PIRAEUS BANK

MID YEAR FINANCIAL REPORT

for the 1^{st} half 2016

According to Law 3556/ 2007

August 2016

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

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STATEMENT (article 5 of L. 3556/2007)

To the best of our knowledge, the 2016 Interim Financial Statements, which 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 S.A. and of the undertakings included in the consolidated accounts, taken as a whole, as provided in art. 5 par. 3-5 of Law 3556/2007 and the Board of Director's interim report presents fairly the information required by art. 5 par. 6 of Law 3556/2007.

Charikleia Apalagaki	Apostolos Tamvakakis	George Poulopoulos
Chairman of BoD	A' Vice – Chairman of BoD	Deputy Managing Director

[Translation from the original text in Greek]

Report on Review of Interim Financial Information

To the Shareholders of **«Piraeus Bank S.A.»**

Introduction

We have reviewed the accompanying condensed company and consolidated statement of financial position of Piraeus Bank S.A. (the "Bank") and its subsidiaries (together "the Group") as of 30 June 2016 and the related condensed company and consolidated income statement and statement of comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, that comprise the interim condensed financial information and which form an integral part of the six-month financial report as required by L.3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

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Reference to Other Legal and Regulatory Requirements

Our review has not revealed any inconsistency or discrepancy of the other information of the six-month financial report, as required by article 5 of L.3556/2007, with the accompanying interim condensed financial information.

Athens, 30 August 2016

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

THE CERTIFIED AUDITOR

Despina Marinou
SOEL Reg. No. 17681

BOARD OF DIRECTORS' INTERIM MANAGEMENT REPORT
(According to Law 3556/2007)

International Environment and Economic Developments

Early in 2016, global capital markets had been characterized by increased levels of volatility, resulting from worries on a potential rising course of US interest rates, but also due to the prospective referendum in the United Kingdom on the country's European Union (EU) membership. Later in the year, volatility levels moved on a declining course, despite the British referendum's result in favour of exit from the European Union (Brexit), as the FED appears hesitant to ts intervention rates, while in parallel a relative US dollar weakness has been witnessed, acting as a stabilizing factor for emerging economies. **The rate of growth for the global economy** for 2016 is estimated to remain stable (compared to 2015) at 3.1%.

In more detail, **the US economy** exhibited lower than expected growth rate during Q2 2016. Despite the fact that consumption was strengthened, fixed investments, business inventories and public spending declined. A significant development has been the strengthening of employment that took place during the two month period of June-July 2016, while additionally the leading ISM business sentiment indicator has been settling higher than its long term average, both in manufacturing and services. For 2016, the average annual growth rate is estimated to reach 1.6%, at a lower level compared to that of 2015 (2.6%).

In the **Eurozone**, the growth rate during Q2 2016 stood at 0.3% (on a quarterly level), as was expected, compared to 0.6% increase for Q1 2016. As of June, the economy has exited from the deflationary environment, while in its recent policy meeting, ECB has expressed no worries to proceed with further policy relaxation due to Brexit. For 2016, the average annual growth rate for the Eurozone is estimated to settle at 1.5%, marginally lower compared to 1.6% in 2015. However, the Eurozone's growth prospects could potentially be adversely affected by, among others, the result of the British referendum for EU exit, geopolitical uncertainty, the slowdown of emerging economies' growth and delays in structural reforms implementation. A significant factor, related to Brexit, is whether it will strengthen centrifugal tendencies within the Eurozone, or whether it will prove an eventual catalyst for a more meaningful economic integration.

Developments in the Greek Economy and the Greek Banking System

In June 2016, after the completion of the 1st review of the third Economic Adjustment Programme which was agreed on August 2015, a major step forward was achieved for the Greek economy, which is now at a turning point for the transition of the prolonged recession to sustainable growth trajectory.

Real GDP, based on the estimate for the 2nd quarter of 2016, increased by 0.2% on a quarterly basis, while it decreased by 0.9% on an annual basis, which in combination with a revised contraction of 1.0% in the first quarter of the year, indicates a yoy decrease of 1.0% in H1.2016. In the meantime, in H1 2016, travel receipts, showed a modest decrease of 6% and tourist arrivals decreased marginally by 2% compared to the same period of 2015, but both moved to higher levels than the same period of 2014. It is hereby noted that trends from July onwards showed noticeable improvement, both in arrivals and revenues.

The unemployment rate for H1 2016, based on non-seasonally adjusted data, stood at 24.9% versus 26.6% at the same period of 2015. In July 2016, according to the relevant research of the European Commission and based on seasonally adjusted data, the economic sentiment index improved and stood at 90.9 units (June 2016: 89.7 units).

After the completion of two critical Eurogroup meetings in May 2016 for the determination of the prior actions from the Greek authorities, the Greek side proceeded on voting the relevant multi-bill and on implementing a series of measures and reforms, successfully completing the 1st assessment. In mid-June 2016 the European Stability Mechanism (ESM) approved the disbursement of the first tranche of € 10.3 bn in several sub -tranches. The first sub-tranche disbursement of € 7.5 billion took place on June 21, 2016, in order to serve the financial needs and the clearing of Greek government arrears. The subsequent disbursement (€ 2.8 bn) is expected to take place in September 2016, subject to the implementation of the prior actions agreed and the satisfactory progress of arrears' clearing.

The completion of the assessment, in combination with the anticipated debt relief measures over time, will gradually lead to the improvement of the economic climate, along with privatizations, the further relief of capital movements, the return to positive GDP rates and the participation of Greek bonds on the ECB's quantitative easing program.

The **Greek banking system** after the completion of the recapitalization at the end of 2015 created significant buffers of additional capital that further improve Greek banks' balance sheets, while they also contribute to the gradual restoration of confidence, despite the adverse conditions in the 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 June 2016, as liquidity support through the Eurosystem declined by € 39 bn compared to June 2015, manifesting signs of gradual market sentiment improvement, deposits' stabilization and new access to the interbank repos market.

In particular, during the first half 2016, **Greek market deposits** (private and public sector)declined marginally by 1% to € 132 bn. Greek banking market Eurosystem funding decreased to € 87 bn at June end 2016, from which € 54 bn concerns use of ELA (-€ 15 bn ytd).

In regards to **loans** in the Greek banking market, the annual adjusted rate of change of domestic private sector financing in June 2016 reached -2.0% for total loans to reach € 202 bn. The loans to deposits ratio for the Greek banking market improved to 125% in June 2016 from the high level of 138% in June 2015 caused by the significant deposit outflows of the first half 2015.

Taking into consideration the implementation of the Greek economic adjustment program and the gradual relaxation of capital controls imposed a year ago, it is estimated that Greek banks, after the completion of the recapitalization, became gradually able to further improve their funding profile as well as their deposit base.

On June 22, 2016, the European Central Bank decided the reinstatement of the exceptional acceptance status for marketable instruments issued or guaranteed by the Greek Republic (waiver), making again the Greek bonds acceptable as collateral to the main refinancing operations of Greek banks, a framework which entered into force on June 29, 2016.

Furthermore, Greek banks may participate in the TLTRO liquidity program (targeted longer-term refinancing operations) of the ECB, while taking advantage of the benefits associated with the new TLTRO II program, which was announced on March 10, 2016, subject to the adequacy of collaterals. The duration of TLTRO II is four years, with the opportunity to participate in four different dates, the first of which took place in June 2016 and the last in March 2017.

Finally, an important development in the second quarter 2016, was that the European Financial Stability Facility (EFSF) allowed Greek banks, that have received EFSF notes in previous years in the framework of their recapitalization and the concentration of the banking sector, to sell the respective notes, in accordance with the conditions applicable to the quantitative easing program(QE) of ECB.

The management of the high non-performing loan stock represents the biggest challenge for the Greek banking sector. To this end, it is estimated that the targets to be set by the Greek banks in September 2016, following a consultation with the supervisory authorities, for the effective management of non-performing loans, will have a positive contribution. The time frame of implementation of these targets is from 2016 to 2019, monitored quarterly.

Events that Regard Piraeus Bank Group

On the business level, the most important corporate events for Piraeus Bank Group during H1 2016 and until the publication of the H1 2016 financial statements, were the following:

- Beginning January 1st, 2016, the Single Resolution Mechanism (SRM) for Eurozone banks, to whose supervisory jurisdiction Piraeus Bank falls under, 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 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 Mid Year Financial Report for the First Half 2016.

- On 20 January 2016, further to Mr. Anthimos Thomopoulos' resignation, the Board of Directors appointed Mr. Stavros Lekkakos as Managing Director and acting 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.

- On 19 February 2016, Moody's upgraded the credit rating of the senior debt of Piraeus Bank to 'Ca' with a stable outlook from 'C', and affirmed the credit rating of its deposits to 'Caa3', changing the outlook to stable from negative.

- In April 2016, following EFSF's, Greek banks that have received EFSF notes in previous years in the framework of their recapitalisation and the concentration of the banking sector, are allowed to sell the respective notes to the members of the

Eurosystem, in accordance with the conditions applicable to the quantitative easing programme ("QE") established by the European Central Bank. Up to June 30, 2016 Piraeus Bank has sold EFSF bonds with a nominal value of € 1.5 billion within the framework of the QE program

- On 20 April 2016, Mr. Andreas Schulthe is resigned from his position as a non-executive member of the Board.

- On 28 April 2016, Piraeus Bank's last remaining guarantees of the Hellenic Republic under Pillar II used by the Bank for liquidity purposes were redeemed. These guarantees were issued under the framework of Greek Law 3723/2008, related to "the strengthening of the liquidity of the Economy, for offsetting the impact of the international financial crisis". Piraeus Bank already repaid the Preferred Shares (Pillar I) held by the Government in the Bank's share capital in May 2014, while it returned the "Special Bonds" (Pillar III) to the Government in September 2015. Upon redemption of Pillar II bonds, Piraeus Bank no longer had any reliance on the measures of Greek Law 3723/2008, and therefore it was no longer subject to the restrictions of the support scheme, which, among others, required the appointment of a Greek State representative in its Board of Directors, as was the case during the last seven years. It is noted that Piraeus Bank has fully repaid all the Pillars of L. 3723/2008, without any loss to the Greek State as to the guarantees and capital it offered, while the Greek State has earned approximately € 675 mn fees from Pillars II & III.

- On 11 May 2016, Piraeus Bank disposed to the European Bank for Reconstruction and Development ("EBRD") a 15% stake in the share capital of European Reliance General Insurance Co. S.A. The stake is part of the 28.7 % previously held by Piraeus Bank and sold as part of the Bank's disposal of non-core assets in the implementation framework of its restructuring plan following the successful recapitalization in December 2015.

- On 8 June 2016, Piraeus Bank in the context of implementation of its Restructuring Plan, has entered into an agreement with Wert Red Sarl, a Luxembourg company wholly owned by Värde Partners, for the sale of 18,551,880 shares in its subsidiary Trastor R.E.I.C, corresponding to 33.8 % of the share capital of the company. As part of the above agreement, Wert Red Sarl will participate in a rights issue of Trastor R.E.I.C with pre-emption rights in favour of existing shareholders against the contribution of cash.

- Piraeus Bank's Board of Directors in its meeting of 8 June 2016, further to the resignations of its Independent Non–Executive Members, Messrs A. Athanassiou and P. Pappas and upon recommendation of the Board Nomination Committee, elected Messrs Karel De Boeck and Arne Berggren as new Independent Non–Executive Members for the remaining term of the Board of Directors.

- ECB's decision on 22 June 2016 to reinstate the waiver affecting the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic as collateral for the supply of liquidity subject to special "haircuts" (put into force on 29 June 2016), resulted to the reduction of Piraeus Bank's funding from the ELA mechanism by approximately € 1 billion.

- Greek banks can participate in the ECB's targeted longer-term refinancing operations ("TLTRO"), getting the benefit associated with the new TLTRO II program announced on 10 March 2016 by the ECB, subject to sufficient eligible collateral. Piraeus Bank participated in the first relevant auction on 23 June 2016 with € 4 billion, shifting also the € 2.7 billion of TLTRO I to TLTRO II, with a positive contribution of 15 basis points to its funding cost.

- On 29 June 2016, Piraeus Bank's Board of Directors appointed Mr. George Poulopoulos as a new member of the Board of Directors and Deputy Chief Executive Officer, following the resignation of Mr. Stavros Lekkakos as Managing Director and

CEO, who remains in the Board of Directors as Vice Chairman and Non-Executive Board Member. Mr. Poulopoulos will be the acting CEO until the process for the appointment of the new CEO is concluded.

- On 8 July 2016, Piraeus Bank announced that it has entered into an agreement with Holding M. Sehnaoui SAL ("HMS"), for the sale of shares in its subsidiary in Cyprus, Piraeus Bank Cyprus Ltd ("PBC") which – together with a combination of a concurrent primary capital raise by PBC of € 40 mn to be fully-subscribed by HMS and a group of investors to be procured by HMS – will result in the reduction of Piraeus Banks' shareholding in PBC to 17.6 %. The Transaction is subject to customary conditions including regulatory and other approvals by the respective authorities in the European Commission, Cyprus and Greece, as well as the Hellenic Financial Stability Fund.

- On 20 July 2016, the Chairman of Piraeus Bank, Mr. Michalis Sallas announced his decision not to participate in the new management of Piraeus Bank. Mr. Sallas was awarded the title of Chairman Emeritus of Piraeus Group, after an unanimous resolution of the Board of Directors. Following the resignation of Mr. Michalis Sallas, the Board of Directors has elected Professor Charikleia Apalagaki as Interim Chairperson, until the election of the new Chairman of the Board, following the implementation of prescribed procedures.

- On 21 July 2016, Piraeus Bank announced that Mr. Konstantinos Paschalis assumed duties as Chief Financial Officer (he held the position of Deputy CFO from the end of 2010).

- On 25 July 2016, Piraeus Bank announced that as of 1 August 2016, Mr. Panagiotis Tsoukatos assumes duties as Head of Internal Audit Division, after the resignation of Mr. Panagiotis Moshonas, the previous Deputy General Manager of Internal Audit Division, as of the same date.

- On 1 August 2016, Piraeus Bank announced that the conclusion of the agreement for the sale of 100% of the share capital of ATE Insurance to Ergo International AG - a subsidiary of Munich Re - was completed, following the fulfillment of all the conditions under the relevant agreement, as well as the receipt of all necessary approvals from the competent bodies, including the Hellenic Financial Stability Fund. ERGO International AG paid a consideration of € 90.1 mn in cash for the total stake of Piraeus Bank in ATE Insurance's share capital. The consideration may be subject to adjustment, after the completion of the sale, on the basis of customary purchase price adjustment criteria, under the terms of the relevant share sale and purchase agreement.

- On 2 August 2016, S&P Global Ratings upgraded the credit rating of Piraeus Bank to 'CCC+' with Stable outlook from 'SD' before.

- On 8 August 2016, following a decision of the BoD, three international experts were appointed as heads of the three committees of the BoD, namely Mr. Karel De Boeck to Risk Management Committee, Mr. David Hexter to Audit Committee and Mr. Arne Berggren to Board Nomination Committee.

Evolution of Volumes and Results of Piraeus Bank Group during H1 2016

Relative to the financial position of Piraeus Bank Group during H1 2016, **total assets** at the end of June 2016 amounted to € 84.3 bn.

Customer deposits in Greece, following the significant decrease in FY2015 (-27%) due to economic developments in the country, presented a slight decline of 2% during H1 2016, while during Q2.2016 in particular they slightly increased by € 0.4 bn. In Greece, deposits amounted to € 35.5 bn. On a Group level, the decline of H1 2016 was 1% and the increase of Q2 2016 reached € 0.5 bn, leading deposits to € 38.4 bn at the end of June 2016. The downward trend of the cost of time deposits continued throughout H1 2016, with the cost of new time deposits standing at 0.81% in June 2016 compared to 0.95% in December 2015 and 1.74% at the end of June 2015. Group international deposits were marginally increased to € 2.9 bn at the end of June 2016 from € 2.8 bn on December 31, 2015.

The agreement for Greece's third Economic Adjustment Programme, along with the completion of capital raising from the banks in December 2015, led to a substantial reduction of Eurosystem funding for Piraeus Bank. The respective funding amounted to € 26.8 bn at the end of June 2016 from € 37.3 bn at the end of June 2015 (€ 14.1 bn in December 2014). ELA funding reached € 14.4 bn at the end of June 2016 from € 22.2 bn on June 30, 2015 (zero exposure in December 2014).

Group **gross loans before impairments and adjustments** amounted to € 66.2 bn in the end of June 2016. Total gross loans in Greece stood at € 62.3 bn. Loans from international operations amounted to € 3.9 bn at the end of June 2016. By business line, Group business loans stood at € 43.1 bn, accounting for 65% of the total loan portfolio, while retail loans amounted to € 23.0 bn, or 35% of the total.
Total loans after provisions stood at € 48.9 bn, with the Group net loans to deposits ratio to 127%, improving against the end of 2015 (130%).

The loans in arrears over 90 days ratio was 39.2% at the end of June 2016 (39.0% in Greece). The coverage ratio of loans in arrears over 90 days by cumulative provisions at the end of June 2016 improved further on a Group level, as well as for Greek portfolios in particular, reaching 67%. The particularly high level of cumulative provisions over gross loans ratio of the Group should be highlighted, which reached 26.2% at the end of June 2016, as well as the fact that during the 1st and the 2nd quarters of 2016 the amount of NPLs formation in the Group and Greece was negative, despite the adverse conditions in the economic environment, through the intensive efforts of the Bank's Recovery Banking Unit. The decrease was evident in all loan categories. A consequence of the above was the decline in loans in arrears above 90 days by € 0.9 bn from the end of December 2015, after a long growth period, as a result of the prolonged crisis in Greece.

The Group's **net interest income** amounted to € 962 mn in H1 2016 (+1% annually) and net commission income to € 153 mn respectively (-2% annually), out of which 90% from commercial banking activities. Total net revenues for H1 2016 were € 1.3 bn, increased by 11%. It is noted that the amount of € 25 mn is included in the Bank's financial income coming from the Bank's participation in the QE program of ECB from the sale of EFSF bonds, as already mentioned. In addition, an extraordinary gain of € 77 mn was the result of the participation in VISA, following the sale of VISA Inc to VISA Europe on 21.06.16. The Group's total operating expenses in H1 2016 stood at € 646 mn, down by 2% on an annual basis.

As a result of the above, Group **pre-tax and provision profitability** for H1 2016 amounted to € 625 mn (+28% annually). H1 2016 results were burdened by significant provisions for loans amounting at € 555 mn, thus further fortifying the Group's balance sheet and bringing the accumulated provisions at the end of June 2016 to € 17.3 bn. 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 € 45 mn.

Pre-tax results in H1 2016 amounted to marginal profit of € 1 mn, while the Group after-tax results from continuing operations attributable to shareholders amounted to a marginal loss of € 17 mn in H1 2016. The respective performance of Q2.2016 was € 20 mn profitable.

Group **total equity** at the end of June 2016 was € 9.9 bn. The Group's **total capital adequacy ratio**, according to Basel III regulatory framework, was 17.3% at the end of June 2016, as well as the Common Equity Tier 1 ratio, whereas, taking into account the risk weighted assets relief from the sale of discontinued operations (Piraeus Bank Cyprus and ATE Insurance) of € 0.8 bn, the ratio is 17.5%. The part of the Group's regulatory capital relating to deferred tax assets based on L. 4172/2013, 4302/2014, 4340/2015, was € 4.1 bn on June 30 2016. Fully loaded CET I ratio of the Group came in at 16.6%, taking into account the adjustments for divestments of discontinued operations.

The Group's **branch network** at the end of June 2016 stood at 939 units (-50 units from the beginning of the year), with 678 units in Greece and 261 in 7 countries abroad. The branch network in Greece during H1 2016 was reduced by 31 units, as a result of the rationalization program following the acquisitions. The Group's **headcount** for continuing operations on June 30, 2016, amounted to 18,525 employees, of which 14,957 in Greece και 3,568 abroad. The Group's headcount is reduced by 754 employees from the beginning of the year, mainly due to the voluntary exit scheme in Greece which took place in Q2.2016.

The Group's **international continuing operations** on June 30, 2016, accounted for 7% of its 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 and its subsidiaries, these were not material in H1 2016, in any case these transactions are included in the Group's Mid Year Financial Report for H1 2016.

Description of Major Risks and Uncertainties for H2 2016

During H1 2016 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);
- development and review of the Group's Risk & Capital Strategy including the Risk Profile Framework;
- 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;
- update of the internal capital adequacy assessment process framework (ICAAP) under Pillar II of Basel;
- conclusion of development plan with a view to migrating to the IRB approach for credit risk;
- update of Liquidity Risk Management Policy and Stress Test Framework;
- 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 sector would have an impact on the Bank's liquidity, the quality of its loan portfolio, its financial results and its capital base.

At a European level, the result of the referendum that was held on June 23, 2016 for the UK leaving the European Union, raised major concerns regarding the unity and the possible occurrence of similar actions by other countries in the future, as well as the emergence of potential risks for the European economy and financial markets. Particularly for the Greek economic environment, it is not expected to have significant impacts due to the small size and the structure of the economic relations between the two countries. Lastly, the refugee-migrant issue, 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, Piraeus Bank focuses on all the significant potential and recovery opportunities that certainly exist for the Greek economy, in a horizon of 1 to 3 years.

Main challenges to be addressed for 2016, remain the improvement in asset quality via new solutions to the non-performing loans issue and in a consistent manner active NPL management, 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.

Corporate Responsibility Initiatives

Piraeus Bank abides by the principles of sustainable development and actively participates in global initiatives and corporate sustainability indices. Through these initiatives and based on international standards and practices, the Bank undergoes continuous evaluation and develops its corporate responsibility. Towards this direction and since 2004, Piraeus Bank has been voluntarily participating in the UN Global Compact, actively supporting and promoting its 10 principles, which pertain to human and labor rights, environment protection and anti-corruption and undertaking actions that are based upon these principles (https://www.unglobalcompact.org/). The Bank aims to continuously enhance its corporate responsibility and to promote its significance to the business and social environment.

The Bank consistently embarks on programmes and actions that aim to reduce its environmental footprint, and address issues like climate change and biodiversity protection. It should be noted, that Environmental Management System of Piraeus Bank incorporates its entire branch network and administration buildings (total area of 503,457 m2), while the total number of Bank's employees has been certified according to the EMAS regulation (Eco management and audit scheme) and ISO 14001: 2004, Piraeus is recognized as one of the largest organizations at European level that possesses this demanding environmental certification:

(http://www.piraeusbankgroup.com/en/corporate-responsibility/environment/environmental-fields-of-action/environmental-management).

At Piraeus Bank we will continue to work intensively in order to attain our business and social targets and towards this direction we will continue our effort during the second half of 2016.

On behalf of the Board of Directors
Charikleia Apalagaki

Chairperson of BoD

PIRAEUS BANK

PIRAEUS BANK GROUP

Consolidated Interim Condensed Financial Information

30 June 2016

In accordance with the International Financial Reporting Standards

The attached consolidated interim condensed financial information has been approved by the Piraeus Bank S.A. Board of Directors on August 30th 2016 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

This financial information has been translated from the original interim financial information that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial information, the Greek language financial information will prevail over this document.

Index to the Consolidated Interim Condensed Financial Information

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Period from 1 January to		Period from 1 April to	
		30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
Interest and similar income		1,355,913	1,519,761	664,124	754,941
Interest expense and similar charges		(393,528)	(568,778)	(179,690)	(290,482)
NET INTEREST INCOME		**962,384**	**950,983**	**484,434**	**464,459**
Fee and commission income		173,467	173,983	90,253	86,868
Fee and commission expense		(20,673)	(18,335)	(11,062)	(9,681)
NET FEE AND COMMISSION INCOME		**152,793**	**155,648**	**79,191**	**77,187**
Dividend income		5,697	6,028	5,640	5,551
Net income from financial instruments designated at fair value through profit or loss		13,298	14,911	4,207	18,409
Results from investment securities	6	103,215	(6,207)	106,507	(283)
Other results		32,889	26,469	9,322	13,193
TOTAL NET INCOME		**1,270,276**	**1,147,832**	**689,300**	**578,516**
Staff costs		(319,603)	(332,399)	(159,579)	(165,748)
Administrative expenses		(270,711)	(274,384)	(140,102)	(140,455)
Depreciation and amortisation		(55,230)	(54,504)	(27,717)	(27,280)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(645,544)**	**(661,286)**	**(327,399)**	**(333,483)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**624,732**	**486,546**	**361,902**	**245,033**
Impairment losses on loans	12	(554,714)	(1,859,247)	(265,363)	(1,588,195)
Impairment losses on other receivables		(23,556)	(57,112)	(18,172)	(50,299)
Impairment losses on other debt securities - receivables		(5,113)	-	(5,113)	-
Other provisions and impairment		(16,241)	(15,394)	(9,486)	(12,271)
Share of profit of associates		(24,363)	(19,236)	(24,065)	(6,475)
PROFIT/ (LOSS) BEFORE INCOME TAX		**746**	**(1,464,442)**	**39,703**	**(1,412,208)**
Income tax	8	(18,107)	340,170	(19,936)	351,782
PROFIT/ (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**(17,362)**	**(1,124,272)**	**19,767**	**(1,060,426)**
Profit/ (loss) after income tax from discontinued operations	7	(23,102)	(710)	(16,094)	13,438
PROFIT/ (LOSS) AFTER TAX		**(40,464)**	**(1,124,982)**	**3,673**	**(1,046,988)**
From continuing operations					
Profit/ (loss) attributable to equity holders of the parent entity		(16,613)	(1,122,897)	20,166	(1,059,648)
Non controlling interest		(749)	(1,375)	(399)	(777)
From discontinued operations					
Profit/ (loss) attributable to equity holders of the parent entity		(23,101)	(761)	(16,093)	13,417
Non controlling interest		(1)	51	(1)	21
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):					
From continuing operations					
- Basic and Diluted	9	(0.0019)	(0.6661)	0.0023	(0.6287)
From discontinued operations					
- Basic and Diluted	9	(0.0026)	(0.0005)	(0.0018)	0.0080

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME	**Note**	**Period from 1 January to**		**Period from 1 April to**	
		30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
CONTINUING OPERATIONS					
Profit/ (loss) after tax (A)		**(17,362)**	**(1,124,272)**	**19,767**	**(1,060,426)**
Other comprehensive income, net of tax:					
Amounts that can be reclassified in the Income Statement					
Change in available for sale reserve	10	(61,665)	(78,926)	(45,995)	(34,809)
Change in currency translation reserve	10	(6,533)	(11,040)	5,575	339
Amounts that can not be reclassified in the Income Statement					
Change in reserve of defined benefit obligations	10	(181)	8,363	(190)	12
Other comprehensive income, net of tax (B)	10	**(68,379)**	**(81,602)**	**(40,610)**	**(34,458)**
Total comprehensive income, net of tax (A+B)		**(85,741)**	**(1,205,875)**	**(20,843)**	**(1,094,884)**
- Attributable to equity holders of the parent entity		(85,031)	(1,204,552)	(20,435)	(1,094,074)
- Non controlling interest		(709)	(1,322)	(407)	(809)
DISCONTINUED OPERATIONS					
Profit/ (loss) after tax (C)		**(23,102)**	**(710)**	**(16,094)**	**13,438**
Other comprehensive income, net of tax:					
Amounts that can be reclassified in the Income Statement					
Change in available for sale reserve	10	177	2,846	2,130	(3,067)
Change in currency translation reserve	10	6	8,609	(19)	(4,264)
Amounts that can not be reclassified in the Income Statement					
Change in reserve of defined benefit obligations	10	-	432	-	694
Other comprehensive income, net of tax (D)	10	**183**	**11,887**	**2,111**	**(6,638)**
Total comprehensive income, net of tax (C+D)		**(22,919)**	**11,177**	**(13,983)**	**6,800**
- Attributable to equity holders of the parent entity		(22,917)	10,971	(13,982)	6,856
- Non controlling interest		(1)	206	(1)	(56)

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION	Note	30 June 2016	31 December 2015
ASSETS			
Cash and balances with Central Banks		3,733,815	3,644,821
Loans and advances to credit institutions		176,498	179,523
Financial assets at fair value through profit or loss	11	259,269	240,398
Derivative financial instruments - assets		478,362	437,678
Reverse repos with customers		22,898	641
Loans and advances to customers (net of provisions)	12	48,873,285	50,591,193
Available for sale securities	13	2,569,187	2,739,687
Debt securities - receivables	14	15,490,080	16,985,336
Held to maturity		305	182
Assets held for sale		15,576	34,089
Inventories property		887,536	847,386
Investment property		1,041,780	1,035,911
Investments in associated undertakings		257,774	297,738
Property, plant and equipment		1,505,163	1,474,160
Intangible assets		268,142	274,159
Deferred tax assets	8	5,092,065	5,074,769
Other assets		1,952,413	2,076,129
Assets from discontinued operations	7	1,691,921	1,594,414
TOTAL ASSETS		**84,316,069**	**87,528,216**
LIABILITIES			
Due to credit institutions	16	31,842,436	34,490,583
Due to customers	17	38,406,412	38,951,880
Financial liabilities at fair value through profit or loss		-	2,499
Derivative financial instruments - liabilities		482,850	445,819
Debt securities in issue	18	92,940	102,314
Current income tax liabilities		66,699	51,737
Deferred tax liabilities		30,074	31,499
Retirement benefit obligations		193,098	192,780
Other provisions	19	115,192	182,500
Other liabilities		1,579,776	1,571,196
Liabilities from discontinued operations	7	1,577,763	1,484,883
TOTAL LIABILITIES		**74,387,239**	**77,507,690**
EQUITY			
Share capital	21	2,619,955	2,619,955
Share premium	21	13,074,688	13,074,688
Contingent convertible securities	21	2,040,000	2,040,000
Less: Treasury shares	21	(72)	(460)
Other reserves	22	(63,257)	(7,766)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	22	22,046	21,863
Retained earnings	22	(7,898,050)	(7,840,635)
Capital and reserves attributable to equity holders of the parent entity		**9,795,310**	**9,907,644**
Non controlling interest		133,520	112,882
TOTAL EQUITY		**9,928,829**	**10,020,526**
TOTAL LIABILITIES AND EQUITY		**84,316,069**	**87,528,216**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	Note	Attributable to owners of the parent						Non controlling interest	TOTAL
		Share Capital	Share Premium	Contingent Convertible securities	Treasury shares	Other reserves	Retained earnings		
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	10					(69,923)		208	(69,716)
Results after tax for the period 1/1/2015 - 30/6/2015	22						(1,123,658)	(1,324)	(1,124,982)
Total recognized income for the period 1/1/2015 - 30/6/2015		**0**	**0**	**0**	**0**	**(69,923)**	**(1,123,658)**	**(1,116)**	**(1,194,698)**
(Purchases)/ sales of treasury shares	21, 22				(1,418)		319		(1,099)
Transfer between other reserves and retained earnings	22					387	(387)		0
Acquisitions, disposals and movements in participating interest	22					(7,834)	5,825	5,423	3,414
Balance as at 30 June 2015		**1,830,594**	**11,393,314**	**0**	**(1,418)**	**(169,823)**	**(7,039,196)**	**116,388**	**6,129,859**
Opening balance as at 1 July 2015		**1,830,594**	**11,393,314**	**0**	**(1,418)**	**(169,823)**	**(7,039,196)**	**116,388**	**6,129,859**
Other comprehensive income, net of tax						156,768		(97)	156,671
Results after tax for the period 1/7/2015-31/12/2015	22						(769,190)	(1,824)	(771,014)
Total recognized income for the period 1/7/2015 - 31/12/2015		**0**	**0**	**0**	**0**	**156,768**	**(769,190)**	**(1,921)**	**(614,343)**
Increase of share capital		2,601,649		2,040,000					4,641,649
Share capital increase expenses	21		(130,915)						(130,915)
Decrease of the nominal value of ordinary shares	21	(1,812,288)	1,812,288						0
Prior year dividends								(95)	(95)
(Purchases)/ sales of treasury shares	21, 22				958		(1,731)		(774)
Transfer between other reserves and retained earnings	22					27,960	(27,960)		0
Acquisitions, disposals and movement in participating interest	22					(808)	(2,557)	(1,491)	(4,856)
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**
Opening balance as at 1 January 2016		**2,619,955**	**13,074,687**	**2,040,000**	**(460)**	**14,096**	**(7,840,635)**	**112,882**	**10,020,526**
Other comprehensive income, net of tax	10					(68,235)		40	(68,196)
Results after tax for the period 1/1/2016 - 30/6/2016	22						(39,713)	(750)	(40,464)
Total recognized income for the period 1/1/2016-30/6/2016		**0**	**0**	**0**	**0**	**(68,235)**	**(39,713)**	**(711)**	**(108,659)**
(Purchases)/ sales of treasury shares	21, 22				389		(32)		356
Transfer between other reserves and retained earnings	22					13,283	(13,283)		0
Disposals, liquidations and movement in participating interest	22					(355)	(4,387)	21,348	16,607
Balance as at 30 June 2016		**2,619,955**	**13,074,687**	**2,040,000**	**(72)**	**(41,212)**	**(7,898,050)**	**133,520**	**9,928,830**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INTERIM CASH FLOW STATEMENT	Note	Period from 1 January to	
		30 June 2016	30 June 2015
Cash flows from operating activities from continuing operations			
Profit/ (Loss) before tax		746	(1,464,442)
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		599,624	1,931,753
Add: depreciation and amortisation charge		55,230	54,504
Add: retirement benefits		7,533	7,522
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		9,717	(710)
(Gains)/ losses from investing activities		(75,330)	23,916
Cash flows from operating activities before changes in operating assets and liabilities		597,519	552,543
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Banks		216,800	(304,747)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		(11,212)	23,368
Net (increase)/ decrease in debt securities - receivables		1,490,044	12,879
Net (increase)/ decrease in loans and advances to credit institutions		(177)	4,180
Net (increase)/ decrease in loans and advances to customers		1,155,259	1,729,837
Net (increase)/ decrease in reverse repos with customers		(22,257)	56,268
Net (increase)/ decrease in other assets		98,038	(172,132)
Net increase/ (decrease) in amounts due to credit institutions		(2,648,147)	13,831,460
Net increase/ (decrease) in liabilities at fair value through profit or loss		(2,514)	(1,130)
Net increase/ (decrease) in amounts due to customers		(545,468)	(15,283,723)
Net increase/ (decrease) in other liabilities		(69,944)	274,542
Net cash flow from operating activities before income tax payment		257,940	723,344
Income tax paid		(119)	(586)
Net cash inflow/ (outflow) from continuing operating activities		**257,821**	**722,759**
Cash flows from investing activities of continuing operations			
Purchases of property, plant and equipment		(137,745)	(110,693)
Sales of property, plant and equipment		21,485	10,869
Purchases of intangible assets		(12,886)	(35,853)
Purchases of assets held for sale		(3,386)	(6,181)
Sales of assets held for sale		21,035	6,298
Purchases of investment securities		(3,190,901)	(4,632,091)
Disposals/ maturity of investment securities		3,358,084	4,238,247
Acquisition of subsidiaries excluding cash & cash equivalents acquired		(1)	(44,445)
Sales of subsidiaries excluding cash and balances sold		14,452	-
Establishments, acquisition and participation in share capital increases of associates	24	(1,650)	(54,026)
Sales of associates		10,991	32,478
Dividends received		5,610	6,026
Net cash inflow/ (outflow) from continuing investing activities		**85,088**	**(589,372)**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(16,678)	(119,679)
Purchases/ sales of treasury shares and preemption rights		356	(1,099)
Other cash flows from financing activities		-	11,181
Net cash inflow/ (outflow) from continuing financing activities		**(16,322)**	**(109,597)**
Effect of exchange rate changes on cash and cash equivalents		(10,288)	(2,641)
Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)		**316,300**	**21,150**
Net cash flows from discontinued operating activities		148,936	128,449
Net cash flows from discontinued investing activities		(31,618)	(184,627)
Net cash flows from discontinued financing activities		-	169
Exchange difference of cash and cash equivalents		6	(1,477)
Net incease/ (decrease) in cash and cash equivalents from discontinued activities (B)		**117,324**	**(57,485)**
Cash and cash equivalents at the beginning of the period (C)		**2,276,758**	**2,664,133**
Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank (D)		**0**	**3,291**
Cash and cash equivalents at the end of the period (A)+(B)+ (C)+ (D)		**2,710,382**	**2,631,088**

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 19,993 people of which 552 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 Markets, Med 100), MSCI (Emerging Markets, EM EMEA, Greece), Euro Stoxx (TMI, All Europe, Greece TM) and S&P (Developed Mid Small Cap).

2 General accounting policies, critical accounting estimates and judgements

a. General accounting policies

The same accounting principles and calculation methods have been used as in the annual financial statements of the Group as of 31st December 2015.

The following amendments and improvements in IFRSs have been issued by the IASB, have been endorsed by the European Union and they are effective from 1/1/2016.

- **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 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.

- **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 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.

- **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.

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 in cases of share based payments.

- **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 judgments made by Management when aggregating the entity's 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 accounted for at the amount of the asset/ liability, 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 information. In case such information is presented in sections of the interim financial information other than disclosures, cross-references shall be used.

These improvements and amendments do not significantly affect the interim condensed financial information for the 1st semester of 2016.

b. Critical accounting estimates and judgments in the application of the accounting policies

The preparation of interim condensed 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:

b.1. Impairment losses on loans and other receivables

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

b.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.

b.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.

b.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 of each financial year, for the fair value measurement of the Bank´s properties, a sample of investment properties, own-use and inventory properties, is selected. The valuation of these properties is assigned to independent valuers. The results of the valuations are extrapolated to the remaining property population depending on the category, the type and the location of the property. In addition, the subsidiary companies of the Group apply the procedures of the Bank regarding the valuation of their real estate property, adjusted to the specific conditions of every company.

In case that, there is evidence for significant changes of the conditions of the real estate market in the interim reporting periods, the Bank reassesses the fair value of certain properties.

b.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.

b.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. Also, 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.

Amounts in thousand euros (Unless otherwise stated)

b.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.

b.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.

b.9. 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 3.

As at 30 June 2016, the total carrying value of the Group’s receivables from Greek Public Sector is as follows:

	30/6/2016	31/12/2015
Derivative financial instruments - assets	383,052	347,370
Bonds and treasury bills at fair value through profit or loss	17,566	50,351
Loans to corporate entities/ Public sector	409,032	1,373,825
Bonds, treasury bills and other variable income securities of investment portfolio	1,922,336	2,034,992
Other Assets	767,236	741,828
Total	**3,499,222**	**4,548,366**

The line “Other assets” as at 31/12/2015 was restated for comparison purposes.

3. Basis of preparation of the consolidated interim condensed financial information

The consolidated interim condensed financial information of the Group has 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 the consolidated interim condensed financial information.

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

Going concern basis

The consolidated interim condensed financial information has 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

In June 2016, following the completion of the 1st evaluation of the 3rd economic adjustment program, which was concluded in August 2015, a positive development to the Greek economic environment, which is now at a turning point for the transition from the prolonged recession to sustainable growth, was accomplished.

In 2015, in an intensely volatile macroeconomic and financial environment, the uncertainty peaked with the imposition of capital controls (maintaining until today the limit on cash withdrawals and capital transfers and payments abroad even though gradually eased) and the bank holiday resulting in signing a Financial Assistance Facility Agreement with the ESM in the context of the 3rd economic adjustment program. The total amount of the loans from the ESM for the period August 2015 – August 2018 will be up to € 86 billion. The disbursement of funds is linked to progress in delivery of policy conditions, in accordance with the MoU. 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 (against an initial estimation of € 25 billion), which was completed on December 2015, following the announcement of the results of the Comprehensive Assessment conducted by ECB on 31/10/2015.

In 2015, the real GDP, according to seasonally adjusted data, decreased by -0.3% (2014: + 0.7%) registering a recession significantly lower than the expected according to the economic adjustment program (-2.3%). Simultaneously, in 2015 a primary surplus was reached based on the terms of the program of 0.7% of GDP against a deficit target of -0.25% of GDP.

In 2016, the real GDP, according to the draft data for the 2nd quarter, increased by +0.2% on a quarterly basis, indicating for this quarter a decrease by -0.9% on an annual basis, which combined with the revised reduction by -1.0% in the 1st quarter of the year, shows a reduction of -1.0% on an annual basis for the 1st semester of 2016 (1st semester of 2015: 0.6%). At the same time, during the 1st semester of 2016, both travel proceeds, which were decreased by -5.8%, and tourists' arrivals, which were marginally decreased by -1.6% compared to the corresponding semester of 2015, were at levels higher than those of the corresponding quarter of 2014. The unemployment rate, in the 1st quarter of 2016, according to non seasonally adjusted data, reached 24.9% versus 26.6% in the corresponding period of 2015. In July 2016, according to a European Commission research and based on seasonally adjusted data, the economic sentiment indicator was improved and amounted to 90.9 units (June 2016: 89.7 units). The improvement in the business expectations indicator in industry, services and retail trade offset the reduction in the consumer confidence indicator and in constructions.

After the completion of two critical Eurogroups in May 2016 for the determination of the prerequisites measures and actions, the Greek side voted the legislation and implemented a series of measures and reforms successfully completing the first evaluation. The disbursement tranche of ESM program of amount € 10.3 billion in individual sub-payments was approved on 17/6/2016. The first sub-tranche of € 7.5 billion was paid on 21st June 2016, in order to cover the financing needs and clearing overdue liabilities of the Greek government. The remaining amount (€ 2.8 billion) is expected to be disbursed in September 2016 after the implementation of prerequisite package and the satisfactory progress of clearing outstanding commitments.

The completion of the evaluation, in combination with the expected debt relief measures over time, is expected to lead to a gradual improvement in the economic environment, alongside with the implementation of privatizations, the further liberalization of capital movements, the return to positive rates of GDP, and the participation of Greek bonds in ECB´s quantitative easing program.

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

<u>Capital adequacy</u>

According to the Eurogroup statement on the ESM program for Greece on August 14, 2015, the total € 86 billion envelope of the 3rd economic adjustment program 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.

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 Bank’s position, thus contributing towards the expected recovery for a part of outflow of deposits in Greece at the beginning of 2015 and the reduction of the funding from Eurosystem and more specifically from the ELA.

The SSM inspection regarding the accuracy of the capital adequacy ratios calculation is close to be completed. The Bank’s Management estimation is that the above mentioned inspection shall be insignificant on the Group’s capital adequacy ratios.

Liquidity

During the 1st semester of 2016, domestic market deposits (private and public sector) decreased by 1% to € 132 billion. The exposure of all Greek banks in the Eurosystem reduced from € 108 billion at the end of December 2015 to € 87 billion at the end of June 2016, of which about € 54 billion (from € 69 billion respectively), 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).

During the 1st semester of 2016, Piraeus Bank's Group exposure to the Eurosystem reduced by € 5.9 billion to € 26.8 billion, mainly assisted by the further improvement of access to international repo markets, following the stabilization of the Greek banking sector since the end of 2015, the further deleveraging of the loan portfolio in the 1st semester of 2016, as well as the Bank´s participation in the ECB´s program of Quantitative Easing ("QE") with the sale of EFSF bonds of amount € 1.5 billion in the 2nd quarter of 2016. Piraeus Bank's financing through the ELA was reduced by € 2.3 billion in the 1st semester of 2016 to € 14.4 billion at the end of June 2016.

On 28 April 2016, the last guarantees of the Hellenic Republic (Pillar II), used by Piraeus Bank for liquidity purposes under the framework of L.3723/2008 "The strengthening of the liquidity of the Economy for offsetting the impact of the international financial crisis," were redeemed and therefore Piraeus Bank is no longer subject to the restrictions of the support program. It is noted that Piraeus Bank has fully repaid all the Pillars of L.3723/2008, without any loss to the Greek State as to the guarantees and capital it offered, while the Greek State has received approximately € 675 million fees from Pillars II and III.

At the same time, the EFSF allowed Greek banks that had received EFSF notes in previous years, within the framework of their recapitalisation and the consolidation of the banking sector, to sell the respective notes to the members of the Eurosystem, in accordance with the conditions applicable to the QE program established by the European Central Bank. Up to June 30, 2016 Piraeus Bank has sold EFSF bonds with a nominal value of € 1.5 billion in the context of the QE program.

On 22 June 2016, the Governing Council of the ECB decided to reinstate the waiver affecting the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic as collateral for the supply of liquidity, subject to special "haircuts". The reinstatement of the waiver excluded, already as of 2 March 2015, uncovered guaranteed bank bonds that have been issued by the counterparty itself or an entity closely linked to that counterparty, such as the government guaranteed bonds under the Second Pillar of the Greek Law 3723/2008, pursuant to the ECB Decisions ECB/2012/12 and ECB/2013/6. The waiver came into force on June 29, 2016 and for Piraeus Bank, has reduced ELA use by approximately € 1 billion.

Furthermore, Greek banks can participate in the ECB's Targeted Longer-Term Refinancing Operations ("TLTRO"), getting the benefit associated with the new TLTRO II programme announced on 10 March 2016 by the ECB, subject to sufficient eligible collateral. The duration of the new TLTRO is four years, with four windows of participation, beginning from June 2016 until March 2017. Piraeus Bank participated in the first auction on June 23, 2016 with € 4 billion, shifting also the € 2.7 billion of TLTRO I to TLTRO II.

Piraeus Bank's management, after taking into account the introduction of the economic adjustment program, the uninterrupted liquidity provided by the Eurosystem to the Greek banking system, the completion of the share capital increase in 2015, the current high level of capital adequacy, as well as the gradual relax of capital controls imposed one year ago, expects to be able to fully cover its short-term and middle-term financing needs.

Amounts in thousand euros (Unless otherwise stated)

4 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 consolidated balance sheet at fair value.

Assets	Carrying Value		Fair Value	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Loans and advances to credit institutions	176,498	179,523	176,498	179,523
Loans and advances to customers (net of provisions)	48,873,285	50,591,193	48,208,691	48,749,756
Debt securities - receivables	15,490,080	16,985,336	15,764,863	17,286,346
Reverse repos with customers	22,898	641	22,898	641
Held to maturity securities	305	182	305	182

Liabilities	Carrying Value		Fair Value	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Due to credit institutions	31,842,436	34,490,583	31,842,436	34,490,583
Due to customers	38,406,412	38,951,880	38,406,412	38,951,880
Debt securities in issue	92,940	102,314	73,706	75,354
Obligations under finance leases	355,147	347,702	355,147	347,702

The fair values as at 30/6/2016 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 held to maturity 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.

b) Assets and liabilities measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The Group considers relevant and observable market prices in its valuations where possible. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect the Group’s market assumptions.

These two types of inputs have created the following fair value hierarchy:

Level 1

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

Level 2

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

Level 3

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 and derivative financial instruments.

Shares and derivative financial instruments within level 3 are not traded in an active market or there are no available prices from external traders in order to determine their fair value.

Shares categorized in the available for sale portfolio

The valuation is carried out with variables that are not based on observable market data (unobservable inputs). For the determination of the fair value of the aforementioned shares, the Bank uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The 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, 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.

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

Amounts in thousand euros (Unless otherwise stated)

Assets & Liabilities measured at fair value as at 30/6/2016	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	472,155	6,207	**478,362**
Financial instruments at fair value through profit or loss				
- Bonds	17,620	200,896	-	**218,515**
- Treasury bills	35,772	-	-	**35,772**
- Shares & other variable income securities	4,980	1	-	**4,981**
Available for Sale Securities				
- Bonds	470,300	250,888	-	**721,187**
- Treasury bills	1,522,377	33,292	-	**1,555,668**
- Shares & other variable income securities	110,452	2,927	178,952	**292,331**
Liabilities				
Derivative financial instruments - liabilities	-	482,850	-	**482,850**

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**
- Treasury bills	1,621,695	47,754	-	**1,669,449**
- Shares & other variable income securities	142,863	3,044	230,951	**376,857**
Liabilities				
Derivative financial instruments - liabilities	-	445,819	-	**445,819**
Financial liabilities at fair value through profit or loss	2,499	-	-	**2,499**

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 30/6/2016, no transfer from level 1 to level 2 and vice versa occurred in the period 1/1-30/6/2016.

The following tables present the movement of derivative financial instruments-assets and shares of the available for sale portfolio within level 3 in the period 1/1 - 30/6/2016 and in 2015:

Reconciliation of level 3 items (1st semester 2016)	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening balance 1/1/2016	2,197	230,950
Profit/ (loss) for the period	4,010	-
Other comprehensive income	-	(3,772)
Purchases	-	23,142
Transfer to the subsidiaries' portfolio	-	(5,000)
Impairment	-	(347)
Disposals (note 6)	-	(65,935)
FX differences and other movements	-	(87)
Closing balance 30/6/2016	**6,207**	**178,951**

Reconciliation of level 3 items (year 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
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**

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)	30/06/2016	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(16)
Derivative financial instruments - assets	5	(4)
Equity Statement		
Available for sale shares & other variable income securities	17	-

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)

Considering changes in the underlying share price by +/- 5%, in the volatility of the share price by +/- 10%, in interest rates by +/- 10 basis points and in credit spreads by +/- 100 basis points, the change in the fair value of the embedded derivative as compared to its fair value as at 30/6/2016, will range between about +88% in the scenarios of favourable changes and -63% in the scenarios of unfavourable changes.

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.

5 Business segments

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

Investment Banking - This segment includes activities related to investment banking 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 business segments – Other business 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)

1/1-30/6/2016	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	761,401	282,258	185	26,789	(108,249)	**962,384**
Net fee and commision income	130,853	11,364	2,008	6,428	2,141	**152,793**
Other income	108,325	1,343	2,000	30,183	13,248	**155,098**
Net Income	**1,000,578**	**294,965**	**4,193**	**63,400**	**(92,860)**	**1,270,276**
Depreciation and amortisation	(16,626)	(1,303)	(164)	(1,318)	(35,819)	**(55,230)**
Other operating expenses	(468,817)	(47,570)	(6,506)	(29,766)	(37,654)	**(590,314)**
Results before provisions, impairment and income tax	**515,134**	**246,093**	**(2,478)**	**32,317**	**(166,333)**	**624,732**
Impairment losses on loans	(410,018)	(144,696)	-	-	-	**(554,714)**
Impairment losses on other receivables	(2,184)	(29)	-	-	(21,344)	**(23,556)**
Impairment losses on other debt securities - receivables	-	-	-	-	(5,113)	**(5,113)**
Other provisions and impairment	(9,207)	(1,203)	-	-	(5,831)	**(16,241)**
Share of profit of associates	-	-	-	-	(24,363)	**(24,363)**
Results before tax	**93,725**	**100,165**	**(2,478)**	**32,317**	**(222,984)**	**746**
Income tax						(18,107)
Results after tax from continuing operations						**(17,362)**
Results after income tax from discontinued operations						(23,102)
Results after tax for the period						**(40,464)**
As at 30 June 2016						
Total assets	40,664,791	12,706,828	53,284	19,589,008	11,302,157	**84,316,069**
Total liabilities	37,732,032	1,637,603	45,892	33,006,227	1,965,486	**74,387,239**
Capital expenditure	90,650	3,111	69	1,306	56,323	**151,459**

Amounts in thousand euros (Unless otherwise stated)

1/1-30/6/2015	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	720,603	317,849	165	65,118	(152,752)	**950,983**
Net fee and commision income	127,013	18,848	2,206	5,829	1,752	**155,648**
Other income	25,542	555	1,214	12,012	1,878	**41,201**
Net Income	**873,158**	**337,252**	**3,585**	**82,959**	**(149,122)**	**1,147,832**
Depreciation and amortisation	(18,000)	(1,495)	(177)	(1,405)	(33,427)	**(54,504)**
Other operating expenses	(487,819)	(48,110)	(5,294)	(30,520)	(35,039)	**(606,782)**
Results before provisions, impairment and income tax	**367,339**	**287,646**	**(1,885)**	**51,033**	**(217,588)**	**486,546**
Impairment losses on loans	(1,106,820)	(752,427)	-	-	-	**(1,859,247)**
Impairment losses on other receivables	(6,485)	(348)	-	-	(50,278)	**(57,112)**
Other provisions and impairment	(6,538)	(2,376)	-	-	(6,479)	**(15,394)**
Share of profit of associates	-	-	-	-	(19,236)	**(19,236)**
Results before tax	**(752,504)**	**(467,505)**	**(1,885)**	**51,033**	**(293,581)**	**(1,464,442)**
Income tax						340,170
Results after tax from continuing operations						**(1,124,272)**
Results after income tax from discontinued operations						(710)
Results after tax for the period						**(1,124,982)**
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**
As at 30 June 2015						
Capital expenditure	74,099	5,694	171	867	68,126	**148,958**

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 Banking Unit (RBU) that was established during 2014.

30/06/2016	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	20,193,546	(10,120,495)	10,073,051
Mortgages	4,549,911	(1,419,425)	3,130,486
Consumer	3,187,315	(2,054,306)	1,133,008
Total	**27,930,771**	**(13,594,226)**	**14,336,545**

31/12/2015	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**

Total liabilities include deposits of customers of RBU of amount € 414,679 thousand (31/12/2015: € 426,154 thousand).

6 Results from investment securities

"Results from investment securities" for the 1st semester 2016 were mainly driven by: a) a gain of € 77 million upon the finalization of the sale of Visa Europe shares to Visa Inc. on 21/6/2016. Part of the aforementioned gain, amount of € 70 million, had been recognized directly to the Group's equity as at 31/12/2015 following the valuation of Visa Europe shares, b) a gain of € 25 million from the sale in the 2nd quarter of 2016 of EFSF bonds of face value € 1.5 billion within the framework of the ECB´s Quantitative Easing (QE) program, c) a gain of approximately € 14 million on the sale of listed in the Athens Stock Exchange shares and d) a loss of € 8.8 million on the sale of the total holding in the associate company European Reliance General Insurance Co. SA, in the framework of the Bank's Restructuring Plan.

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

In the period 1/1-30/6/2016 are included the results of ATE Insurance S.A., ATE Insurance Romania S.A. and Piraeus Bank Cyprus LTD group of companies. In the period 1/1-30/6/2015 are included the results of the aformentioned companies and Piraeus Bank Egypt S.A.E. group of companies.

Amounts in thousand euros (Unless otherwise stated)

	1/1-30/6/2016	1/1-30/6/2015
Net interest income	13,585	32,637
Net fee and commission income	3,702	9,592
Dividend Income	727	831
Net income from financial instruments designated at fair value through profit or loss	1,478	2,181
Results from investment securities	-	434
Other results	11,118	17,315
Total net income	**30,610**	**62,990**
Staff costs	(13,352)	(27,106)
Administrative expenses	(8,371)	(14,215)
Depreciation and amortization	(967)	(6,980)
Total operating expenses before provisions	**(22,690)**	**(48,301)**
Other provisions and impairment	(30,461)	(7,917)
Share of profit of associates	-	(194)
Profit/ (loss) before income tax	**(22,542)**	**6,578**
Income tax	(560)	(7,288)
Profit/ (loss) after income tax from discontinued operations	**(23,102)**	**(710)**

The following assets and liabilities as at 30/6/2016 and 31/12/2015 relate to the companies ATE Insurance S.A., ATE Insurance Romania S.A. and Piraeus Bank Cyprus LTD group.

	30 June 2016	31 December 2015
ASSETS		
Cash and balances with Central Banks	328,244	211,043
Loans and advances to credit institutions	10,074	10,143
Derivative financial instruments	36	5
Financial instruments at fair value through profit or loss	5,294	6,589
Loans and advances to customers	597,023	632,547
Available for sale securities	441,004	407,951
Held to maturity	23,549	23,877
Debt securities - receivables	16,036	36,518
Investment property	22,294	21,199
Property, plant and equipment	64,898	65,497
Intangible assets	1,031	872
Deferred tax assets	75,452	73,523
Other assets	106,986	104,649
Total Assets	**1,691,921**	**1,594,414**
LIABILITIES		
Due to credit institutions	2,155	1,785
Due to customers	1,010,443	950,150
Derivative financial instruments	8	-
Deferred tax liabilities	16	16
Current income tax liabilities	12,282	6,393
Retirement benefit obligations	4,226	4,226
Other provisions	507,731	491,691
Other liabilities	40,903	30,622
Total Liabilities	**1,577,763**	**1,484,883**

Amounts in thousand euros (Unless otherwise stated)

8 Income tax

	1/1-30/6/2016	1/1-30/6/2015
Current Tax	(11,423)	(15,218)
Deferred tax	(6,685)	355,398
Provisions for tax differences	-	(10)
Total	**(18,107)**	**340,170**

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. A tax rate of 10% is imposed on dividend income acquired until 31/12/2016, whereas from 1/1/2017 and thereon, the tax rate increases to 15% after the voting of Law 4389/2016.

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the years of 2015 and 2016 (Bulgaria: 10%, Romania: 16%, Egypt: 22.5%, Serbia: 15%, Ukraine: 18%, Cyprus: 12.5%, Albania: 15% and United Kingdom: 21% until 31/3/2015 and 20% from 1/4/2015).

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.

As at 30/06/2016, 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 respective tax provisions.

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 and 2015, 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 which was amended after the voting of Law 4410/2016, whereas from 2016 and thereon the issue of the “Annual Tax Certificate” is optional. 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 2015, the tax audit by PricewaterhouseCoopers S.A. has been completed and a non qualified “Tax Compliance Report” is expected to be issued and submitted.

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 15 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 consolidated interim condensed financial information, upon the completion of the tax audit.

Amounts in thousand euros (Unless otherwise stated)

9 Earnings/ (losses) per share

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

Basic and diluted earnings/ (losses) per share from continuing operations	1/1-30/6/2016	1/1-30/6/2015	1/4-30/6/2016	1/4-30/6/2015
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	(16,613)	(1,122,897)	20,166	(1,059,648)
Weighted average number of ordinary shares in issue	8,732,300,652	1,685,685,343	8,732,082,533	1,685,577,885
Basic and diluted earnings/ (losses) per share (in €) from continuing operations	(0.0019)	(0.6661)	0.0023	(0.6287)

Basic and diluted earnings/ (losses) per share from discontinued operations	1/1-30/6/2016	1/1-30/6/2015	1/4-30/6/2016	1/4-30/6/2015
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	(23,101)	(761)	(16,093)	13,417
Weighted average number of ordinary shares in issue	8,732,300,652	1,685,685,343	8,732,082,533	1,685,577,885
Basic and diluted earnings/ (losses) per share (in €) from discontinued operations	(0.0026)	(0.0005)	(0.0018)	0.0080

According to the requirements of IAS 33, the weighted average number of shares for the comparative periods 1/1-30/6/2015 and 1/4-30/6/2015 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 periods have been also adjusted by a factor 1/100 in order to adjust earnings/ (losses) per share for the reverse split (note 21).

10 Analysis of other comprehensive income

A. Continuing operations

1/1-30/6/2016	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(86,300)	24,635	(61,665)
Change in currency translation reserve	(6,533)	-	(6,533)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(181)	-	(181)
Other comprehensive income from continuing operations	**(93,013)**	**24,635**	**(68,379)**

1/1-30/6/2015	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(106,541)	27,615	(78,926)
Change in currency translation reserve	(11,040)	-	(11,040)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	14	8,350	8,363
Other comprehensive income from continuing operations	**(117,567)**	**35,965**	**(81,602)**

Amounts in thousand euros (Unless otherwise stated)

B. Discontinued operations

1/1-30/6/2016	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	177	-	177
Change in currency translation reserve	6	-	6
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	-	-
Other comprehensive income from discontinued operations	**183**	**0**	**183**

1/1-30/6/2015	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	2,846	-	2,846
Change in currency translation reserve	8,609	-	8,609
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	432	-	432
Other comprehensive income from discontinued operations	**11,887**	**0**	**11,887**

11 Financial assets at fair value through profit or loss

	30 June 2016	31 December 2015
Greek government bonds	17,566	50,351
Foreign government bonds	200,949	159,333
Bank bonds	-	56
Foreign government treasury bills	35,772	24,611
Total of bonds and other fixed income securities (A)	**254,288**	**234,351**
Athens stock exchange listed shares	4,980	6,034
Foreign stock exchanges listed shares	1	12
Mutual funds	1	1
Total of shares and other variable income securities (B)	**4,981**	**6,047**
Total financial assets at fair value through profit or loss (A) + (B)	**259,269**	**240,398**

Amounts in thousand euros (Unless otherwise stated)

12 Loans and advances to customers

	30 June 2016	31 December 2015
Mortgages	15,985,577	16,298,876
Consumer/ personal and other loans	4,088,292	4,266,710
Credit cards	1,016,910	1,027,000
Loans to individuals	**21,090,778**	**21,592,586**
Loans to corporate entities and Public sector	**36,975,116**	**38,357,729**
Total loans and advances to customers (before allowances for losses)	**58,065,894**	**59,950,315**
Less: Allowance for impairment on loans and advances to customers	(9,192,609)	(9,359,122)
Total loans and advances to customers (net of provisions)	**48,873,285**	**50,591,193**

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. Specifically, the allowance for impairment of loans of the Group amounting to € 8.1 billion 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 1/1/2015	**744,173**	**961,718**	**262,226**	**1,968,117**	**5,862,979**	**7,831,096**
Opening balance of discontinued operations	**(2)**	**(11,585)**	**(111)**	**(11,699)**	**(85,286)**	**(96,984)**
Charge for the period	**303,864**	**123,402**	**29,062**	**456,328**	**1,411,755**	**1,868,082**
- From continuing operations	301,511	120,699	28,842	**451,052**	1,408,195	**1,859,247**
- From discontinued operations	2,353	2,703	220	**5,275**	3,560	**8,835**
Loans written-off	**(23,814)**	**(91,850)**	**(17,671)**	**(133,335)**	**(391,149)**	**(524,484)**
- From continuing operations	(23,787)	(91,371)	(17,592)	**(132,750)**	(391,135)	**(523,885)**
- From discontinued operations	(27)	(479)	(79)	**(585)**	(14)	**(599)**
Provision of derecognised loans from continuing operations	**-**	**(241)**	**(42)**	**(283)**	**(365,010)**	**(365,293)**
Unwinding from continuing operations	**(39,246)**	**(30,521)**	**(4,876)**	**(74,644)**	**(86,843)**	**(161,486)**
Foreign exchange differences and other movements	**28,105**	**37,731**	**(5)**	**65,831**	**93,663**	**159,494**
- From continuing operations	27,447	37,660	(5)	**65,102**	93,268	**158,370**
- From discontinued operations	658	71	-	**729**	395	**1,124**
Balance at 30/6/2015	**1,013,080**	**988,654**	**268,583**	**2,270,315**	**6,440,109**	**8,710,424**
Opening balance at 1/7/2015	**1,013,080**	**988,654**	**268,583**	**2,270,315**	**6,440,109**	**8,710,424**
Opening balance of discontinued operations	(23,073)	(20,328)	(2,059)	**(45,459)**	(94,094)	**(139,554)**
Opening balance of new companies	24	-	-	**24**	14,106	**14,130**
Charge for the period from continuing operations	319,052	72,159	(3,097)	**388,115**	1,239,445	**1,627,560**
Loans written-off from continuing operations	1,223	(92,718)	(19,078)	**(110,573)**	(245,759)	**(356,332)**
Provision of derecognised loans from continuing operations	-	(114)	13	**(100)**	(337,378)	**(337,479)**
Unwinding from continuing operations	(38,924)	(29,894)	(5,111)	**(73,930)**	(92,777)	**(166,707)**
Foreign exchange differences and other movements from continuing operations	(9,130)	(2,079)	91	**(11,118)**	18,198	**7,079**
Balance at 31/12/2015	**1,262,251**	**915,680**	**239,342**	**2,417,272**	**6,941,849**	**9,359,122**
Opening balance at 1/1/2016	**1,262,251**	**915,680**	**239,342**	**2,417,272**	**6,941,849**	**9,359,122**
Charge for the period	126,049	63,900	(14,266)	**175,683**	379,031	**554,714**
Loans written-off	(7,183)	(61,457)	(14,060)	**(82,699)**	(445,793)	**(528,492)**
Unwinding from continuing operations	(36,393)	(32,893)	(4,083)	**(73,369)**	(102,450)	**(175,819)**
Foreign exchange differences and other movements	(358)	8,229	(19)	**7,852**	(24,768)	**(16,916)**
Balance at 30/6/2016	**1,344,366**	**893,460**	**206,915**	**2,444,740**	**6,747,868**	**9,192,609**

Amounts in thousand euros (Unless otherwise stated)

13 Available for sale securities

	30 June 2016	31 December 2015
Greek government bonds	399,986	400,776
Foreign government bonds	320,294	287,864
Bank bonds	10	4,740
Corporate entities bonds	897	-
Greek government treasury bills	1,511,685	1,621,695
Foreign government treasury bills	43,984	47,754
Total bonds and other fixed income securities (A)	**2,276,856**	**2,362,830**
Athens stock exchange listed shares	37,003	63,639
Foreign stock exchange listed shares	1,331	1,802
Unlisted shares	178,597	233,269
Mutual funds	64,736	65,626
Other variable income securities	10,665	12,521
Total shares and other variable income securities (B)	**292,331**	**376,857**
Total available for sale securities (A) + (B)	**2,569,187**	**2,739,687**

Relevant reference to the result from the securities' disposal of the available for sale securities is provided in note 6.

14 Debt securities - receivables

	30 June 2016	31 December 2015
Corporate entities debt securities - receivables	16,175	16,282
Bank debt securities - receivables	29,057	28,858
Foreign government bonds debt securities - receivables, EFSF bonds and ESM bonds	15,473,905	16,964,042
Total debt securities - receivables	**15,519,137**	**17,009,181**
Less: Allowance for impairment on debt securities - receivables	(29,057)	(23,846)
Total debt securities - receivables (less allowances for losses)	**15,490,080**	**16,985,336**

The balance of the EFSF bonds has decreased due to sale of securities totaling € 1.5 billion, under the Bank's participation in the ECB's quantitative easing program. The result arise from the sale is mentioned at note 6.

Amounts in thousand euros (Unless otherwise stated)

15 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) Subsidiary 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 AD	Finance leases	100.00%	Bulgaria	2008-2015
11.	Piraeus Group Finance PLC	Debt securities issue	100.00%	United Kingdom	-
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 E.A.D.	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
27.	Lakkos Mikelli Real Estate Ltd	Property management	50.66%	Cyprus	2009-2015

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
28.	Philoktimatiki Public Ltd	Land and property development	53.31%	Cyprus	2015
29.	Philoktimatiki Ergoliptiki Ltd	Construction company	53.31%	Cyprus	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	-
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

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [(1)]
59.	Solum Limited Liability Company	Property management	99.00%	Ukraine	2009-2015
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	-

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
91.	Kion Mortgage Finance No.3 PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
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 company	57.91%	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	57.91%	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

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
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
124.	Hellenic Fund for Sustainable Development	Close end Venture capital fund	65.00%	Greece	-
125.	Trieris Two Real Estate LTD	Holding, Investment and Real Estate Portfolio Management	100.00%	Cyprus	2007-2015

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 30/6/2016 the companies numbered 24, 34, 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) “ELSYP S.A.”, b) “Blue Wings Ltd”, c) "The Museum Ltd", d) “Piraeus Bank Group Cultural Foundation”, e) “Procas Holding Ltd”, f) “Phoebe Investments SRL”, g) “Core Investments Project SRL”, h) “Amaryllis Investments Consultancy SRL”, i) “Torborg Maritime Inc.”, j) “Isham Marine Corp.”, k) “Cybele Management Company”, l) “Alegre Shipping Ltd”, m) “Maximus Chartering Co.”, n) “Lantana Navigation Corp.”, o) “Pallas Shipping S.A.”, p) “Zephyros Marine INC”, q) “Bayamo Shipping Co.”, r) “Sybil Navigation Co.”, s) “Axia III Holdings Ltd”, t) “Praxis II Holdings Ltd” and u) “Kion Holdings Ltd”. The company numbered (a) is fully depreciated, under liquidation status. The company numbered (b) is under idle status. The companies numbered (e) - (h) have not started operating yet. The companies numbered (i)-(j) have been inactivated and will be set under dissolution. The companies numbered (k)-(r) have been dissolved and set under liquidation. The companies numbered (s)-(u) 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)

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.	Adflikton Investments Ltd	Property management	100.00%	Cyprus	2009-2015
7.	Costpleo Investments Ltd	Property management	100.00%	Cyprus	2010-2015
8.	Cutsofiar Enterprises Ltd	Property management	100.00%	Cyprus	2010-2015
9.	Gravieron Company Ltd	Property management	100.00%	Cyprus	2008-2015
10.	Kaihur Investments Ltd	Property management	100.00%	Cyprus	2007-2015
11.	Pertanam Enterprises Ltd	Property management	100.00%	Cyprus	2007-2015
12.	Rockory Enterprises Ltd	Property management	100.00%	Cyprus	2010-2015
13.	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.

There are no other subsidiaries, apart from the list of subsidiaries presented in the above table, that meet the classification requirements as discontinued operations in accordance with the relevant provisions of IFRS 5.

Piraeus Bank entered into an agreement, in August 2014, to sell its 100% stake in ATE Insurance to ERGO Insurance Group, a subsidiary of Munich Re. The consideration amounts to € 90.1 million in cash for the entire stake of Piraeus Bank in ATE Insurance. The consideration is subject to adjustment, following the completion of the sale, on the basis of customary purchase price adjustment criteria, in accordance with the terms of the sale and purchase agreement. Relevant reference for the completion of the agreement is provided in note 27.

Relevant reference concerning the sale of the Piraeus Bank Cyprus Ltd group of companies is provided in note 27.

Amounts in thousand euros (Unless otherwise stated)

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.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece	2010,2013-2015
8.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010,2013-2015
9.	Euroterra S.A.	Property management	39.22%	Greece	2010-2015
10.	Rebikat S.A.	Property management	40.00%	Greece	2010-2015
11.	Abies S.A.	Property management	40.00%	Greece	2010-2015
12.	Exodus S.A.	Information technology & software	49.90%	Greece	2010,2013-2015
13.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	50.01%	Greece	-
14.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%	Greece	2010,2013-2015
15.	PJ Tech Catalyst Fund	Close end Venture capital fund	30.00%	Greece	-
16.	Pyrrichos S.A.	Property management	50.77%	Greece	2010,2012-2015
17.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	40.44%	Greece	2013-2015
18.	Euroak S.A. Real Estate	Real estate investment	32.81%	Greece	2010-2015
19.	Gaia S.A.	Software services	26.00%	Greece	2015
20.	Olganos Real Estate S.A.	Property management/electricity production from hydropower stations	32.27%	Greece	2014-2015
21.	Exus Software Ltd	IT products retailer	49.90%	United Kingdom	-
22.	Marfin Investment Group Holdings S.A.	Holding company	28.43%	Greece	2013-2015
23.	Litus Advisory S.A.	Consulting in the fields of European Programmes, Communication Strategy and International Affairs	50.00%	Belgium	-
24.	Selonda Aquaculture S.A.	Fish farming	33.16%	Greece	2008-2015
25.	Nireus Aquaculture S.A.	Fish farming	32.64%	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.

Amounts in thousand euros (Unless otherwise stated)

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 13 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 16 and 23 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 24.

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

16 Due to credit institutions

Due to credit institutions" as at 30/6/2016, includes refinancing operations through repo transactions within the eurosystem amounting to € 26.8 billion (31/12/2015: € 32.7 billion). The decrease in the refinancing raised is mainly due to the further improvement of access to international repo markets, following the stabilization of the Greek banking sector since the end of 2015, the further deleveraging of the loan portfolio in the 1st semester of 2016, as well as the Bank´s participation in the ECB´s program of Quantitative Easing (QE) with the sale of EFSF bonds of amount € 1.5 billion in the 2nd quarter of 2016.

17 Due to customers

	30 June 2016	31 December 2015
Corporate		
Current and sight deposits	5,953,540	6,547,701
Term deposits	2,029,822	1,981,200
Blocked deposits, guarantee deposits and other accounts	228,829	207,150
Total (A)	**8,212,191**	**8,736,052**
Retail		
Current and sight deposits	2,864,934	2,686,930
Savings account	14,596,990	15,248,955
Term deposits	12,639,878	12,190,183
Blocked deposits, guarantee deposits and other accounts	16,144	16,872
Total (B)	**30,117,946**	**30,142,940**
Cheques payable and remittances (C)	**76,275**	**72,888**
Total Due to Customers (A)+(B)+(C)	**38,406,412**	**38,951,880**

Amounts in thousand euros (Unless otherwise stated)

18 Debt securities in issue

A) Securitisation of mortgage loans

	30 June 2016	31 December 2015
Issuance € 750 million floating rate notes due 2040	19,413	25,756
Issuance € 1,250 million floating rate notes due 2054	54,919	56,196
Issuance € 600 million floating rate notes due 2051	18,608	20,361
Total debt securities in issue	**92,940**	**102,314**

From the above mentioned securitisation of mortgage loans issues, Piraeus Bank possesses as at 30/6/2016 bonds of nominal value amounting € 105.2 million from the issuance of € 750 million, € 616.7 million from the issuance of € 1,250 million and € 38.6 million from the issuance of € 600 million.

Piraeus Bank, during the period 1/1/2016 - 30/6/2016, proceeded with the buy back of bonds of securitised loans of total amount after amortization of € 5.1 million.

B) Debt securities' issuances retained by Piraeus Bank

It should be noted that, apart from the debt securities in the table above, as of 30/6/2016 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 30/6/2016, 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.

C) Euro Medium Term Note

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.

Piraeus Bank has not issued any bonds under its EMTN Programme during the period 1/1/2016 - 30/6/2016. In February 2016, Piraeus Bank cancelled a € 3,100 million senior bond and a € 1,050 million senior bond, both due May 2016, which were issued in August 2015. A € 2,000 million senior bond, which was issued in October 2015, matured in February 2016 and a € 2,500 million senior bond, issued in October 2015, matured in March 2016. A 1,750 million senior bond, which was issued in July 2015, matured in April 2016. This bond was the last ouststanding issue through the bank's EMTN programme during the period 1/1/2016 - 30/6/2016.

Amounts in thousand euros (Unless otherwise stated)

19 Other provisions

The reduction in other provisions as at 30/6/2016 compared to 31/12/2015 is mainly due to the payments in the 2nd quarter 2016 in the scope of the voluntary exit scheme for the employees of the Bank and the financial sector Greek subsidiaries, in the context of the Restructuring Plan. Specifically, 828 employees participated in the program and its cost was approximately € 76.2 million.

20 Contingent liabilities and commitments

A) Legal procedures

The Group's provision for outstanding litigations as at 30/6/2016 amounts to € 25.5 million from continuing operations and € 8.3 million from discontinued operations, against € 19.3 million and € 8.2 million respectively as at 31/12/2015. The legal proceedings outstanding against the Group as at 30/6/2016, for which no provisions have been recorded, are not expected to have any significant impact on the financial statements of the Group.

B) Credit commitments

As at 30/6/2016 the Group had undertaken the following commitments:

	30 June 2016	31 December 2015
Letters of guarantee	2,828,061	2,964,431
Letters of credit	40,538	30,316
Undrawn commited credit facilities	332,398	368,064
	3,200,997	**3,362,810**

C) Assets pledged

	30 June 2016	31 December 2015
Cash and balances with Central Banks	1,175,723	1,173,061
Financial instruments at fair value through profit or loss	54,635	41,790
Investment securities	1,259,649	1,223,063
Loans and advances to customers	25,652,382	24,766,404
Debt securities - receivables	10,736,460	15,252,624
Loans and advances to credit institutions	1,152	2,562
	38,880,001	**42,459,504**

The above mentioned assets pledged are mainly used for liquidity purposes either through Eurosystem or through interbank repurchase agreement (repo) transactions. Apart from the aforementioned assets, the Bank also pledges debt securities of own issue which are not included in the Bank's assets that had been issued under the securitization of consumer, mortgage and corporate loans of the Bank of nominal value € 4,872 as at 30/06/2016 (31/12/2015: nominal value € 16,002 million including Pillar II bonds (Law 3723) of nominal value € 10,400 million).

Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities of nominal value € 4,700 million (31/12/2015: € 1,700 million) and debt securities of own issue of nominal value € 229 million are also used for liquidity purposes.

It is also noted that the "Loans and advances to customers", that are presented in the above table, include loans of € 24,638 million, which have been pledged or were eligible for pledging under financing from the E.L.A.

Amounts in thousand euros (Unless otherwise stated)

D) Operating lease commitments

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

	30 June 2016	31 December 2015
Up to 1 year	53,749	60,010
From 1 to 5 years	193,663	216,827
More than 5 years	285,570	330,706
	532,982	**607,544**

21 Share capital and contingent convertible securities

	Share Capital	Share Premium	Contingent convertible securities	Treasury Shares	Total
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/ shares of treasury shares	-	-	-	(460)	(460)
Balance at 31 December 2015	**2,619,955**	**13,074,687**	**2,040,000**	**(460)**	**17,734,183**
Opening balance at 1 January 2016	**2,619,955**	**13,074,687**	**2,040,000**	**(460)**	**17,734,183**
Purchases/ sales of treasury shares	-	-	-	389	389
Balance at 30 June 2016	**2,619,955**	**13,074,687**	**2,040,000**	**(72)**	**17,734,571**

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 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**
Opening balance at 1 January 2016	**8,733,183,280**	**(1,678,630)**	**8,731,504,650**
Purchases of treasury shares	-	(15,707,514)	(15,707,514)
Sales of treasury shares	-	17,074,597	17,074,597
Balance at 30 June 2016	**8,733,183,280**	**(311,547)**	**8,732,871,733**

The share capital of the Bank on 31/12/2015 and 30/6/2016 amounts to € 2,619,954,984.00, divided into 8,733,183,280 ordinary registered shares with a nominal value of € 0.30 each. In addition, the contingent convertible securities of 30/6/2016 and 31/12/2015, of amount € 2,040 million, were issued in the context of the share capital increase completed in December 2015 and were covered exclusively by the HFSF with bonds issued by ESM.

Amounts in thousand euros (Unless otherwise stated)

It is noted that within the frame of the Single Supervisory Mechanism (SSM) and according to the Regulation (EU) No1024/2013, credit institutions are subject to the provisions of the ECB Recommendations (ECB/2015/49) on dividend distribution policies 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 legislation by the Law 4261/2014.

The Annual Ordinary General Meeting of Shareholders, held on 26/5/2016, decided not to distribute dividend, according to the established provisions of article 10 of Law 3864/2010, as in force for the credit institutions participating in the HFSF.

Finally, pursuant to par. 1, art. 16C of Law 3864/2010 the acquisition of treasury shares by the Bank is not permitted, without the approval of HFSF, for as long as the HFSF is a shareholder of the Bank. The purchases and sales of treasury shares during 2015 and the 1st semester of 2016, as well as the treasury shares owned as at 30/6/2016 and 31/12/2015, are related to transactions that are carried out by the Group's subsidiary Piraeus Securities S.A. through its activities which are derived from its role as a market maker.

22 Other reserves and retained earnings

	30 June 2016	31 December 2015
Legal reserve	109,858	111,965
Extraodinary reserve	13,883	13,897
Available for sale reserve	(39,582)	22,098
Currency translation reserve	(194,692)	(188,134)
Other reserves	53,811	38,761
Reserve of defined benefit obligations	(6,536)	(6,355)
Other reserves from continuing operations (A)	(63,257)	(7,766)
Amounts recognized directly in equity relating to non-current assets from discontinued operations (B)	22,046	21,863
Total other reserves (A) + (B)	**(41,211)**	**14,096**

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	30 June 2016	31 December 2015
Opening balance for the period	14,096	(92,453)
Movement of available for sale reserve	(61,680)	78,906
Transfer from other reserves to retained earnings	13,283	27,581
Acquisitions, disposals and movement in participating interest	(355)	(7,877)
Change in reserve of defined benefit obligations	(181)	27,427
Amounts recognized directly in equity relating to non-current assets from discontinued operations	183	3,076
Foreign exchange differences and other adjustments	(6,558)	(22,564)
Closing balance for the period	**(41,211)**	**14,096**

Amounts in thousand euros (Unless otherwise stated)

Available for sale reserve movement	30 June 2016	31 December 2015
Opening balance for the period	22,098	(56,808)
Opening balance of discontinued companies	-	140
Gains/ (losses) from the valuation of bonds and Greek Government Treasury Bills	5,014	28,893
Gains/ (losses) from the valuation of shares and mutual funds	(5,054)	66,579
Recycling to income statement of shares and mutual funds impairment	-	11,424
Recycling of the accumulated fair value adjustment of disposed securities (note 6)	(86,903)	(6)
Deferred income taxes	24,637	(28,753)
Foreign exchange differences and adjustments	626	630
Closing balance for the period	**(39,582)**	**22,098**

Retained earnings movement	30 June 2016	31 December 2015
Opening balance for the period	(7,840,634)	(5,921,295)
Profit/ (loss) after tax attributable to the owners of the parent entity	(39,713)	(1,892,848)
Profit/ (loss) from sales of treasury shares	(32)	(1,412)
Transfer between other reserves and retained earnings	(13,283)	(28,347)
Acquisitions, disposals and movements in participating interest	(4,387)	3,268
Closing balance for the period	**(7,898,050)**	**(7,840,634)**

23 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 Group, respectively. Loans and letters of guarantee have been issued to related parties in the normal course of business, within the approved credit policies and Group procedures, adequately 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 during the 1st semester of 2016, as well as during 2015.

	30/06/2016		31/12/2015	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans	16,446	25,901	22,148	41,898
Deposits	5,488	10,406	7,484	13,383
Letters of guarantee and letters of credit	1	2,974	-	3,474

Amounts in thousand euros (Unless otherwise stated)

	1/1-30/6/2016		1/1-30/6/2015	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	112	579	264	868
Expense	5	284	77	698

Members of the Board of Directors and key management personnel benefits	1/1-30/6/2016	1/1-30/6/2015
Short term benefits	3,373	3,584
Post employment benefits	(199)	543

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. Line "Post employment benefits" includes the cost of programs for the post employment benefits, and for the 1st semester of 2016 it has been positively affected from the reversal of part of the formed provisions as at 31/12/2015, that took place during the 1st quarter of 2016.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 26.1 million compared to € 26.5 million as at 31/12/2015. The full amount of the above provisions has been included in the retirement benefit obligations.

The transactions with associate companies are analysed as follows:

	Associates	
	30 June 2016	31 December 2015
Deposits and other liabilities	77,045	78,523
Loans and other receivables	1,114,131	1,105,488
Debt securities	10.771	10,771
Derivatives financial assets	6.207	2,197

The aggregate provisions on loans to associate companies amount to € 60.2 million compared to € 65.6 million as at 31/12/2015.

	Associates	
	1/1-30/6/2016	1/1-30/6/2015
Total expense & capital expenditure	(8,108)	(11,740)
Total income	40,386	28,766

Letters of guarantee to associates of the Group as at 30/6/2016 are € 12.9 million (31/12/2015: € 17.3 million).

24 Changes in the portfolio of subsidiaries and associates

During the period 1/1 - 30/6/2016, Piraeus Bank and its subsidiaries paid for the participation in share capital increases of associates a total amount of € 1.7 million. It is noted that no amount was paid for the establishment and participation in share capital increases of subsidiaries. The analysis of changes of subsidiaries' and associates' portfolio is presented below:

a) Gain of control or significant influence:

On 30/3/2016, Piraeus Bank acquired from its 22.94% associate company Trieris Real Estate LTD, the 100% of the share capital of the company Trieris Two Real Estate LTD with the amount of € 500. The company was classified in the subsidiaries' portfolio of the Bank.

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

During the period 17/2-1/3/2016, Piraeus Bank acquired an additional 0.58% of the share capital of its associate company Hellenic Seaways Maritime S.A. with the amount of € 681 thousand. As a result, Piraeus Bank owns 40.18% of the associate company.

During the 1st quarter of 2016, PJ Tech Catalyst Fund, 30% associate company of the Group, increased its assets by € 694 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary company of Piraeus Bank, covered its ratio by paying in total € 208 thousand, without altering its shareholding percentage in the company.

On 15/4/2016, Piraeus Bank acquired an additional 0.26% of the share capital of its associate company, Hellenic Seaways Maritime S.A., for the amount of € 500 thousand. As a result, Piraeus Bank owns the 40.44% of the associate company.

From 18/5/2016, 669,131 new shares of Nireus Aquaculture S.A., associate company of Piraeus Bank, are being traded, as a result of the share capital increase of the company due to bond conversion, owned by third parties, into shares. As a result, the Group's shareholding percentage in the company decreased to 32.64%.

On 6/6/2016, Imithea S.A., 100% subsidiary company of Piraeus Bank, proceeded to share capital increase of € 35.1 million, through debt capitalization, which was fully covered from Piraeus Bank, without altering its shareholding percentage in the company.

On 13/6/2016, Piraeus Bank sold 33.80% of the share capital of its 91.71% subsidiary company, Trastor REIC. As a result, the shareholding percentage in the company has changed to 57.91%.

On 29/6/2016, Sciens International Investments & Holding S.A., 28.10% associate company of Piraeus Bank, proceeded to shares' reverse split with 1 new share for every 100 old shares and increase of the nominal value of each share to € 60 from € 0.06, followed by a decrease of the nominal value to € 10 with offsetting losses. As a result, the shareholding percentage in the company did not alter.

During the 2nd quarter of 2016, Piraeus - TANEO Capital Fund, 50.01% associate company of Piraeus Bank, increased its assets by € 201.8 thousand. As a result, Piraeus Bank covered its ratio by paying in total € 100.9 thousand, without altering its shareholding percentage in the company.

During the 2nd quarter of 2016, PJ Tech Catalyst Fund, 30% associate participation of the Group, increased its assets by € 533.8 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 160.1 thousand, without altering its shareholding percentage.

c) Liquidation:

On 11/1/2016, Curdart Holdings Ltd, 100% subsidiary of the Group, was deleted from the relevant Company Registry.

On 28/3/2016, Polytropon Properties Ltd, 39.98% subsidiary of the Group, was set under liquidation.

On 13/5/2016, Piraeus Bank proceeded to disinvestment from its 28.65% associate company European Reliance Gen. Insurance Co. S.A. by transferring its whole participation.The result from the disposal is provided in note 6.

d) Further changes – Transfers:

On 2/3/2016, Piraeus Bank Bulgaria A.D., 99.98% subsidiary of Piraeus Bank, acquired from its 100% direct subsidiary Besticar Ltd, the 100% of the share capital of Besticar Bulgaria EOOD by paying € 1, without altering the Group's shareholding percentage in the company.

The Venture Capital Fund with the name "Hellenic Fund for Sustainable Development", which is fully owned by ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank, and which was included in the list of companies excluded from the consolidation as at 31/12/2015, started operating within the 1st quarter of 2016. As a result, it was classified in the subsidiaries' portfolio of the Group with the full consolidation method.

25 Capital adequacy

From January 2014 and onwards, Piraeus Bank Group applies the 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 (CRR). For the transposition of Directive 2013/36/EU, Greece adopted Law 4261/2014.

The main objectives of Piraeus Bank Group with respect to capital adequacy management are the following:

- To comply with the capital requirements regulation against risks undertaken, according to the regulatory framework,
- To preserve the Group's ability to continue unhindered its operations, thus to continue providing returns and benefits to its shareholders and ensure the confidence of its customers,
- To retain a sound and stable capital base in order to support the Group's management business plans, and
- To maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

Presented below, are the capital adequacy ratios as at 30/06/2016 and 31/12/2015 for Piraeus Bank Group as calculated under the existing regulatory framework, taking into account all relevant transitional period provisions applicable under Regulation (EU) No. 575/2013.

Amounts in thousand euros (Unless otherwise stated)

	30 June 2016	31 December 2015
Common Equity Tier 1 Capital	9,193,029	9,449,455
Tier 1 Capital	9,193,029	9,449,455
Total regulatory capital	9,193,029	9,449,455
Total risk weighted assets (on and off-balance sheet items)	53,261,599	54,035,697
CET1 Capital ratio	17.3%	17.5%
T1 Capital ratio	17.3%	17.5%
Total capital ratio	17.3%	17.5%

As of 30st June 2016, the abovementioned ratios are far exceeding minimum regulatory requirements, confirming the strong capital base of Piraeus Bank Group.

26 Restatement of comparative period

The restatements that took place in the consolidated interim income statement and the consolidated interim statement of total comprehensive income for the comparative periods 1/1-30/6/2015 and 1/4-30/6/2015, as well as in the consolidated interim cash flow statement of the comparative period 1/1-30/6/2015, are presented below. The restatements took place due to the transfer of Piraeus Bank Cyprus LTD group of companies to the discontinued operations, as well as due to the reclassification of the impact from the termination of Group’s branches operations in "Other provisions and impairment" from "Depreciation and amortisation". In addition, it is noted that in the consolidated interim income statement of the comparative periods the reverse split, for which relative reference is provided in note 9, was included.

Amounts in thousand euros (Unless otherwise stated)

Consolidated interim income statement	From 1 January to 30 June 2015		
	Published amounts	Restatements	Restated amounts
Interest and similar income	1,541,043	(21,282)	1,519,761
Interest expense and similar charges	(576,634)	7,856	(568,778)
Net interest income	**964,409**	**(13,426)**	**950,983**
Fee and commission income	179,264	(5,281)	173,983
Fee and commission expense	(19,285)	950	(18,335)
Net fee and commission income	**159,979**	**(4,331)**	**155,648**
Dividend income	6,612	(584)	6,028
Net income from financial instruments designated at fair value through profit or loss	15,704	(793)	14,911
Results from investment securities	(6,029)	(178)	(6,207)
Other results	25,826	643	26,469
Total net income	**1,166,500**	**(18,668)**	**1,147,832**
Staff costs	(342,277)	9,879	(332,399)
Administrative expenses	(278,147)	3,763	(274,384)
Depreciation and amortization	(57,772)	3,268	(54,504)
Total operating expenses before provisions	**(678,196)**	**16,910**	**(661,286)**
Profit before provisions, impairment and income tax	**488,304**	**(1,758)**	**486,546**
Impairment losses on loans	(1,868,082)	8,835	(1,859,247)
Impairment losses on other receivables	(57,113)	1	(57,112)
Other provisions and impairment	(12,906)	(2,488)	(15,394)
Share of profit of associates	(19,236)	-	(19,236)
Profit/ (loss) before income tax	**(1,469,032)**	**4,590**	**(1,464,442)**
Income tax	337,638	2,532	340,170
Profit/ (loss) after income tax from continuing operations	**(1,131,394)**	**7,122**	**(1,124,272)**
Profit/ (loss) after income tax from discontinued operations	6,412	(7,122)	(710)
Profit/ (loss) after tax	**(1,124,982)**	**0**	**(1,124,982)**
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity	(1,130,019)	7,122	(1,122,897)
Non controlling interest	(1,375)	-	(1,375)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity	6,361	(7,122)	(761)
Non controlling interest	51	-	51
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):			
From continuing operations			
- Basic and Diluted	(0.1852)	(0.4809)	(0.6661)
From discontinued operations			
- Basic and Diluted	0.0010	(0.0015)	(0.0005)

Amounts in thousand euros (Unless otherwise stated)

Consolidated interim income statement	From 1 April to 30 June 2015		
	Published amounts	Restatements	Restated amounts
Interest and similar income	766,251	(11,310)	754,941
Interest expense and similar charges	(293,912)	3,430	(290,482)
Net interest income	**472,339**	**(7,880)**	**464,459**
Fee and commission income	89,271	(2,404)	86,868
Fee and commission expense	(10,148)	467	(9,681)
Net fee and commission income	**79,124**	**(1,936)**	**77,187**
Dividend income	6,134	(584)	5,551
Net income from financial instruments designated at fair value through profit or loss	18,814	(406)	18,409
Results from investment securities	(121)	(162)	(283)
Other results	12,993	200	13,193
Total net income	**589,283**	**(10,768)**	**578,516**
Staff costs	(171,159)	5,411	(165,748)
Administrative expenses	(142,478)	2,024	(140,455)
Depreciation and amortization	(28,394)	1,114	(27,280)
Total operating expenses before provisions	**(342,032)**	**8,549**	**(333,483)**
Profit before provisions, impairment and income tax	**247,252**	**(2,219)**	**245,033**
Impairment losses on loans	(1,590,323)	2,128	(1,588,195)
Impairment losses on other receivables	(50,300)	1	(50,299)
Other provisions and impairment	(11,585)	(685)	(12,271)
Share of profit of associates	(6,475)	-	(6,475)
Profit/ (loss) before income tax	**(1,411,432)**	**(776)**	**(1,412,208)**
Income tax	351,552	230	351,782
Profit/ (loss) after income tax from continuing operations	**(1,059,880)**	**(546)**	**(1,060,426)**
Profit/ (loss) after income tax from discontinued operations	12,892	546	13,438
Profit/ (loss) after tax	**(1,046,988)**	**0**	**(1,046,988)**
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity	(1,059,102)	(546)	(1,059,648)
Non controlling interest	(777)	-	(777)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity	12,871	546	13,417
Non controlling interest	21	-	21
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):			
From continuing operations			
- Basic and Diluted	(0.1736)	(0.4551)	(0.6287)
From discontinued operations			
- Basic and Diluted	0.0021	0.0058	0.0080

Amounts in thousand euros (Unless otherwise stated)

Consolidated interim statement of total comprehensive income	From 1 January to 30 June 2015		
	Published amounts	Restatements	Restated amounts
CONTINUING OPERATIONS			
Profit/ (loss) after tax (A)	**(1,131,394)**	**7,122**	**(1,124,272)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(78,957)	31	(78,926)
Change in currency translation reserve	(11,040)	-	(11,040)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	8,363	-	8,363
Other comprehensive income, net of tax (B)	**(81,633)**	**31**	**(81,602)**
Total comprehensive income, net of tax (A+B)	**(1,213,027)**	**7,153**	**(1,205,875)**
- Attributable to equity holders of the parent entity	(1,211,705)	7,153	(1,204,552)
- Non controlling interest	(1,322)	-	(1,322)
DISCONTINUED OPERATIONS			
Profit/ (loss) after tax (C)	**6,412**	**(7,122)**	**(710)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	2,877	(31)	2,846
Change in currency translation reserve	8,609	-	8,609
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	432	-	432
Other comprehensive income, net of tax (D)	**11,918**	**(31)**	**11,887**
Total comprehensive income, net of tax (C+D)	**18,330**	**(7,153)**	**11,177**
- Attributable to equity holders of the parent entity	18,124	(7,153)	10,971
- Non controlling interest	206	-	206

Amounts in thousand euros (Unless otherwise stated)

Consolidated interim statement of total comprehensive income	From 1 April to 30 June 2015		
	Published amounts	Restatements	Restated amounts
CONTINUING OPERATIONS			
Profit/ (loss) after tax (A)	**(1,059,880)**	**(546)**	**(1,060,426)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(35,181)	372	(34,809)
Change in currency translation reserve	339	-	339
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	12	-	12
Other comprehensive income, net of tax (B)	**(34,831)**	**372**	**(34,458)**
Total comprehensive income, net of tax (A+B)	**(1,094,710)**	**(174)**	**(1,094,884)**
- Attributable to equity holders of the parent entity	(1,093,901)	(174)	(1,094,074)
- Non controlling interest	(809)	-	(809)
DISCONTINUED OPERATIONS			
Profit/ (loss) after tax (C)	**12,892**	**546**	**13,438**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(2,695)	(372)	(3,067)
Change in currency translation reserve	(4,264)	-	(4,264)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	694	-	694
Other comprehensive income, net of tax (D)	**(6,266)**	**(372)**	**(6,638)**
Total comprehensive income, net of tax (C+D)	**6,626**	**174**	**6,800**
- Attributable to equity holders of the parent entity	6,682	174	6,856
- Non controlling interest	(56)	-	(56)

Consolidated interim cash flow statement	From 1 January to 30 June 2015		
	Published amounts	Restatements	Restated amounts
Net cash inflow/ (outflow) from operating activities	794,108	(71,349)	722,759
Net cash inflow/ (outflow) from investing activities	(681,119)	91,747	(589,372)
Net cash inflow/ (outflow) from financing activities	(109,597)	-	(109,597)
Total cash inflows/ (outflows) for the period	**3,392**	**20,398**	**23,790**
Effect of exchange rate fluctuations on cash and cash equivalents	(2,641)	-	(2,641)
Net increase/ (decrease) in cash and cash equivalents of the period from continuing operations (A)	**751**	**20,398**	**21,150**
Net increase/ (decrease) in cash and cash equivalents of the period from discontinued operations (B)	**(37,087)**	**(20,398)**	**(57,485)**
Cash and cash equivalents at the beginning of the period (C)	**2,664,133**	**0**	**2,664,133**
Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank (D)	**3,291**	**0**	**3,291**
Cash and cash equivalents at the end of the period (A)+(B)+(C) +(D)	**2,631,088**	**0**	**2,631,088**

27 Events subsequent to the end of the interim period

• On 5 July 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 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 8 July 2016, Piraeus Bank announced that it has entered into an agreement with Holding M. Sehnaoui SAL (HMS), for the sale of 26% of the share capital in its subsidiary in Cyprus, Piraeus Bank Cyprus Ltd ("PBC") for a consideration of € 3.2 million which – together with a combination of a concurrent primary capital raise by PBC of € 40 million to be fully subscribed by HMS and a group of investors to be procured by HMS. Following the completion of the abovementioned transactions Piraeus Bank's stake in PBC will drop to 17.6% of the total share capital. The transaction is subject to customary conditions including regulatory and other approvals by the respective authorities in the European Commission, Cyprus and Greece, as well as the Hellenic Financial Stability Fund. Piraeus Bank Group's CET-1 capital ratio is expected to improve by approximately 15 basis points, based on 31 March 2016 financial data, mainly due to a risk weighted assets relief by approximately € 0.6 billion, from the non-consolidation of PBC.

• On 20 July 2016, the former Non-Executive Chairman of Piraeus Bank, Mr. Michalis Sallas announced his decision not to participate in the new Board of Directors of Piraeus Bank. Mr. Sallas was awarded the title of Chairman Emeritus of Piraeus Group, after anunanimous resolution of the Board of Directors. Following the resignation of Mr. Michalis Sallas, the Board of Directors has elected Professor Charikleia Apalagaki as Interim Chairperson, until the election of the new Chairman.

• On 21 July 2016, Mr. Konstantinos Paschalis assumed duties as Piraeus Bank Group Chief Financial Officer.

• On 1 August 2016, Mr. Panagiotis Tsoukatos assumed duties as Head of Internal Audit Division, after the resignation of Mr. Panagiotis Moshonas, the previous Deputy General Manager of Internal Audit Division.

• On 1 August 2016, the transfer of 100% of the share capital of ATE Insurance to Ergo International AG - a subsidiary of Munich Re - was completed, following the fulfillment of all the conditions under the relevant agreement, as well as the receipt of all necessary approvals from the competent bodies, including the Hellenic Financial Stability Fund. ERGO International AG paid a consideration of € 90.1 million in cash for the total stake of Piraeus Bank in ATE Insurance's share capital. The consideration may be subject to adjustment, after the completion of the sale, on the basis of customary purchase price adjustment criteria, under the terms of the relevant share sale and purchase agreement. The transaction improves the CET-1 ratio of Piraeus Bank Group by approximately 5 basis points, based on end of March 2016 financial data, mainly due to risk weighted assets relief by € 0.2 billion.

- On 2 August 2016, S&P Global Ratings upgraded the credit rating of Piraeus Bank to 'CCC+' with Stable outlook from 'SD' before.

- In mid August 2016, the results of the Asset Quality Review-AQR and of the Stress Test which were carried out by the Central Bank of Bulgaria (BNB) were announced. The results showed that Piraeus Bank Bulgaria, a subsidiary of Piraeus Bank, is very well capitalized even under the adverse scenario of the exercise, in which the CET-1 ratio reached 12.4%. The AQR was conducted based on year-end 2015 financial data, whereas the capital adequacy was examined for the period 2016-2018 under baseline and adverse scenarios. The minimum required regulatory ratio in the stress test was determined at 5.5% in the adverse scenario.

Athens, August 30th, 2016

CHAIRMAN OF THE BOARD OF DIRECTORS	DEPUTY MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
CHARIKLEIA A. APALAGAKI	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS	GEORGE TH. MARINOPOULOS

PIRAEUS BANK

PIRAEUS BANK S.A.

Interim Condensed Financial Information

30 June 2016

In accordance with the International Financial Reporting Standards

The attached interim condensed financial information has been approved by the Piraeus Bank S.A. Board of Directors on August 30th, 2016 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

This financial information has been translated from the original interim financial information that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language financial information, the Greek language financial information will prevail over this document.

Index to the Interim Condensed Financial Information

Amounts in thousand euros(Unless otherwise stated)

INTERIM INCOME STATEMENT	Note	Period from 1 January to		Period from 1 April to	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
Interest and similar income		1,275,936	1,414,555	626,505	704,221
Interest expense and similar charges		(378,031)	(549,947)	(173,196)	(282,066)
NET INTEREST INCOME		**897,906**	**864,608**	**453,309**	**422,155**
Fee and commission income		130,136	128,129	68,823	64,373
Fee and commission expense		(21,976)	(21,084)	(12,200)	(11,367)
NET FEE AND COMMISSION INCOME		**108,161**	**107,046**	**56,623**	**53,006**
Dividend income		7,445	98,402	7,391	97,935
Net income from financial instruments designated at fair value through profit or loss		8,925	11,343	4,624	20,046
Results from investment securities	6	86,810	(4,929)	90,103	(141)
Other results		(337)	53,058	(10,095)	4,513
TOTAL NET INCOME		**1,108,910**	**1,129,527**	**601,955**	**597,515**
Staff costs		(261,345)	(272,266)	(129,767)	(135,144)
Administrative expenses		(227,391)	(230,731)	(116,887)	(117,133)
Depreciation and amortisation		(42,237)	(41,033)	(21,167)	(20,685)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(530,973)**	**(544,030)**	**(267,820)**	**(272,962)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**577,937**	**585,497**	**334,135**	**324,554**
Impairment losses on loans	11	(527,996)	(1,813,428)	(255,366)	(1,590,738)
Impairment losses on other receivables		(28,244)	(46,064)	(24,653)	(41,473)
Impairment losses on other debt securities - receivables		(5,113)	-	(5,113)	-
Other provisions and impairment		(42,156)	(4,151)	(36,096)	(1,323)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(25,571)**	**(1,278,146)**	**12,907**	**(1,308,980)**
Income tax	7	369	345,692	(12,807)	353,120
PROFIT/ (LOSS) AFTER TAX		**(25,202)**	**(932,454)**	**100**	**(955,859)**
Earnings/ (losses) per share (in €):					
- Basic and Diluted	8	(0.0029)	(0.5531)	0.0000	(0.5670)

Amounts in thousand euros (Unless otherwise stated)

INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME	Note	Period from 1 January to		Period from 1 April to	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
Profit/ (loss) after tax for the period (A)		**(25,202)**	**(932,454)**	**100**	**(955,859)**
Other comprehensive income, net of tax:					
Amounts that can be reclassified in the Income Statement					
Change in available for sale reserve	9, 22	(59,722)	(78,360)	(43,567)	(33,851)
Amounts that can not be reclassified in the Income Statement					
Change in reserve of defined benefit obligations	9, 22	-	8,350	-	-
Other comprehensive income, net of tax (B)		**(59,722)**	**(70,010)**	**(43,567)**	**(33,851)**
Total comprehensive income, net of tax (A)+(B)		**(84,924)**	**(1,002,464)**	**(43,467)**	**(989,710)**

Amounts in thousand euros (Unless otherwise stated)

INTERIM STATEMENT OF FINANCIAL POSITION	Note	30 June 2016	31 December 2015
ASSETS			
Cash and balances with Central Bank		2,639,837	2,444,752
Loans and advances to credit institutions		760,952	787,795
Financial assets at fair value through profit or loss	10	17,620	50,462
Derivative financial instruments - assets		477,695	437,028
Reverse repos with customers		22,284	-
Loans and advances to customers (net of provisions)	11	47,826,464	49,425,753
Available for sale securities	12	2,216,278	2,407,828
Debt securities - receivables	13	15,490,080	16,985,336
Assets held for sale	14	23,707	48,707
Inventories property		525,528	515,759
Investment property		312,488	317,980
Investments in subsidiaries		1,079,834	1,074,328
Investments in associated undertakings		263,058	279,597
Property, plant and equipment		852,794	852,644
Intangible assets		244,899	250,765
Deferred tax assets	7	5,037,790	5,012,800
Other assets		1,877,884	2,110,744
TOTAL ASSETS		**79,669,193**	**83,002,278**
LIABILITIES			
Due to credit institutions	16	32,025,153	34,591,752
Due to customers	17	36,190,082	36,771,355
Financial liabilities at fair value through profit or loss		-	2,499
Derivative financial instruments - liabilities		480,955	444,639
Debt securities in issue	18	92,940	102,314
Retirement benefit obligations		181,169	180,897
Other provisions	19	180,311	250,414
Other liabilities		995,492	1,050,392
TOTAL LIABILITIES		**70,146,102**	**73,394,262**
EQUITY			
Share capital	21	2,619,955	2,619,955
Share premium	21	13,074,688	13,074,688
Contigent convertible securities	21	2,040,000	2,040,000
Other reserves	22	59,395	119,116
Retained earnings	22	(8,270,946)	(8,245,744)
TOTAL EQUITY		**9,523,092**	**9,608,016**
TOTAL LIABILITIES AND EQUITY		**79,669,193**	**83,002,278**

Amounts in thousand euros (Unless otherwise stated)

INTERIM STATEMENT OF CHANGES IN EQUITY	Note	Share Capital	Share Premium	Contigent convertible securities	Other reserves	Retained earnings	TOTAL
Opening balance as at 1 January 2015		**1,830,594**	**11,393,315**	**0**	**(7,449)**	**(5,829,593)**	**7,386,867**
Other comprehensive income, net of tax	9				(70,010)		(70,010)
Results after tax for the period 1/1/2015 - 30/6/2015	22					(932,454)	(932,454)
Total recognized income for the period 1/1/2015 - 30/6/2015		**0**	**0**	**0**	**(70,010)**	**(932,454)**	**(1,002,464)**
Balance as at 30 June 2015		**1,830,594**	**11,393,315**	**0**	**(77,459)**	**(6,762,047)**	**6,384,403**
Opening balance as at 1 July 2015		**1,830,594**	**11,393,315**	**0**	**(77,459)**	**(6,762,047)**	**6,384,403**
Other comprehensive income, net of tax					169,821		169,821
Results after tax for the period 1/7/2015 - 31/12/2015	22					(1,456,943)	(1,456,943)
Total recognized income for the period 1/7/2015 - 31/12/2015		**0**	**0**	**0**	**169,821**	**(1,456,943)**	**(1,287,122)**
Increase of share capital	21	2,601,649		2,040,000			4,641,649
Share capital increase expenses	21		(130,915)				(130,915)
Decrease of the nominal value of ordinary shares	21	(1,812,288)	1,812,288				0
Transfer between other reserves and retained earnings	22				26,754	(26,754)	0
Balance as at 31 December 2015		**2,619,955**	**13,074,688**	**2,040,000**	**119,116**	**(8,245,744)**	**9,608,016**
Opening balance as at 1 January 2016		**2,619,955**	**13,074,688**	**2,040,000**	**119,116**	**(8,245,744)**	**9,608,016**
Other comprehensive income, net of tax	9, 22				(59,722)		(59,722)
Results after tax for the period 1/1/2016 - 30/6/2016	22					(25,202)	(25,202)
Total recognized income for the period 1/1/2016 - 30/6/2016		**0**	**0**	**0**	**(59,722)**	**(25,202)**	**(84,924)**
Balance as at 30 June 2016		**2,619,955**	**13,074,688**	**2,040,000**	**59,395**	**(8,270,946)**	**9,523,092**

Amounts in thousand euros (Unless otherwise stated)

INTERIM CASH FLOW STATEMENT	Period from 1 January to	
	30 June 2016	30 June 2015
Cash flows from operating activities		
Profit / (loss) before tax	(25,571)	(1,278,146)
Adjustments to profit/ loss before tax:		
Add: provisions and impairment	603,508	1,863,643
Add: depreciation and amortisation charge	42,237	41,033
Add: retirement benefits	7,302	7,500
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss	4,057	(20,254)
(Gains)/ losses from investing activities	(84,780)	(94,243)
Cash flows from operating activities before changes in operating assets and liabilities	546,753	519,534
Changes in operating assets and liabilities:		
Net (increase)/ decrease in cash and balances with Central Bank	255	(297,228)
Net (increase)/ decrease in financial instruments at fair value through profit or loss	32,459	42,008
Net (increase)/ decrease in loans and advances to credit Institutions	30,203	37,532
Net (increase)/ decrease in loans and advances to customers	1,036,839	1,614,212
Net (increase)/ decrease in debt securities - receivables	1,490,044	12,879
Net (increase)/ decrease in reverse repos with customers	(22,284)	56,190
Net (increase)/ decrease in other assets	178,425	312,595
Net increase/ (decrease) in amounts due to credit institutions	(2,566,598)	12,701,192
Net increase/ (decrease) in liabilities at fair value through profit or loss	(2,514)	(1,130)
Net increase/ (decrease) in amounts due to customers	(581,273)	(14,788,030)
Net increase/ (decrease) in other liabilities	(98,788)	203,436
Net cash flow from operating activities before income tax payment	43,521	413,190
Income tax paid	-	-
Net cash inflow/ (outflow) from operating activities	**43,521**	**413,190**
Cash flows from investing activities		
Purchases of property, plant and equipment	(45,474)	(47,981)
Sales of property, plant and equipment	9,598	2,860
Purchases of intangible assets	(10,815)	(33,592)
Purchases of investment securities	(3,052,431)	(4,475,765)
Disposals/ maturity of investment securities	3,244,041	4,083,122
Acquisition of subsidiaries and participation in share capital increases	(1)	(80,405)
Acquisition of associates and participation in share capital increases	(1,282)	(53,427)
Sales of subsidiaries	14,452	-
Sales of associates	10,991	32,479
Dividends receipts from available for sale securities	5,445	5,902
Net cash inflow/ (outflow) from investing activities	**174,525**	**(566,809)**
Cash flows from financing activities		
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds	(16,678)	(119,504)
Net cash inflow/ (outflow) from financing activities	**(16,678)**	**(119,504)**
Effect of exchange rate changes on cash and cash equivalents	(2,668)	15,272
Net increase/ (decrease) in cash and cash equivalents of the period (A)	**198,701**	**(257,851)**
Cash and cash equivalents at the beginning of the period (B)	**1,264,024**	**1,926,139**
Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank (C)	**-**	**3,291**
Cash and cash equivalents at the end of the period (A)+(B)+(C)	**1,462,725**	**1,671,579**

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 13,591 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 Markets, Med 100), MSCI (Emerging Markets, EM EMEA, Greece), Euro Stoxx (TMI, All Europe, Greece TM) and S&P (Developed Mid Small Cap).

2 General accounting policies, critical accounting estimates and judgements

a. General accounting policies

The same accounting principles and calculation methods have been used as in the annual financial statements as of 31st December 2015.

The following amendments and improvements in IFRSs have been issued by the IASB, have been endorsed by the European Union and they are effective from 1/1/2016.

- **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 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.

- **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 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.

- **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.

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 in cases of share based payments.

- **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 judgments made by Management when aggregating the entity's 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 accounted for at the amount of the asset/ liability, 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 information. In case such information is presented in sections of the interim financial information other than disclosures, cross-references shall be used.

These improvements and amendments do not significantly affect the interim condensed financial information for the 1st semester of 2016.

b. Critical accounting estimates and judgments in the application of the accounting policies

The preparation of interim condensed 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:

b.1. Impairment losses on loans and other receivables

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

b.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.

b.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.

b.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 of each financial year, for the fair value measurement of the Bank´s properties, a sample of investment properties, own-use and inventory properties, is selected. The valuation of these properties is assigned to independent valuers. The results of the valuations are extrapolated to the remaining property population depending on the category, the type and the location of the property.

In case that, there is evidence for significant changes of the conditions of the real estate market in the interim reporting periods, the Bank reassesses the fair value of certain properties.

b.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.

b.6. Provisions and contingent liabilities

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

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

Specifically, for the material cases where the settlement of the obligation is estimated to take place at a significantly later time as compared to the reporting date, so that the effect from the time value of money is material, the relevant provision is calculated as the present value of the outflows that are expected to be required for the settlement of the obligations. The estimation of the discount rate takes into account the current market conditions for the time value of money, as well as the risks associated with the obligation. Also, 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.

Amounts in thousand euros (Unless otherwise stated)

b.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.

b.8. Assets held for sale

In "Assets held for sale", the Bank includes the subsidiaries 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.

b.9. 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 3.

As at 30 June 2016, the total carrying value of the Bank's receivables from Greek Public Sector is as follows:

	30/6/2016	31/12/2015
Derivative financial instruments – assets	383,052	347,370
Bonds and Treasury Bills at fair value through profit or loss	17,566	50,351
Loans to corporate entities/ Public sector	408,106	1,372,736
Bonds, treasury Bills and other variable income securities of Investment portfolio	1,922,336	2,034,992
Other assets	709,180	701,793
Total	**3,440,240**	**4,507,242**

The line "Other assets" as at 31/12/2015 was restated for comparison purposes.

3 Basis of preparation of the interim condensed financial information

The interim condensed financial information of the Bank has 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 the interim condensed financial information.

The interim condensed financial information of Piraeus Bank is prepared in euro. The amounts of the attached interim condensed financial information are expressed in thousand euros (unless otherwise stated) and roundings are performed in the nearest thousand.

Going concern basis

The interim condensed financial information has 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

In June 2016, following the completion of the 1st evaluation of the 3rd economic adjustment program, which was concluded in August 2015, a positive development to the Greek economic environment, which is now at a turning point for the transition from the prolonged recession to sustainable growth, was accomplished.

In 2015, in an intensely volatile macroeconomic and financial environment, the uncertainty peaked with the imposition of capital controls (maintaining until today the limit on cash withdrawals and capital transfers and payments abroad even though gradually eased) and the bank holiday resulting in signing a Financial Assistance Facility Agreement with the ESM in the context of the 3rd economic adjustment program. The total amount of the loans from the ESM for the period August 2015 – August 2018 will be up to € 86 billion. The disbursement of funds is linked to progress in delivery of policy conditions, in accordance with the MoU. 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 (against an initial estimation of € 25 billion), which was completed on December 2015, following the announcement of the results of the Comprehensive Assessment conducted by ECB on 31/10/2015.

In 2015, the real GDP, according to seasonally adjusted data, decreased by -0.3% (2014: + 0.7%) registering a recession significantly lower than the expected according to the economic adjustment program (-2.3%). Simultaneously, in 2015 a primary surplus was reached based on the terms of the program of 0.7% of GDP against a deficit target of -0.25% of GDP.

In 2016, the real GDP, according to the draft data for the 2nd quarter, increased by +0.2% on a quarterly basis, indicating for this quarter a decrease by -0.9% on an annual basis, which combined with the revised reduction by -1.0% in the 1st quarter of the year, shows a reduction of -1.0% on an annual basis for the 1st semester of 2016 (1st semester of 2015: 0.6%). At the same time, during the 1st semester of 2016, both travel proceeds, which were decreased by -5.8%, and tourists' arrivals, which were marginally decreased by -1.6% compared to the corresponding semester of 2015, were at levels higher than those of the corresponding quarter of 2014. The unemployment rate, in the 1st quarter of 2016, according to non seasonally adjusted data, reached 24.9% versus 26.6% in the corresponding period of 2015. In July 2016, according to a European Commission research and based on seasonally adjusted data, the economic sentiment indicator was improved and amounted to 90.9 units (June 2016: 89.7 units). The improvement in the business expectations indicator in industry, services and retail trade offset the reduction in the consumer confidence indicator and in constructions.

After the completion of two critical Eurogroups in May 2016 for the determination of the prerequisites measures and actions, the Greek side voted the legislation and implemented a series of measures and reforms successfully completing the first evaluation. The disbursement tranche of ESM program of amount € 10.3 billion in individual sub-payments was approved on 17/6/2016. The first sub-tranche of € 7.5 billion was paid on 21st June 2016, in order to cover the financing needs and clearing overdue liabilities of the Greek government. The remaining amount (€ 2.8 billion) is expected to be disbursed in September 2016 after the implementation of prerequisite package and the satisfactory progress of clearing outstanding commitments.

The completion of the evaluation, in combination with the expected debt relief measures over time, is expected to lead to a gradual improvement in the economic environment, alongside with the implementation of privatizations, the further liberalization of capital movements, the return to positive rates of GDP, and the participation of Greek bonds in ECB´s quantitative easing program.

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 of the 3rd economic adjustment program 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.

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 Bank's position, thus contributing towards the expected recovery for a part of outflow of deposits in Greece at the beginning of 2015 and the reduction of the funding from Eurosystem and more specifically from the ELA.

The SSM inspection regarding the accuracy of the capital adequacy ratios calculation is close to be completed. The Bank's Management estimation is that the above mentioned inspection shall be insignificant on the Group's capital adequacy ratios.

Liquidity

During the 1st semester of 2016, domestic market deposits (private and public sector) decreased by 1% to € 132 billion. The exposure of all Greek banks in the Eurosystem reduced from € 108 billion at the end of December 2015 to € 87 billion at the end of June 2016, of which about € 54 billion (from € 69 billion respectively), 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).

During the 1st semester of 2016, Piraeus Bank’s exposure to the Eurosystem reduced by € 5.9 billion to € 26.8 billion, mainly assisted by the further improvement of access to international repo markets, following the stabilization of the Greek banking sector since the end of 2015, the further deleveraging of the loan portfolio in the 1st semester of 2016, as well as the Bank´s participation in the ECB´s program of Quantitative Easing (“QE”) with the sale of EFSF bonds of amount € 1.5 billion in the 2nd quarter of 2016. Piraeus Bank’s financing through the ELA was reduced by € 2.3 billion in the 1st semester of 2016 to € 14.4 billion at the end of June 2016.

On 28 April 2016, the last guarantees of the Hellenic Republic (Pillar II), used by Piraeus Bank for liquidity purposes under the framework of L.3723/2008 “The strengthening of the liquidity of the Economy for offsetting the impact of the international financial crisis,” were redeemed and therefore Piraeus Bank is no longer subject to the restrictions of the support program. It is noted that Piraeus Bank has fully repaid all the Pillars of L.3723/2008, without any loss to the Greek State as to the guarantees and capital it offered, while the Greek State has received approximately € 675 million fees from Pillars II and III.

At the same time, the EFSF allowed Greek banks that had received EFSF notes in previous years, within the framework of their recapitalisation and the consolidation of the banking sector, to sell the respective notes to the members of the Eurosystem, in accordance with the conditions applicable to the QE program established by the European Central Bank. Up to June 30, 2016 Piraeus Bank has sold EFSF bonds with a nominal value of € 1.5 billion in the context of the QE program.

On 22 June 2016, the Governing Council of the ECB decided to reinstate the waiver affecting the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic as collateral for the supply of liquidity, subject to special “haircuts”. The reinstatement of the waiver excluded, already as of 2 March 2015, uncovered guaranteed bank bonds that have been issued by the counterparty itself or an entity closely linked to that counterparty, such as the government guaranteed bonds under the Second Pillar of the Greek Law 3723/2008, pursuant to the ECB Decisions ECB/2012/12 and ECB/2013/6. The waiver came into force on June 29, 2016 and for Piraeus Bank, has reduced ELA use by approximately €1 billion.

Furthermore, Greek banks can participate in the ECB’s Targeted Longer-Term Refinancing Operations (“TLTRO”), getting the benefit associated with the new TLTRO II programme announced on 10 March 2016 by the ECB, subject to sufficient eligible collateral. The duration of the new TLTRO is four years, with four windows of participation, beginning from June 2016 until March 2017. Piraeus Bank participated in the first auction on June 23, 2016 with €4 billion, shifting also the € 2.7 billion of TLTRO I to TLTRO II.

Piraeus Bank's management, after taking into account the introduction of the economic adjustment program, the uninterrupted liquidity provided by the Eurosystem to the Greek banking system, the completion of the share capital increase in 2015, the current high level of capital adequacy, as well as the gradual relax of capital controls imposed one year ago, expects to be able to fully cover its short-term and middle-term financing needs.

Amounts in thousand euros (Unless otherwise stated)

4 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	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Loans and advances to credit institutions	760,952	787,795	760,952	787,795
Loans and advances to customers (net of provisions)	47,826,464	49,425,753	47,326,649	47,661,676
Debt securities - receivables	15,490,080	16,985,336	15,764,863	17,286,346
Reverse repos with customers	22,284	-	22,284	-

Liabilities	Carrying value		Fair value	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Due to credit institutions	32,025,153	34,591,752	32,025,153	34,591,752
Due to customers	36,190,082	36,771,355	36,190,082	36,771,355
Debt securities in issue	92,940	102,314	73,706	75,354

The fair values as at 30/6/2016 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.

b) Assets and liabilities measured at fair value

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

Level 1

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

Amounts in thousand euros (Unless otherwise stated)

Level 2

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

Level 3

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 and derivative financial instruments. Shares and derivative financial instruments within level 3 are not traded in an active market or there are no available prices from external traders in order to determine their fair value.

Shares categorized in the available for sale portfolio

The valuation is carried out with variables that are not based on observable market data (unobservable inputs). For the determination of the fair value of the aforementioned shares, the Bank uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The Bank, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions. The fair value of the shares in level 3 is only taken into account in case that there is evidence of impairment, else these shares are recorded at cost.

Derivative financial instruments

The embedded derivatives of the convertible bonds 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.

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 as at 30/6/2016	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	471,488	6,207	**477,695**
Financial instruments at fair value through profit or loss				
- Bonds	17,620	-	-	**17,620**
Available for Sale Securities				
- Bonds	419,495	-	-	**419,495**
- Treasury bills	1,511,685	-	-	**1,511,685**
- Shares & other variable income securities	109,150	-	175,948	**285,098**
Liabilities				
Derivative financial instruments - liabilities	-	480,955	-	**480,955**

Amounts in thousand euros (Unless otherwise stated)

Assets & Liabilities measured at fair value as 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**
- Treasury bills	1,621,695	-	-	**1,621,695**
- Shares & Other variable income securities	141,476	-	220,238	**361,714**
Liabilities				
Derivative financial instruments - liabilities	-	444,639	-	**444,639**
Financial Liabilities at fair value through profit or loss	2,499	-	-	**2,499**

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 30/6/2016, no transfer from level 1 to level 2 and vice versa occurred in the period 1/1-30/6/2016.

The following tables present the movement of derivative financial instruments-assets and shares of the available for sale portfolio within level 3 in the period 1/1-30/6/2016 and in 2015:

Reconciliation of level 3 items (1st semester 2016)	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening balance 1/1/2016	2,197	220,238
Purchases	-	23,142
Profit/ (loss) for the period	4,010	-
Other comprehensive Income	-	(1,063)
Impairment	-	(347)
Disposals (note 6)	-	(65,935)
Foreign exchange differences and other movements	-	(87)
Closing balance 30/6/2016	**6,207**	**175,948**

Reconciliation of level 3 items (year 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)
Disposals	-	(16)
Foreign exchange differences and other movements	-	(275)
Closing balance 31/12/2015	**2,197**	**220,238**

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

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	30/06/2016	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(16)
Derivative financial instruments - assets	5	(4)
Equity Statement		
Available for sale shares & other variable income securities	17	-

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	-

Considering changes in the underlying share price by +/- 5%, in the volatility of the share price by +/- 10%, in interest rates by +/- 10 basis points and in credit spreads by +/- 100 basis points, the change in the fair value of the embedded derivative as compared to its fair value as at 30/6/2016, will range between about +88% in the scenarios of favourable changes and -63% in the scenarios of unfavourable changes.

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.

5 Business segments

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 - 30/6/2016	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	700,334	281,587	5	27,604	(111,625)	**897,906**
Net fee and commission income	93,635	8,763	212	3,660	1,891	**108,161**
Other income	78,347	594	-	29,877	(5,974)	**102,844**
Net income	**872,316**	**290,944**	**218**	**61,141**	**(115,708)**	**1,108,910**
Depreciation and amortisation	(9,767)	(21)	(10)	(1,239)	(31,200)	**(42,237)**
Other operating expenses	(419,812)	(38,048)	(1,269)	(29,606)	-	**(488,736)**
Results before provisions, impairment and income tax	**442,736**	**252,874**	**(1,061)**	**30,296**	**(146,908)**	**577,937**
Impairment losses on loans	(382,580)	(145,415)	-	-	-	**(527,996)**
Impairment losses on other receivables	-	-	-	-	(28,244)	**(28,244)**
Impairment losses on other debt securities - receivables	-	-	-	-	(5,113)	**(5,113)**
Other provisions and impairment	(10,257)	(790)	-	-	(31,110)	**(42,156)**
Results before tax	**49,899**	**106,669**	**(1,061)**	**30,296**	**(211,374)**	**(25,571)**
Income tax						369
Results after tax for the period						**(25,202)**
As at 30 June 2016						
Total assets	35,835,651	12,872,228	197	20,710,255	10,250,863	**79,669,193**
Total liabilities	34,397,870	1,262,341	51	33,426,455	1,059,385	**70,146,102**
Capital expenditure	13,524	253	67	1,182	41,262	**56,288**

Amounts in thousand euros (Unless otherwise stated)

1/1 - 30/6/2015	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	634,164	304,401	-	64,930	(138,887)	**864,608**
Net fee and commission income	86,579	16,169	131	2,679	1,488	**107,046**
Other income	7,167	1,026	4	11,195	138,481	**157,874**
Net income	**727,910**	**321,596**	**135**	**78,804**	**1,082**	**1,129,527**
Depreciation and amortisation	(10,254)	(49)	(2)	(1,339)	(29,390)	**(41,033)**
Other operating expenses	(433,627)	(37,568)	(1,495)	(30,308)	-	**(502,997)**
Results before provisions, impairment and income tax	**284,029**	**283,979**	**(1,362)**	**47,158**	**(28,307)**	585,497
Impairment losses on loans	(1,072,375)	(741,054)	-	-	-	**(1,813,428)**
Impairment losses on other receivables	-	-	-	-	(46,064)	**(46,064)**
Other provisions and impairment	(3,670)	(481)	-	-	-	**(4,151)**
Results before tax	**(792,015)**	**(457,555)**	**(1,362)**	**47,158**	**(74,371)**	**(1,278,146)**
Income tax						345,692
Results after tax for the period						**(932,454)**
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**
As at 30 June 2015						
Capital expenditure	15,948	197	164	642	64,624	**81,573**

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 Banking Unit "(RBU) that was established during 2014.

30/6/2016	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	20,193,546	(10,120,495)	10,073,051
Mortgages	4,549,911	(1,419,425)	3,130,486
Consumer	3,187,315	(2,054,306)	1,133,008
Total	**27,930,771**	**(13,594,226)**	**14,336,545**

31/12/2015	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**

Total liabilities include deposits of customers of the unit "Recovery Banking Unit" (RBU) of amount € 414,679 thousand (31/12/2015: € 426,154 thousand).

6 Results from investment securities

"Results from investment securities" for the 1st semester 2016 were mainly driven by: a) a gain of € 73 million upon the finalization of the sale of Visa Europe shares to Visa Inc. on 21/6/2016. Part of the aforementioned gain, amount of € 66 million, had been recognized directly to the Bank's equity as at 31/12/2015 following the valuation of Visa Europe shares, b) a gain of € 25 million from the sale in the 2nd quarter of 2016 of EFSF bonds of face value € 1.5 billion within the framework of the ECB´s Quantitative Easing (QE) program, c) a gain of approximately € 14 million on the sale of listed in the Athens Stock Exchange shares and d) a loss of € 21 million on the partial disposal of the subsidiary company Trastor Real Estate Investment Company and on the sale of the total holding in the associate company European Reliance General Insurance Co. SA, in the framework of the Bank's Restructuring Plan.

Amounts in thousand euros (Unless otherwise stated)

7 Income tax

	1/1-30/6/2016	1/1-30/6/2015
Current tax	-	(414)
Deferred tax	369	346,106
Total	**369**	**345,692**

In accordance with the provisions of the enacted Greek Tax Law (Law 4172/2013), as amended by Law 4334/2015 (Gazette A΄80/16.7.2015) and being in effect today, the income tax rate for legal entities increased from 26% to 29% from the tax year 2015 and thereon. A tax rate of 10% is imposed on dividend income acquired until 31/12/2016, whereas from 1/1/2017 and thereon, the tax rate increases to 15% after the voting of Law 4389/2016.

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.

As at 30/6/2016, 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 respective tax provisions.

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 and 2015, 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 which was amended after the voting of Law 4410/2016, whereas from 2016 and thereon the issue of the "Annual Tax Certificate" is optional. 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.

Amounts in thousand euros (Unless otherwise stated)

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 2015, the tax audit by PricewaterhouseCoopers S.A. has been completed and a non qualified “Tax Compliance Report” is expected to be issued and submitted.

The Management does not expect that additional tax liabilities will arise, in excess of those already recorded and presented in the interim condensed financial information, upon the completion of the tax audit.

8 Earnings/ (losses) per share

Basic earnings/ (losses) per share is calculated by dividing the profit/ (loss) after tax attributable to the ordinary shareholders for the period 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	1/1-30/6/2016	1/1-30/6/2015	1/4-30/6/2016	1/4-30/6/2015
Profit/ (loss) attributable to ordinary shareholders	(25,202)	(932,454)	100	(955,859)
Weighted average number of ordinary shares in issue	8,733,183,280	1,685,940,383	8,733,183,280	1,685,940,383
Basic and diluted earnings/ (losses) per share (in €)	(0.0029)	(0.5531)	0.0000	(0.5670)

According to the requirements of IAS 33, the weighted average number of shares for the comparative periods from 1/1/2015 - 30/6/2015 and 1/4/2015 - 30/6/2015 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 periods has been also adjusted by a factor 1/100 in order to adjust earnings/ (losses) per share for the reverse split (note 21).

9 Analysis of other comprehensive income

1/1 - 30/6/2016	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve (note 22)	(84,181)	24,459	(59,722)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	-	0
Other comprehensive income	**(84,181)**	**24,459**	**(59,722)**

Amounts in thousand euros (Unless otherwise stated)

1/1 - 30/6/2015	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(105,893)	27,533	(78,360)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	8,350	8,350
Other comprehensive income	**(105,893)**	**35,883**	**(70,010)**

10 Financial assets at fair value through profit or loss

	30 June 2016	31 December 2015
Greek government bonds	17,566	50,351
Foreign government bonds	53	55
Bank bonds	-	56
Total financial assets at fair value through profit or loss	**17,620**	**50,462**

11 Loans and advances to customers

	30 June 2016	31 December 2015
Mortgages	15,712,527	16,004,066
Consumer/ personal and other loans	3,620,229	3,747,777
Credit cards	970,800	973,811
Loans to individuals	**20,303,555**	**20,725,654**
Loans to corporate entities and Public sector	**35,709,193**	**36,943,509**
Total loans and advances to customers (before allowances for losses)	**56,012,748**	**57,669,163**
Less: Allowance for impairment on loans and advances to customers	(8,186,284)	(8,243,410)
Total loans and advances to customers (net of provisions)	**47,826,464**	**49,425,753**

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. Specifically, that the allowance for impairment of loans of the Group amount to € 8.0 billion 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) 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 1/1/2015	**775,693**	**719,215**	**226,925**	**1,721,833**	**5,027,255**	**6,749,087**
Charge for the period	330,375	106,892	28,075	**465,342**	1,348,087	**1,813,428**
Loans written-off	(7,522)	(41,415)	(16,475)	**(65,412)**	(354,916)	**(420,328)**
Provisions of derecognised loans	-	-	-	**0**	(364,997)	**(364,997)**
Unwinding	(39,246)	(30,521)	(4,876)	**(74,644)**	(86,843)	**(161,486)**
Foreign exchange differences and other movements	24,513	12,577	-	**37,090**	89,288	**126,377**
Balance at 30/6/2015	**1,083,813**	**766,748**	**233,648**	**2,084,209**	**5,657,873**	**7,742,081**
Opening balance at 1/7/2015	**1,083,813**	**766,748**	**233,648**	**2,084,209**	**5,657,873**	**7,742,081**
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	-	-	**0**	(319,328)	**(319,328)**
Charge for the period	314,242	59,099	(3,609)	**369,733**	1,057,059	**1,426,792**
Loans written-off	7,515	(43,120)	(18,326)	**(53,930)**	(71,818)	**(125,749)**
Provisions of derecognised loans	-	-	-	**0**	(328,110)	**(328,110)**
Unwinding	(38,924)	(29,894)	(5,111)	**(73,930)**	(86,621)	**(160,551)**
Foreign exchange differences and other movements	(8,779)	235	-	**(8,543)**	16,817	**8,273**
Balance at 31/12/2015	**1,357,868**	**753,068**	**206,603**	**2,317,538**	**5,925,871**	**8,243,410**
Opening balance at 1/1/2016	**1,357,868**	**753,068**	**206,603**	**2,317,538**	**5,925,871**	**8,243,410**
Charge for the period	120,402	64,552	(16,336)	**168,618**	359,377	**527,996**
Loans written-off	(3,360)	(35,825)	(8,229)	**(47,414)**	(370,909)	**(418,323)**
Unwinding	(36,393)	(32,893)	(4,083)	**(73,369)**	(93,169)	**(166,538)**
Foreign exchange differences and other movements	(892)	(98)	-	**(990)**	729	**(261)**
Balance at 30/6/2016	**1,437,624**	**748,805**	**177,955**	**2,364,384**	**5,821,899**	**8,186,284**

Amounts in thousand euros (Unless otherwise stated)

12 Available for sale securities

	30 June 2016	31 December 2015
Greek government bonds	399,986	400,776
Foreign government bonds	18,601	18,903
Greek government treasury bills	1,511,685	1,621,695
Corporate entities bonds	897	-
Bank bonds	10	4,740
Total bonds and other fixed income securities (A)	**1,931,180**	**2,046,114**
Listed shares	37,032	64,054
Unlisted shares	172,666	224,512
Mutual funds	64,736	60,626
Other variable income securities	10,665	12,521
Total shares and other variable income securities (B)	**285,098**	**361,714**
Total available for sale securities (A) + (B)	**2,216,278**	**2,407,828**

Relevant reference to the result from the securities' disposal of the available for sale securities is provided in note 6.

13 Debt securities - receivables

	30 June 2016	31 December 2015
Corporate entities debt securities - receivables	16,175	16,282
Bank debt securities - receivables	29,057	28,858
ESM and EFSF bonds debt securities - receivables	15,473,905	16,964,042
Total debt securities - receivables	**15,519,137**	**17,009,181**
Less: Allowance for impairment on debt securities - receivables	(29,057)	(23,846)
Total debt securities - receivables (less allowances for losses)	**15,490,080**	**16,985,336**

The balance of the EFSF bonds has decreased due to sale of securities totaling € 1.5 billion, under the Bank's participation in the ECB's quantitative easing program. The result arised from the sale ιs mentioned at note 6.

14 Assets held for sale

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	100.00%	Cyprus
2.	ATE Insuranse S.A.	Insurance	100.00%	Greece
3.	ATE Insurance Romania S.A.	Insurance	99.49%	Romania
4.	Piraeus Leasing Bulgaria A.D.	Finance leases	94.83%	Bulgaria

Relevant reference concerning the sale of the Piraeus Bank Cyprus Ltd group of companies is provided in note 26.

Amounts in thousand euros (Unless otherwise stated)

Piraeus Bank entered into an agreement, in August 2014, to sell its 100% stake in ATE Insurance to ERGO Insurance Group, a subsidiary of Munich Re. The consideration amounts to € 90.1 million in cash for the entire stake of Piraeus Bank in ATE Insurance. The consideration is subject to adjustment, following the completion of the sale, on the basis of customary purchase price adjustment criteria, in accordance with the terms of the sale and purchase agreement. Relevant reference for the completion of the agreement is provided in note 26.

During the 2nd quarter of 2016, Piraeus Leasing Bulgaria A.D. was transferred from the portfolio of subsidiaries' companies to "assets held for sale", since the criteria of IFRS 5 are met.

15 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 Leases S.A.	Finance leases	100.00%	Greece
7.	Piraeus Leasing Romania IFN S.A.	Finance leases	99.85%	Romania
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 Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom
13.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece
14.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece
15.	Picar S.A.	City Link areas management	100.00%	Greece
16.	Bulfina E.A.D.	Property management	100.00%	Bulgaria
17.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece
18.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece
19.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece
20.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
21.	ND Development S.A.	Property management	100.00%	Greece
22.	Property Horizon S.A.	Property management	100.00%	Greece
23.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece
24.	Piraeus Development S.A.	Property management	100.00%	Greece
25.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece
26.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
27.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	90.85%	Cyprus
28.	Lakkos Mikelli Real Estate Ltd	Property management	40.00%	Cyprus
29.	Philoktimatiki Public Ltd	Land and property development	6.39%	Cyprus
30.	IMITHEA S.A.	Organization, operation and management of hospital units	100.00%	Greece
31.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
32.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
33.	Vitria Investments S.A.	Investment company	100.00%	Panama
34.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
35.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases - rent-a-car and long term rental of vehicles	94.00%	Greece
36.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia
37.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
38.	Piraeus Leasing Doo Beograd	Financial leasing	51.00%	Serbia
39.	Piraeus Capital Management S.A.	Venture Capital Fund	100.00%	Greece
40.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	83.52%	Greece
41.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
42.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
43.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
44.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
45.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
46.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom
47.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom
48.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	100.00%	Cyprus
49.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus
50.	Achaia Clauss Estate S.A.	Property management	75.27%	Greece
51.	Kosmopolis A' Shopping Centers S.A.	Shopping Center’s Management	100.00%	Greece

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
52.	Pleiades Estate S.A.	Property management	15.98%	Greece
53.	Piraeus Real Estate Egypt LLC	Property management	99.90%	Egypt
54.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	100.00%	Greece
55.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
56.	R.E. Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus
57.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece
58.	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom
59.	Kion Mortgage Finance No.3 Plc	SPE for securitization of mortgage loans	-	United Kingdom
60.	Kion CLO Finance No.1 Plc	SPE for securitization of mortgage loans	-	United Kingdom
61.	Tellurion Ltd	Holding company	100.00%	Cyprus
62.	Trastor Real Estate Investment Company	Real estate investment company	57.91%	Greece
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 service	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.	Cyprus Leasing S.A.	Finance leases	100.00%	Greece
70.	Trieris Two Real Estate Ltd	Holding, Investment and Real Estate Portfolio Management	100.00%	Cyprus

Companies numbered 26, 37, 41, 42, 44-47 and 58-60 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 28, 29 and 52 are included in the Bank's subsidiaries' portfolio due to the existence of control in Group level. In addition, the companies numbered 13, 32, 33, 59 and 60 are under liquidation as at 30/6/2016. The financial results of the companies numbered 59 and 60 are included in the Financial Statements of the Piraeus Bank. The financial results of the company numbered 69 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.

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

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
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.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece
8.	Sciens International Investments & Holding S.A.	Holding Company	28.10%	Greece
9.	Euroterra S.A.	Property Management	39.22%	Greece
10.	Rebikat S.A.	Property Management	40.00%	Greece
11.	Abies S.A.	Property Management	40.00%	Greece
12.	Exodus S.A.	Information technology & software	49.90%	Greece
13.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	50.01%	Greece
14.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%	Greece
15.	Pyrrichos S.A.	Property management	50.77%	Greece
16.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	40.44%	Greece
17.	Euroak S.A. Real Estate	Real Estate Investment	32.81%	Greece
18.	Olganos Real Estate S.A.	Property management/Electricity Production from Hydropower Stations	32.27%	Greece
19.	Exus Software Ltd	IT products Retailer	49.90%	United Kingdom
20.	Marfin Investment Group Holdings S.A.	Holding Company	28.43%	Greece
21.	Selonda Aquaculture S.A.	Fish farming	33.16%	Greece
22.	Nireus Aquaculture S.A.	Fish farming	24.78%	Greece

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 13 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 makes the investment decisions
- The company numbered 15 is included in the associate companies' portfolio since the Bank has significant influence and not control.

16 Due to credit institutions

"Due to credit institutions" as at 30/6/2016, includes refinancing operations through repo transactions within the eurosystem amounting to € 26.8 billion (31/12/2015: € 32.7 billion). The decrease in the refinancing raised is mainly due to the further improvement of access to international repo markets, following the stabilization of the Greek banking sector since the end of 2015, the further deleveraging of the loan portfolio in the 1st semester of 2016, as well as the Bank´s participation in the ECB´s program of Quantitative Easing (QE) with the sale of EFSF bonds of amount € 1.5 billion in the 2nd quarter of 2016.

Amounts in thousand euros (Unless otherwise stated)

17 Due to customers

	30 June 2016	31 December 2015
Corporate		
Current and sight deposits	5,975,110	6,529,057
Term deposits	1,671,439	1,671,899
Blocked deposits, guarantee deposits and other accounts	206,912	183,505
Total (A)	**7,853,461**	**8,384,461**
Retail		
Current and sight deposits	2,761,740	2,606,560
Savings account	14,307,327	15,010,615
Term deposits	11,185,372	10,691,063
Blocked deposits, guarantee deposits and other accounts	6,625	6,485
Total (B)	**28,261,063**	**28,314,723**
Cheques payable and remittances (C)	**75,558**	**72,171**
Total Due to Customers (A)+(B)+(C)	**36,190,082**	**36,771,355**

18 Debt securities in issue

A) Securitisation of mortgage loans

	30 June 2016	31 December 2015
Issuance € 750 million floating rate notes due 2040	19,413	25,756
Issuance € 1,250 million floating rate notes due 2054	54,919	56,196
Issuance € 600 million floating rate notes due 2051	18,608	20,361
Total debt securities in issue	**92,940**	**102,314**

From the above mentioned securitisation of mortgage loans issues, Piraeus Bank possesses as at 30/6/2016 bonds of nominal value amounting € 105.2 million from the issuance of € 750 million, € 616.7 million from the issuance of € 1,250 million and € 38.6 million from the issuance of € 600 million.

Piraeus Bank, during the period 1/1/2016 - 30/6/2016, proceeded with the buy back of bonds of securitised loans of total amount after amortization of € 5.1 million.

B) Debt securities' issuances retained by Piraeus Bank

It should be noted that, apart from the debt securities in the table above, as of 30/6/2016 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 30/6/2016, 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.

Amounts in thousand euros (Unless otherwise stated)

C) Euro Medium Term Note

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.

Piraeus Bank has not issued any bonds under its EMTN Programme during the period 1/1/2016 - 30/6/2016. In February 2016, Piraeus Bank cancelled a € 3,100 million senior bond and a € 1,050 million senior bond, both due May 2016, which were issued in August 2015. A € 2,000 million senior bond, which was issued in October 2015, matured in February 2016 and a € 2,500 million senior bond, issued in October 2015, matured in March 2016. A 1,750 million senior bond, which was issued in July 2015, matured in April 2016. This bond was the last ouststanding issue through the bank's EMTN programme during the period 1/1/2016 - 30/6/2016.

19 Other provisions

The reduction in other provisions as at 30/6/2016 compared to 31/12/2015 is mainly due to payments in the 2nd quarter 2016 in the scope of the voluntary exit scheme for the Bank employees, in the context of the Restructuring Plan. Specifically, 780 employees participated in the program and its cost was approximately € 72.9 million.

20 Contingent liabilities and commitments

A) Legal procedures

It is noted that the Bank as at 30/6/2016 has raised a provision for outstanding litigations of amount € 16.5 million against € 13.5 million at 31/12/2015.The legal proceedings outstanding against the Bank as at 30/6/2016, for which no provisions were recorded, are not expected to have any significant impact on the financial statements of the Bank.

B) Credit commitments

As at 30/6/2016 the Bank had the following capital commitments:

	30 June 2016	31 December 2015
Letters of guarantee	2,921,209	3,055,098
Letters of credit	37,838	29,294
Undrawn committed credit facilities	243,508	257,458
	3,202,555	**3,341,850**

C) Assets pledged

	30 June 2016	31 December 2015
Cash and balances with Central Bank	1,173,739	1,172,785
Financial instruments at fair value through profit or loss	16,981	8,707
Investment securities	1,238,075	1,192,301
Loans and advances to customers	25,652,382	24,766,404
Debt securities - receivables	10,736,460	15,252,624
	38,817,637	**42,392,821**

Amounts in thousand euros (Unless otherwise stated)

The above mentioned assets pledged are mainly used for liquidity purposes either through Eurosystem or through interbank repurchase agreement (repo) transactions . Apart from the aforementioned assets, the Bank also pledges debt securities of own issue which are not included in the Bank's assets that had been issued under the securitization of consumer, mortgage and corporate loans of the Bank of nominal value € 4,872 as at 30/06/2016 (31/12/2015: nominal value € 16,002 million including Pillar II bonds (Law 3723) of nominal value € 10,400 million).

Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities of nominal value € 4,700 million (31/12/2015: € 1,700 million) and debt securities of own issue of nominal value € 229 million are also used for liquidity purposes.

It is also noted that the "Loans and advances to customers", that are presented in the above table, include loans of € 24,638 million, which have been pledged or were eligible for pledging 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:

	30 June 2016	31 December 2015
Up to 1 year	51,102	56,763
From 1 to 5 years	207,798	231,373
More than 5 years	381,790	425,616
	640,690	**713,752**

21 Share capital and contingent convertible securities

	Share Capital	Share premium	Contigent convertible securities	Total
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**
Balance at 30 June 2016	**2,619,955**	**13,074,688**	**2,040,000**	**17,734,644**

Changes to the number of Bank's shares are analysed in the table below:

	Number of shares
Opening balance at 1 January 2015	**6,101,979,715**
Adjustment (decrease) in the number of ordinary shares due to reverse split (100:1)	(6,040,959,917)
Adjusted opening balance at 1 January 2015	**61,019,798**
Increase of share capital	8,672,163,482
Balance at 31 December 2015	**8,733,183,280**
Balance at 30 June 2016	**8,733,183,280**

The share capital of the Bank on 31/12/2015 and 30/6/2016 amounts to € 2,619,954,984.00, divided into 8,733,183,280 ordinary registered shares with a nominal value of € 0.30 each. In addition, the contingent convertible securities of 30/6/2016 and 31/12/2015, of amount € 2,040 million, were issued in the context of the share capital increase completed in December 2015 and were covered exclusively by the HFSF with bonds issued by ESM.

Amounts in thousand euros (Unless otherwise stated)

It is noted that within the frame of the Single Supervisory Mechanism (SSM) and according to the Regulation (EU) No1024/2013, credit institutions are subject to the provisions of the ECB Recommendations (ECB/2015/49) on dividend distribution policies 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 legislation order by the Law 4261/2014.

The Annual Ordinary General Meeting of Shareholders, held on 26/5/2016, decided not to distribute dividend, according to the established provisions of article 10 of Law 3864/2010, as in force for the credit institutions participating in the HFSF.

Finally, pursuant to par. 1, art. 16C of Law 3864/2010 the acquisition of treasury shares by the Bank is not permitted, without the approval of HFSF, for as long as the HFSF is a shareholder of the Bank.

22 Other reserves and retained earnings

	30 June 2016	31 December 2015
Legal reserve	69,442	69,442
Available for sale reserve	(29,078)	30,643
Reserve of defined benefit obligations	(7,723)	(7,723)
Other reserves	26,754	26,754
Total other reserves	**59,395**	**119,116**

The movement in the available for sale reserve for the period is as follows:

Available for sale reserve movement	30 June 2016	31 December 2015
Opening balance for the period	30,643	(44,777)
Gains/ (losses) from the valuation of bonds and Greek Government treasury bills	3,334	30,217
Gains/ (losses) from the valuation of shares and mutual funds	(4,779)	62,089
Recycling to income statement of shares and mutual funds impairment	-	11,383
Recycling of the accumulated fair value adjustment of disposed securities (note 6)	(82,897)	(11)
Deferred income taxes	24,459	(28,258)
Other movements	161	-
Closing balance for the period	**(29,079)**	**30,643**

Retained earnings movement	30 June 2016	31 December 2015
Opening balance for the period	(8,245,744)	(5,829,593)
Profit/ (loss) after tax	(25,202)	(2,389,397)
Transfer between other reserves and retained earnings	-	(26,754)
Closing balance for the period	**(8,270,946)**	**(8,245,744)**

Amounts in thousand euros (Unless otherwise stated)

23 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.

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 during the 1st semester 2016, as well as during 2015.

	30/06/2016		31/12/2015	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans	16,441	25,898	22,147	41,898
Deposits	3,044	3,500	6,023	4,648
Letters of guarantee and letters of credit	-	2,964	-	3,463

	1/1 - 30/6/2016		1/1 -30/6/2015	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	111	578	262	868
Expense	4	150	64	606

Members of the Board of Directors and key management personnel benefits	1/1 - 30/6/2016	1/1 - 30/6/2015
Short term benefits	3,373	3,584
Post employment benefits	(199)	543

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. Line "Post employment benefits" includes the cost of programs for the post employment benefits, and for the 1st semester of 2016 it has been positively affected from the reversal of part of the formed provisions as at 31/12/2015, that took place during the 1st quarter of 2016.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 26.1 million, compared to € 26.5 million as at 31/12/2015. The full amount of the above provisions has been included in the retirement benefit obligations.

Amounts in thousand euros (Unless otherwise stated)

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

I. Subsidiaries

	30 June 2016	31 December 2015
Assets		
Cash and balances with Central Bank	50,349	10,940
Loans and advances to credit institutions	715,575	745,943
Loans and advances to customers	2,535,229	2,569,950
Other assets	170,314	319,352
Total	**3,471,467**	**3,646,184**
Liabilities		
Due to credit institutions	261,309	181,045
Due to customers	494,545	515,194
Debt securities in issue	18,554	180,172
Other liabilities	17,343	20,494
Total	**791,751**	**896,904**

	1/1 - 30/6/2016	1/1 - 30/6/2015
Revenues		
Interest and similar income	36,660	32,385
Fee and commission income	4,875	4,548
Other income	832	452
Total	**42,366**	**37,385**
Expenses		
Interest expense and similar charges	(10,160)	(34,890)
Fee and commission expense	(10,210)	(10,116)
Operating expenses	(23,940)	(21,700)
Total	**(44,310)**	**(66,706)**

Letters of guarantee and letters of credit to subsidiaries of the Group as at 30/6/2016 amount to € 174.6 million (31/12/2015: 165.5 million).

II. Associates

	30 June 2016	31 December 2015
Deposits and other liabilities	71,135	76,314
Loans and other receivables	1,093,516	1,081,109
Debt securities	10,771	10,771
Derivatives financial assets	6,207	2,197

The aggregate provisions on loans to associate companies amount to € 60.2 million, compared to € 65.6 million as at 31/12/2015.

Amounts in thousand euros (Unless otherwise stated)

	1/1 - 30/6/2016	1/1 - 30/6/2015
Total expense and capital expenditure	(4,195)	(5,467)
Total income	36,530	24,312

Letters of guarantee to associates of the Group as at 30/6/2016 amount to € 12.9 million (31/12/2015: € 17.3 million).

24 Capital adequacy

From January 2014 and onwards, Piraeus Bank applies the 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 (CRR). For the transposition of Directive 2013/36/EU, Greece adopted Law 4261/2014.

The main objectives of Piraeus Bank with respect to capital adequacy management are the following:

• To comply with the capital requirements regulation against risks undertaken, 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

• To maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

Presented below, are the capital adequacy ratios as at 30/6/2016 and 31/12/2015 for Piraeus Bank as calculated under the existing regulatory framework, taking into account all relevant transitional period provisions applicable under Regulation (EU) No. 575/2013.

	30 June 2016	31 December 2015
Common Equity Tier 1 Capital	8,876,794	9,099,971
Tier 1 Capital	8,876,794	9,099,971
Total regulatory capital	8,876,794	9,099,971
Total risk weighted assets (on and off-balance sheet items)	49,277,318	49,871,054
CET1 Capital ratio	18.0%	18.2%
T1 Capital ratio	18.0%	18.2%
Total capital ratio	18.0%	18.2%

As of 30th June 2016, the abovementioned ratios are far exceeding minimum regulatory requirements, confirming the strong capital base of Piraeus Bank.

Amounts in thousand euros (Unless otherwise stated)

25 Restatement of comparative period

Regarding the Income Statement for periods 1/1-30/6/2015 and 1/4-30/6/2015, the expenditure comprising the effect of the Bank's closed branches, has been reclassified from line "Depreciation and Amortization" to line "Other provisions and impairment". The presentation has changed for comparability purposes with the relevant periods of 2016.

INCOME STATEMENT	From 1 January to 30 June 2015		
	Published amounts	Restatements	Restated amounts
Depreciation and amortisation	(43,381)	2,347	(41,033)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(546,378)**	**2,347**	**(544,030)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	**583,150**	**2,347**	**585,497**
Other provisions and impairment	(1,803)	(2,347)	(4,151)

INCOME STATEMENT	From 1 April to 30 June 2015		
	Published amounts	Restatements	Restated amounts
Depreciation and amortisation	(21,536)	851	(20,685)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(273,813)**	**851**	**(272,962)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	**323,702**	**851**	**324,554**
Other provisions and impairment	(472)	(851)	(1,323)

26 Events subsequent to the end of the interim period

• On 5 July 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 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 8 July 2016, Piraeus Bank announced that it has entered into an agreement with Holding M. Sehnaoui SAL (HMS), for the sale of 26% of the share capital in its subsidiary in Cyprus, Piraeus Bank Cyprus Ltd ("PBC") for a consideration of € 3.2 million which – together with a combination of a concurrent primary capital raise by PBC of € 40 million to be fully subscribed by HMS and a group of investors to be procured by HMS. Following the completion of the abovementioned transactions Piraeus Bank's stake in PBC will drop to 17.6% of the total share capital. The transaction is subject to customary conditions including regulatory and other approvals by the respective authorities in the European Commission, Cyprus and Greece, as well as the Hellenic Financial Stability Fund. Piraeus Bank Group's CET-1 capital ratio is expected to improve by approximately 15 basis points, based on 31 March 2016 financial data, mainly due to a risk weighted assets relief by approximately € 0.6 billion, from the non-consolidation of PBC.

• On 20 July 2016, the former Non-Executive Chairman of Piraeus Bank, Mr. Michalis Sallas announced his decision not to participate in the new Board of Directors of Piraeus Bank. Mr. Sallas was awarded the title of Chairman Emeritus of Piraeus Group, after anunanimous resolution of the Board of Directors. Following the resignation of Mr. Michalis Sallas, the Board of Directors has elected Professor Charikleia Apalagaki as Interim Chairperson, until the election of the new Chairman.

Amounts in thousand euros (Unless otherwise stated)

• On 21 July 2016, Mr. Konstantinos Paschalis assumed duties as Piraeus Bank Group Chief Financial Officer.

• On 1 August 2016, Mr. Panagiotis Tsoukatos assumed duties as Head of Internal Audit Division, after the resignation of Mr. Panagiotis Moshonas, the previous Deputy General Manager of Internal Audit Division.

• On 1 August 2016, the transfer of 100% of the share capital of ATE Insurance to Ergo International AG - a subsidiary of Munich Re - was completed, following the fulfillment of all the conditions under the relevant agreement, as well as the receipt of all necessary approvals from the competent bodies, including the Hellenic Financial Stability Fund. ERGO InternationalAG paid a consideration of € 90.1 million in cash for the total stake of Piraeus Bank in ATE Insurance's share capital. The consideration may be subject to adjustment, after the completion of the sale, on the basis of customary purchase price adjustment criteria, under the terms of the relevant share sale and purchase agreement. The transaction improves the CET-1 ratio of Piraeus Bank Group by approximately 5 basis points, based on end of March 2016 financial data, mainly due to risk weighted assets relief by € 0.2 billion.

• On 2 August 2016, S&P Global Ratings upgraded the credit rating of Piraeus Bank to 'CCC+' with Stable outlook from 'SD' before.

• In mid August 2016, the results of the Asset Quality Review-AQR and of the Stress Test which were carried out by the Central Bank of Bulgaria (BNB) were announced. The results showed that Piraeus Bank Bulgaria, a subsidiary of Piraeus Bank, is very well capitalized even under the adverse scenario of the exercise, in which the CET-1 ratio reached 12.4%. The AQR was conducted based on year-end 2015 financial data, whereas the capital adequacy was examined for the period 2016-2018 under baseline and adverse scenarios. The minimum required regulatory ratio in the stress test was determined at 5.5% in the adverse scenario.

Athens, August 30th, 2016

CHAIRMAN OF THE BOARD OF DIRECTORS	DEPUTY MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
CHARIKLEIA A. APALAGAKI	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS	GEORGE TH. MARINOPOULOS