan - 31 Dec 2015			1 Jan - 31 Dec 2014			1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total		
Interest and similar income	2,967,477	127,697	3,095,174	3,367,703	110,445	3,478,148	2,768,755	3,001,573
Interest expenses and similar charges	(1,090,257)	(63,579)	(1,153,836)	(1,414,827)	(61,081)	(1,475,908)	(1,057,321)	(1,360,615)
Net interest income	1,877,220	64,118	1,941,338	1,952,876	49,364	2,002,240	1,711,434	1,640,958
Fee and commission income	345,167	22,066	367,233	351,228	23,691	374,919	256,368	247,284
Fee and commission expense	(39,509)	(5,768)	(45,277)	(37,334)	(4,291)	(41,625)	(41,031)	(28,904)
Net fee and commission income	305,658	16,298	321,956	313,894	19,400	333,294	215,337	218,380
Dividend income	8,200	919	9,119	13,606	1,843	15,449	100,163	20,442
Net income from financial instruments designated at fair value through profit or loss	71,362	1,470	72,832	(106,694)	2,270	(104,424)	60,919	(76,330)
Results from investment securities	38,068	505	38,573	74,688	306	74,994	16,251	72,814
Other results	92,599	41,694	134,293	203,333	37,507	240,840	49,780	193,423
Total net income	2,393,107	125,004	2,518,111	2,451,703	110,690	2,562,393	2,153,884	2,069,687
Staff costs	(771,908)	(50,018)	(821,926)	(736,722)	(48,614)	(785,336)	(651,772)	(581,678)
Administrative expenses	(588,995)	(26,984)	(615,979)	(591,727)	(22,297)	(614,024)	(500,450)	(483,659)
Depreciation and amortisation	(111,778)	(7,114)	(118,892)	(114,541)	(7,852)	(122,393)	(83,958)	(79,613)
Total operating expenses before provisions	(1,472,681)	(84,116)	(1,556,797)	(1,442,990)	(78,763)	(1,521,753)	(1,236,180)	(1,144,950)
Profit before provisions, impairment and income tax	920,426	40,888	961,314	1,008,713	31,927	1,040,640	917,704	924,737
Provisions and impairment	(3,837,613)	(69,177)	(3,906,790)	(4,027,642)	(55,466)	(4,083,108)	(4,397,490)	(4,073,898)
Share of profit of associates	(12,766)	(162)	(12,928)	4,696	325	5,021	-	-
Profit/ (Loss) before tax	(2,929,953)	(28,451)	(2,958,404)	(3,014,233)	(23,214)	(3,037,447)	(3,479,786)	(3,149,161)
Income tax	1,068,563	(6,155)	1,062,408	1,068,985	(3,533)	1,065,452	1,090,389	1,083,961
Profit/ (Loss) after tax (A)	(1,861,390)	(34,606)	(1,895,996)	(1,945,248)	(26,747)	(1,971,995)	(2,389,397)	(2,065,200)
Less: Non controlling interest	(3,170)	22	(3,148)	(6,899)	(8)	(6,907)	-	-
Profit/ (Loss) after tax attributable to equity holders of the parent entity	(1,858,220)	(34,628)	(1,892,848)	(1,938,349)	(26,739)	(1,965,088)	(2,389,397)	(2,065,200)
Other comprehensive income, net of tax (B)	92,159	(5,204)	86,955	(205,880)	14,578	(191,302)	99,811	(191,181)
Total comprehensive income for the period, net of tax (A+B)	(1,769,231)	(39,810)	(1,809,041)	(2,151,128)	(12,169)	(2,163,297)	(2,289,586)	(2,256,381)
-Attributable to equity holders of the parent entity	(1,770,526)	(35,478)	(1,806,004)	(2,144,279)	(12,307)	(2,156,586)	-	-
-Non controlling interest	1,295	(4,332)	(3,037)	(6,849)	138	(6,711)	-	-
Profit/ (Loss) after tax per share (in euros):								
- Basic and diluted	(0.8369)	(0.0156)	(0.8525)	(1.1990)	(0.0165)	(1.2155)	(1.0759)	(1.2774)

STATEMENT OF CHANGES IN EQUITY

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
Opening balance	7,322,242	8,542,899	7,386,867	8,269,089
Total comprehensive income for the year net of tax	(1,809,041)	(2,163,297)	(2,289,586)	(2,256,381)
Increase of share capital	4,641,649	1,750,000	4,641,649	1,750,000
Share capital increase expenses	(130,914)	(56,595)	(130,914)	(56,595)
Preferred shares repurchase	-	(750,000)	-	(750,000)
Prior year dividends of ordinary shares	(95)	(162)	-	-
(Purchases)/ Sales of treasury shares	(1,873)	61	-	-
Acquisitions, disposals, absorprions, liquidation and movement in participating interest	(1,442)	(664)	-	430,754
Closing balance	10,020,526	7,322,242	9,608,016	7,386,867

CASH FLOW STATEMENT

Amounts in thousand euros

	GROUP		BANK	
	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
Net cash inflow/ (outflow) from continuing operating activities	(519,699)	1,071,996	(1,211,998)	509,750
Net cash inflow/ (outflow) from discontinued operating activities	193,580	(5,427)	-	-
Total inflows/ (outflows) from operating activities	(326,119)	1,066,569	(1,211,998)	509,750
Net cash inflow/ (outflow) from continuing investing activities	(728,989)	(1,628,744)	(336,450)	(1,625,484)
Net cash inflow/ (outflow) from discontinued investing activities	(220,596)	35,744	-	-
Total inflows/ (outflows) from investing activities	(949,585)	(1,593,000)	(336,450)	(1,625,484)
Net cash inflow/ (outflow) from continuing financing activities	882,589	1,243,544	862,951	1,229,107
Net cash inflow/ (outflow) from discontinued financing activities	-	-	-	-
Total inflows/ (outflows) from financing activities	882,589	1,243,544	862,951	1,229,107
Net increase/ (decrease) in cash and cash equivalents of the year	(393,115)	717,113	(685,497)	113,373
Effect of exchange rate changes on cash and cash equivalents	2,437	58,554	20,079	21,054
Total inflows/ (outflows) for the year	(390,678)	775,667	(665,418)	134,427
Cash and cash equivalents at the beginning of the year	2,664,134	1,888,467	1,926,139	1,040,989
Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank	3,303	-	3,303	-
Cash and cash equivalents from absorptions of companies	-	-	-	750,723
Cash and cash equivalents at the end of the year	2,276,759	2,664,134	1,264,024	1,926,139

Notes:

1) The accounting policies, adopted by the Bank and the Group according to the International Financial Reporting Standards (IFRS), have been applied in consistency with those of the previous financial year. Relevant disclosure is note 2 of the Bank's and Group's Annual Financial Statements.

2) Property, plant and equipment are free of material liens or encumbrances.

3) The unaudited tax years of the Bank and the Group subsidiaries are presented in note 14 of the Bank's Financial Statements and in notes 15 and 26 of the Consolidated Financial Statements as at 31.12.2015 respectively.

4) The Bank's provisions for outstanding litigations amount to € 13.5 million, whereas the Group's provision amounts to € 19.3 million from continuing operations and € 8.2 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 € 10.1 million from continuing operations and € 2.8 million from discontinued operations. Other provisions amount for the Bank to € 237.0 million and for the Group to € 163.2 million for the continuing operations and € 483.5 million for the discontinued operations, relating mostly to insurance provisions. Relevant reference to other provisions is provided in notes 37 and 38 of the Stand alone and the Consolidated Financial Statements respectively.

5) The companies which have been consolidated as at 31/12/2015, apart from the parent company Piraeus Bank S.A., are included in note 26 of the Consolidated Financial Statements. Note 26 includes information about the country of incorporation, the percentage of holding by the Group, as well as the applied consolidation method. The direct shareholding percentages by the Bank are included in note 25 of the Bank's Financial Statements.

6) The following companies that are consolidated under the full method of consolidation as at 31/12/2015, had not been included in the consolidation as at 31/12/2014: a) "ETVA Fund Management S.A.", b) "ETVA Development S.A.", c) "Cyprus Leasing S.A.", d) "Piraeus ACT Services S.A.", e) "A.C.T. B.A.S. S.A., f) "Trastor Real Estate Investment Company", g) "Rembo S.A.", h) "Alecsandri Estates SRL", i) "Gama Asset Management EOOD", j) "Delta Asset Management EOOD", k) "Besticar Limited", l) "Besticar Bulgaria EOOD" and m) "Besticar EOOD". From these companies, the companies numbered (a)-(i) were consolidated under the full method of consolidation as at 30/9/2015, as well. The companies numbered (a)-(b) were established in December 2014 and started operating during the 1st quarter of 2015. The company numbered (c) was fully acquired in February 2015 and as a result, it was included in the subsidiaries' portfolio. The financial results of the company are included in the Financial Statements of the Bank for the period 1/1 – 31/7/2015, whereas for the period 1/8 – 31/12/2015 the company was consolidated as a subsidiary. The company numbered (d) was transferred during the 1st quarter of 2015 from the associates' portfolio due to acquisition of control. Consequently, its 100% subsidiary company numbered (e) has become a subsidiary of the Group. The company numbered (f) was transferred in March 2015 from the associates' portfolio due to acquisition of control. Consequently, its 100% subsidiary company numbered (g) has become a subsidiary of the Group. The company numbered (h) was acquired in June 2015, whereas the company numbered (i) was established in September 2015. The company numbered (j) was established in November 2015, whereas the company numbered (k) was acquired in December 2015. Consequently, its 100% direct subsidiary numbered (l), as well as its 100% indirect subsidiary numbered (m), were classified in the subsidiaries' portfolio of the Group. The companies: a) Integrated Services Systems Co., b) Piraeus Bank (Cyprus) Nominees Ltd, c) Parking Kosmopolis S.A., d) Piraeus Insurance - Reinsurance Broker Romania S.R.L., e) Piraeus Bank Egypt S.A.E., f) Piraeus Egypt Leasing Co., g) Piraeus Bank Egypt Investment Company, h) Holding Spectacles S.A. and i) Visa Rent A Car S.A. that were fully consolidated as at 31/12/2014, are not included in the consolidation as at 31/12/2015. In April 2015, 98% of the share capital of the company numbered (a) was disposed and as a result, the company was transferred to the Available for sale portfolio. The company numbered (b) has been liquidated and removed from the relevant Registry in April 2015, whereas the company numbered (c) was merged through absorption with Kosmopolis A' Shopping Centers S.A. in June 2015. The company numbered (d) was disposed in October 2015. The company numbered (e) was disposed in November 2015 and as a result, its subsidiaries numbered (f)–(g) are no longer included in Piraeus Bank Group. The relevant event didn't result in a change above 25% of the turnover or/and the profit after tax or/and the total equity attributable to the shareholders. The company numbered (h) was deleted from the General Commercial Registry in December 2015, whereas the company numbered (i) was merged through absorption with Olympic Commercial & Tourist Enterprises S.A. in December 2015. The companies "Estia Mortgage Finance PLC", "Estia Mortgage Finance II PLC", "Axia Finance PLC", "Axia Finance III PLC", "Axia III APC Limited", "Praxis I 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. In addition, within the 4th quarter of 2015, "Piraeus Bank Cyprus LTD" was transferred from the subsidiaries' portfolio to the Assets held for sale, as the classification criteria of IFRS 5 are met. Therefore, the results of "ATE Insurance S.A.", "ATE Insurance Romania S.A.", "Piraeus Bank Cyprus" group of companies as well as "Piraeus Bank Egypt" group of companies until the date of their disposal (10/11/2015), are presented as "Discontinued operations". Relevant are the notes 14, 26 and 50 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" and its subsidiary "The Museum Ltd", 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) "Pallas Shipping S.A.", n) "Zephyros Marine INC.", o) "Bayamo Shipping Co.", p) "Sybil Navigation Co.", q) "Procas Holding Ltd", r) "Phoebe Investments SRL", s) "Core Investments Project SRL", t) "Amaryllis Investments Consultancy SRL", u) "Hellenic Fund for Sustainable Development", v) "Axia III Holdings Ltd", w) "Praxis II Holdings Ltd" and x) "Kion Holdings Ltd". The companies numbered (a)-(c) are fully depreciated, under liquidation status. The company numbered (d) is under idle status. The companies numbered (g)-(h) have been inactivated and they will be set under dissolution. The companies numbered (i)-(p) have been dissolved and set under liquidation. The companies numbered (q)-(u) have not started operating yet. The companies numbered (v)-(x) have as exclusive scope the participation in special purpose vehicles for the securitization of loans and the issuance of debt securities, which are consolidated within the Group through the full consolidation method. The consolidation of the above mentioned companies does not have significant effect on the financial position and result of the Group.

7) The following companies that are consolidated under the equity method of accounting as at 31/12/2015, had not been included in the consolidation as at 31/12/2014: a) "Litus Advisory S.A.", b) "Selonda Aquaculture S.A" and c) Nireus Aquaculture S.A.. From these companies, the companies numbered (a)-(b) were consolidated under the equity method of accounting as at 30/9/2015, as well. The company numbered (a) was established in January 2015, whereas the company numbered (b) was acquired in March 2015. The company numbered (c) was transferred in October 2015 from the available for sale portfolio due to acquisition of significant influence. The following companies that were consolidated under the equity method of accounting as at 31/12/2014, have not been included in the consolidation as at 31/12/2015: a) "Piraeus ACT Services S.A.", b) "Trastor Real Estate Investment Company", c) "AIK BANKA", d) "Alexandria for Development & Investment" and e) "Nile Shoes Company". The companies numbered (a) and (b) were transferred during the 1st quarter of 2015 to the subsidiaries' portfolio due to acquisition of control, whereas the company numbered (c) was disposed in March 2015. The companies numbered (d) – (e) were included in the group of Piraeus Bank Egypt, which was disposed in November 2015. 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.

8) The Group's balances with related parties for the financial year 1/1 – 31/12/2015 are as follows: a) with Members of the BoD and key management personnel: assets € 22.1 million, liabilities € 7.5 million, income € 0.4 million, expense € 0.1 million and remuneration € 8.6 million, b) with other related parties: assets € 41.9 million, liabilities € 13.4 million, letters of guarantee € 3.5 million, income € 1.7 million and expense € 1.5 million, c) with associates: assets € 1,118.5 million with aggregate provisions of € 65.6 million, liabilities € 78.5 million, letters of guarantee € 17.3 million, income € 60.6 million and expense € 21.1 million. The Bank's balances with related parties are as follows: a) with Members of the BoD and key management personnel: assets € 22.1 million, liabilities € 6.0 million, income € 0.4 million, expense € 0.1 million and remuneration € 8.6 million, b) with other related parties: assets € 41.9 million, liabilities € 4.6 million, letters of guarantee € 3.5 million, income € 1.7 million and expense € 1.2 million, c) with subsidiaries: assets € 3,646.2 million, liabilities € 896.9 million, letters of guarantee € 165.5 million, income € 83.2 million and expense € 121.4 million, d) with associates: assets € 1,094.1 million with aggregate provisions of € 65.6 million, liabilities € 76.3 million, letters of guarantee € 17.3 million, income € 51.8 million and expense € 8.3 million. It is noted that there were no transactions with the HFSF in year 2015.

9) As at 31/12/2015, subsidiary company of Piraeus Group owned a total number of 1,678,630 treasury shares of the parent company Piraeus Bank S.A., at a value of € 460 thousand. The Bank did not hold any treasury shares as at 31/12/2015. Relevant information is provided in note 42 of the Consolidated Financial Statements

10) At the Statement of Total Comprehensive Income of the Consolidated and Stand alone Financial Statements, "Other comprehensive income, net of tax" includes as amounts that can be reclassified in the Income Statement, the change in currency translation reserve of € - 11.8 million from continuing operations and € - 10.8 million from discontinued operations for the Group and the change in available for sale reserve of € 78.7 million from continuing operations and € 3.5 million from discontinued operations for the Group and € 75.4 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 € 25.3 million from continuing operations and € 2.1 million from discontinued operations for the Group and € 24.4 million for the Bank.

11) For fiscal years 2014 and 2015 there is no 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 29/6/2015, decided not to distribute dividend for the fiscal year 2014. For the same reasons, the Board of Directors of Piraeus Bank will propose the non – distribution of dividends for the fiscal year 2015 in the Annual Ordinary General Meeting of Shareholders of 2016.

12) On 17/4/2015, Piraeus Bank acquired the "healthy" segments of the assets and liabilities of former Panellinia Bank S.A. for a consideration of € 17.1 million. Piraeus Bank applied the rules of IFRS 3 "Business Combinations" and completed within 12 months from the acquisition date the allocation of the acquisition cost of former Panellinia Bank S.A. to the assets and liabilities acquired. Relevant information is provided in notes 47 and 49 of the Stand alone and Consolidated Financial Statements respectively.

13) In accordance to the decision of the Bank's Extraordinary General Meeting of Shareholders held on 15/11/2015, which was further specified by its Board of Directors' decisions of 20/11/2015 and 2/12/2015, the Bank proceeded to share capital increase that was covered as follows: a) amount of € 1,340,000,000.10 through private placement, via payment in cash, b) amount of € 581,649,044.40 by capitalization of liabilities, equivalent to payment in cash, and c) amount of € 680,000,000.10 through the contribution in kind of ESM bonds. Following the completion of the share capital increase, the share capital of the Bank amounts on 31/12/2015 to € 2,619,954,984.00, divided into 8,733,183,280 ordinary registered shares with a nominal value of € 0.30 each.

14) The figures of comparative periods of the Financial Statements of the Group and the Bank were restated as presented in the notes 48 and 50 of the Stand alone and the Consolidated Financial Statements respectively.

15) The Events subsequent to the end of year are presented in notes 50 and 53 of the Stand alone and the Consolidated Financial Statements respectively.

16) On December 31st 2015, the number of staff employed by the Bank was 14,326 people (31/12/2014: 14,418 people) and by the Group 20,719 people (31/12/2014: 22,372 people) out of which 520 people refer to discontinued operations (31/12/2014: 199 people).

Athens, March 30th, 2016

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 2015, 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
Final results of the exercise of the Titles Representing Share Ownership Rights (Warrants) – 3rd Exercise (02/01/2015)	7/1/2015
Announcement	15/1/2015
Announcement	16/1/2015
Change in the Constitution of the Board of Directors	21/1/2015
Announcement of Participations According to Law 3864/2010	30/1/2015
Notification of important changes concerning voting rights under L.3556/2007	4/2/2015
Announcement of voting rights according to Law 3864/2010	5/2/2015
Announcement	25/2/2015
2015 Financial Calendar	4/3/2015
Announcement of voting rights according to Law 3864/2010	18/3/2015
Announcement	18/3/2015
Financial Year 2014 Results	19/3/2015
FY 2014 Financial Results	19/3/2015
Announcement	19/3/2015
Announcement	27/3/2015
Announcement of voting rights according to Law 3864/2010	27/3/2015
Corporate release	2/4/2015
Piraeus Bank acquires the “good” part of Panellinia Bank	17/4/2015
Press Release	23/4/2015
Announcement date of the First Quarter 2015 Financial Results	6/5/2015
Reconstitution of the Board of Directors	6/5/2015
Announcement	21/5/2015
Q1 2015 Financial Results	27/5/2015
Invitation to the Ordinary General Meeting	5/6/2015
Process regarding the exercise of Titles Representing Share Ownership Rights (Warrants) and the settlement of participation orders [02.07.2015]	22/6/2015

a) Announcements to the Athens Stock Exchange - Press releases	Date
Resolutions of Ordinary General Meeting	29/6/2015
Voting results at the Ordinary General Meeting of the shareholders of Piraeus Bank held on 29.06.2015	3/7/2015
Final results of the exercise of the Titles Representing Share Ownership Rights (Warrants) – 4th Exercise (02/07/2015)	3/7/2015
Announcement	3/8/2015
Announcement of voting rights according to Law 3864/2010	24/9/2015
Announcement date of the First Half 2015 Financial Results	12/10/2015
Announcement	14/10/2015
Trading Update Q2.2015	14/10/2015
Announcement	15/10/2015
Announcement	15/10/2015
Trading Update Q3.2015	19/10/2015
Announcement Date of First Half and Nine Month 2015 Results	29/10/2015
First Half & 9month 2015 Results	31/10/2015
Results of the Comprehensive Assesment conducted by the European Central Bank	31/10/2015
Announcement-Invitation EGM	3/11/2015
Press Release	4/11/2015
Announcement	5/11/2015
Announcement	6/11/2015
Announcement	6/11/2015
Closing of the Sale of Piraeus Bank Egypt to ABK	11/11/2015
Press Release	13/11/2015
Extraordinary General Meeting Resolutions	16/11/2015
Resolutions of Piraeus Bank's Board of Directors regarding the reverse split and the reduction of each ordinary share nominal value	18/11/2015
Voting Results At The Extraordinary General Meeting Of The Shareholders Of Piraeus Bank Held On 15.11.2015	19/11/2015
Announcement	21/11/2015
Announcement	23/11/2015
Announcement regarding the reverse split of its common shares and the reduction of its common shares nominal value	25/11/2015
Announcement - Approval of Amended Restructuring Plan of Piraeus Bank	30/11/2015

a) Announcements to the Athens Stock Exchange - Press releases	Ημερομηνία
Announcement	3/12/2015
Publication of Prospectus	3/12/2015
Announcement following the expiry of the Exercise Period in relation to the Non-Transferable Receipts issued by Piraeus Bank S.A.	3/12/2015
Adjustment of the Exercise Terms and Conditions of the Titles Representing Share Ownership Rights (Warrants)	3/12/2015
Announcement Regarding The Admission to Trading of the New Shares Following the Completion of the Share Capital Increase of Piraeus Bank	3/12/2015
Announcement of Regulated Information According to Law 3556/2007	7/12/2015
Announcement - Notification of important changes concerning voting rights under L.3556/2007	8/12/2015
Announcement - Notification of important changes concerning voting rights under L.3556/2007 (Update)	9/12/2015
Announcement - Notification of important changes concerning voting rights under L.3556/2007	11/12/2015
Announcement - Notification of important changes concerning voting rights under L.3556/2007	11/12/2015
Announcement - Notification of important changes concerning voting rights under L.3556/2007	11/12/2015
Announcement - Notification of important changes concerning voting rights under L.3556/2007	11/12/2015
Announcement - Notification of significant changes in voting rights according to Law 3864/2010	14/12/2015
Process regarding the exercise of titles representing share ownership rights (Warrants) and the settlement of participation orders	23/12/2015
Announcement of participations according to Law 3864-2010 31.12.15	31/12/2015

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/2016/Files/Investor-Relations/Notification-of-Transactions/Notification-of-Transactions_22022016_En.xls).

b) Interim stand alone and consolidated financial information	Date
Q1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	27/5/2015
Q1 Interim Condensed Financial Information	27/5/2015
Q1 Consolidated Interim Condensed Financial Information	27/5/2015
H1 Financial Statements Information of Piraeus Bank Group and Piraeus Bank	31/10/2015
Mid year financial report	31/10/2015
9M Financial Statements Information of Piraeus Bank Group and Piraeus Bank	31/10/2015
9M Interim Condensed Financial Information	31/10/2015
9M Consolidated Interim Condensed Financial Information	31/10/2015

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 2014

The annual financial report of Piraeus Bank for the year 2014 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 2014 - Corporate Responsibility Report 2014

The annual report of the year 2014 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 2014 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) International Offering Memorandum

International Offering Memorandum is available in the Bank's internet site www.piraeusbankgroup.com in the section Investor Relations – Stock Data – Capital Raising 2015 – Offering Memorandum (link: http://www.piraeusbankgroup.com/en/investors/share/capital-increase-2015/enimerotiko-deltio).

f) 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 2015, 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]

REPORT ON USE OF FUNDS RAISED

Use of funds raised from the Piraeus Bank's share capital increase with cancellation of pre-emption rights of the existing shareholders, through payment in cash, capitalization of liabilities equivalent to payment in cash and contribution in kind of ESM bonds through the issuance of ordinary registered shares, as well as through the issuance of contingent convertible securities, in accordance with the decision of the Extraordinary General Meeting of the Shareholders held on 15.11.2015 as approved by virtue of the decisions of the Board of Directors held on 20.11.2015 and 02.12.2015.

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 issuance of 8,672,163,482 new ordinary registered shares with voting rights as well as through the issuance of contingent convertible securities and the total funds raised amounted to € 4,641,649,044.60. Total expenses of the share capital increase amounted to € 130,914,688.25 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 € 4,510,734,356.35. The Bank's Board of Directors certified the payment of the share capital increase at its meeting held on 02.12.2015. Athens Exchange approved on 03.12.2015 the admission to trading on ATHEX of the 8,672,163,482 new shares. The new shares commenced trading on the ATHEX on 08.12.2015.

TABLE OF USE OF FUNDS RAISED

Use of Funds raised	Total funds raised (amounts in €)	Use of funds as of 31.12.2015 (amounts in €)	Balance of Funds as of 31.12.2015 (amounts in €)
1. Enhancement of Core Tier I Capital	4,510,734,356.35	4,510,734,356.35	-
2. Issue Costs	130,914,688.25	130,914,688.25	-
Total	**4,641,649,044.60**	**4,641,649,044.60**	**-**

Athens, March 30th, 2016

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 'Report of Use of Proceeds'

To the Board of Directors of "Piraeus Bank S.A."

We have performed the procedures prescribed and agreed with the Board of Directors of Piraeus Bank S.A. ("the Bank'') and enumerated below with respect to the Report of use of proceeds of the Bank ("the Report") which relates to the share capital increase, during 2015. The Bank's Board of Directors is responsible for preparing the aforementioned Report. 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 examined the content of the Report and its consistency with the provisions of the decision 7/448/11.10.2007 of the Hellenic Capital Markets Committee and the decision 25/17.07.2008 of the Athens Stock Exchange.

2. We examined the content of the Report and its consistency with what is referred to in the Prospectus issued by the Bank on 4 November 2015 for this purpose and the relevant Bank's decisions and announcements.

3. We have agreed the amount of the share capital increase mentioned in the Report to: a) the amountapprovedbythe Extraordinary GeneralMeetingof Shareholders on 15 November 2015(b) the amounts referredto in the relevant Prospectus(c) the amountsdepositedin the relevantbank accountmaintained by the Bank.

4. We examined whether the amount certified by the Board of Directors on 2 December 2015 from the said share capital increase, agrees to the amount recorded in the books and records of the Bank, considering the relevant accounting entries.

5. We examined whether the share issue costs mentioned in the Report agree to the amounts recorded in the Bank's books and records, by examining on a sample basis supporting documents.

6. We examined whether the amount of the share capital increase has been allocated in accordance with its intended use and schedule, based on the provisions of the Prospectus issued on 4 November 2015.

We report our findings below:

1. The content of the Report is consistent with the provisions of the decision 7/448/11.10.2007 of the Hellenic Capital Markets Committee and the decision 25/17.07.2008 of the Athens Stock Exchange.

2. The content of the Report is consistent with what is referred to in the Prospectus issued by the Bank on 4 November 2015 for this purpose and the relevant Bank's decisions and announcements.

3. The amount of the share capital increase mentioned in the Report agrees to: a) the amount approvedbytheExtraordinary GeneralMeetingof Shareholders on 15 November 2015(b) the amounts referredto in the relevant Prospectus and;(c) the amountsdepositedin the relevantbank accountmaintained by the Bank.

4. The amount certified by the Board of Directors on 2December 2015 from the said share capital increase, agrees to the amount recorded in the books and records of the Bank, considering the relevant accounting entries.

5. The share issue costs mentioned in the Report agree to the amounts recorded in the Bank's books and records, by examining on a sample basis supporting documents.

6. The amount of the share capital increase has been allocated in accordance with its intended use and schedule, based on the provisions of the Prospectus issued on 4 November 2015.

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 latter can fulfill its responsibilities in accordance with the legal framework of the Athens Stock Exchange and the relevant regulatory framework of the Hellenic Capital Markets Commission. This report is not to be used for any other purpose, since it is limited to what is referred to above and does not extend to the financial statements prepared by the Bank for the year from January 1, 2015 to December 31, 2015, for which we have issued a separate audit opinion, as of March 31, 2016.

Athens, 31 March 2016

The Certified Auditor

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