PIRAEUS BANK

ANNUAL FINANCIAL REPORT

For the period from 1st January to 31st December 2016

According to Law 3556/ 2007

March 2017

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

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BOARD OF DIRECTORS' MANAGEMENT REPORT 2016

The year 2016 was a pivotal one for Piraeus Bank. In financial terms the year marked the stabilization in the Bank's performance, especially during the second half when market conditions permitted it. Liquidity and asset quality improvement has accelerated and this was evident across all spectrum of financial metrics, along with net results' performance. At the corporate level, the year was characterised by the structural changes in the composition of the Bank's Board of Directors, in accordance with the best international practices and regulatory rules, while it was earmarked by the appointment of the new Chairman of the BoD in the beginning of November. The institutional strengthening of the Bank enables its further empowerment, and uninterrupted business continuity, for the benefit of its shareholders, customers and employees.

In this context, the Bank's strategic pillars going forward have been set and are the following: a) best practices in corporate governance, with substantial participation of expert members with extensive international expertise on the Board of Directors; b) sustained profitability of core operations; c) swift implementation of the restructuring targets; d) exit from non-strategic activities that will free-up resources strengthening the core banking platform and e) initiatives related to digitalization and innovation, which will reduce operating costs and will further enhance operational efficiency and customer experience.

Piraeus Bank continues implementing its restructuring plan, in order to support the economic recovery in Greece, as the largest bank in the country, and to create value for its shareholders.

Regarding developments in the international and domestic economy, the Greek banking sector and Piraeus Bank, the major developments of year 2016 and year 2017, until the time of publication of financial statements, are following.

International Environment and Economic Developments

In 2016 the global landscapes was mainly characterized by dense political developments and changing conditions, while the economic and monetary stability was mainly stipulated by the interventions of Central Banks.

The global GDP growth was 3.1% in 2016 against 3.2% in 2015, with the marginal slowdown being attributed to developed economies (GDP growth of 1.7% from 2.1% respectively), while the economic growth of emerging and developing economies remained unchanged at 4.1%. For 2017, the GDP growth rate of the world economy is projected to be 3.4%.

In more detail, the GDP growth rate of the US economy in 2016 slowed down to 1.6% from 2.6% in 2015, while inflation accelerated to 1.3% from 0.1%. The strengthening of the employment continued at a satisfactory pace. In its December 2016 meeting, the FED increased its base rate from 0.25%-0.50% to 0.50%-0.75%. For 2017, GDP growth is anticipated to accelerate to 2.2% mainly due to the fiscal stimulus that the new administration is expected to put in place. The FED, following its latest base rate increase to 0.75%-1.00% in March 2017, is expected to proceed with a further additional base rate increase of 25 basis points (to 1.00%-1.25%), while the possibility of decision for a second rate rise (to 1.25%-1.50%) cannot be ruled out.

During 2016, the Eurozone's economy GDP growth rate also slowed down to 1.7% from 2.0% in 2015, while inflation remained at a very low level for a third consecutive year. The European Central Bank (ECB) decided during 2016 to increase the size of its monthly asset purchases volume to € 80 billion from € 60 billion aiming to drastically confront the very low inflation. For 2017, Eurozone's GDP growth rate is projected to slightly decelerate to 1.6%, while inflation to pick up to 1.6%. The ECB will continue to implement its quantitative easing program until the end of 2017, with monthly purchases of € 60 billion from April 2017 and beyond. However, it should be noted, that the acceleration of inflation will be exerting pressure to ECB to reduce the size of its quantitative easing program.

The GDP growth of China's economy decelerated to 6.7% during 2016 (from 6.9% in 2015), which is the lowest growth rate since 1990. The significant reduction of foreign exchange reserves (by $ 320 billion during 2016 or by $ 830 billion during the 2015-2016 period), which supported the Chinese currency, is reflecting the heightened risks lurking for China's economy. For 2017, the GDP growth rate of the Chinese economy is expected to further slow down (to 6.5%) and the Central Bank of China to continue supporting its currency and taking actions with the aim to prevent the steep deceleration of the economy.

The year 2017 is expected to be characterized by: a) the contrasting policies followed by the major central banks (the FED is anticipated to return to the “normalcy” of a tighter monetary policy, whereas the ECB and the Central Bank of Japan will continue their quantitative easing policy); b) the fiscal stimulus that the new US administration plans to initiate; and c) potential political developments in the European Union.

Developments in the Greek Economy and the Greek Banking System

Year 2016 was marked by a series of positive developments for the Greek economy, such as the successful conclusion of the first review for the third economic policy program, the further relaxation of capital controls, the reinstatement of the waiver of Greek bonds as a collateral for refinancing by ECB, as well as the decision at the end of the year for the short term measures for the relief of the Greek public debt. Although developments had a positive impact on limiting the uncertainty and improving the economic sentiment, however they did not contribute to the complete restart of the economy and the restoration of its course towards positive growth.

During 2016, the Greek economy declined by a marginally negative rate of -0.1% versus a -0.3% in 2015 based on seasonally adjusted data. In the 2nd and 3rd quarter of year 2016, GDP grew with positive rates, but the 4th quarter recorded a negative quarterly change of -1.2%. Overall in 2016, domestic demand had a positive contribution, mainly due to the increase in private consumption, whereas the contribution of international trade was negative.

Meanwhile, in 2016 inflation continued, albeit at a slower pace, its deflating trend (-0.8%, 2015: -1.7%). However, in December, for the first time after 45 months of decline, inflation was zero annually and in the first two months of January-February 2017 it entered into positive territory. The unemployment rate stood at 23.5% in 2016 versus 24.9% in 2015, as employment increased by 1.7% and the unemployed decreased by -5.5%.

In 2016, the current account balance posted a deficit of -€ 1.1 billion (-0.6% of GDP), compared to a surplus of around € 0.2 billion (0.1% of GDP) in 2015. In 2016, travel receipts declined 6%, which was attributed to the reduction in average spending per trip by 11%, while incoming travel traffic increased 5%.

On a fiscal level, during 2016, on a modified cash basis, a primary surplus for the state budget of approximately € 4.4 billion is anticipated. According to the estimates of the preliminary Budget Report for 2017, the primary surplus of the general government according to the methodology of the economic policy program is expected in 2016 to exceed the target of 0.5% of GDP and reach 1.1%, while in 2017 to attain 2.0% of GDP compared to a target initially set at 1.75%. The final data for 2016 are expected to be released by Eurostat at the end of April 2017.

At the end of 2016, the economic sentiment index stood at 91.8 points, compared to 89.7 points in 2015, however, the protracted negotiations for the completion of the second review led to a renewed heightened uncertainty and to the decline of the index during the first two months of 2017.

Therefore, critical to the process of economic recovery in 2017, at macroeconomic and fiscal level, remains the conclusion of the second programme review, the timely disbursement of the program installments for debt repayment and reimbursing state arrears to private sector suppliers and the implementation of debt relief measures.

The Greek banking system, following the completion of the recapitalization at the end of 2015, has formed significant buffers of additional capital that further strengthened Greek banks' balance sheets, despite the prevailing conditions in the domestic economy.

With respect to loans in the Greek banking market, the annual adjusted reduction rate of domestic private sector financing in December 2016 reached -1.5% (€ 195 billion) from -2.0% respectively in 2015. The loans to deposits ratio for the Greek banking market improved to 120% in December 2016 from 128% in December 2015.

Deposits in the domestic market (private and public sector on a comparable basis) increased 4% and amounted to € 139 billion. Exposure of all Greek banks to the Eurosystem decreased to € 67 billion at the end of December 2016, from € 108 billion a year before, of which € 44 billion were covered through ELA liquidity mechanism (-€ 25 billion annually) and € 23 billion from ECB refinancing (-€ 16 billion annually).

On June 22nd 2016, the European Central Bank decided to reinstate the waiver regime for the eligibility of tradable securities issued or guaranteed by the Greek State, making Greek bonds eligible as collateral for main refinancing operations for Greek banks, a decision which became valid since June 29th, 2016.

In addition, a significant development during 2016, was the fact that the European Financial Stability Facility (EFSF) has allowed Greek banks, which had received its notes as part of their recapitalization and the consolidation of the industry during the previous years, to sell the said notes under the quantitative easing program (Quantitative Easing, QE) of the ECB.

Considering the implementation of the economic adjustment program and the gradual relaxation of capital controls since the end of July 2016, and the prospect of the completion of the second review, it is estimated that Greek banks are in position to gradually further improve their funding profile and strengthen their deposit base, as long as the negotiations swiftly complete the second review.

Greek banks participated in the long term TLTRO (targeted longer-term refinancing operations) programme of ECB, which was announced on March 10th, 2016, conditional on the existence of eligible collateral. TLTRO II programme's duration is four years, with the ability to participate on four different dates, the first of which was in June 2016 and the final one in March 2017.

Addressing the high level of non-performing loans represents the biggest challenge for the Greek banking system. In late November 2016, the Bank of Greece in cooperation with the Single Supervisory Mechanism (SSM) of the European Central Bank set operational targets for the reduction of non-performing exposures of Greek banks, which are accompanied by key performance indicators. Quarterly operational targets were set beginning from June 2016 up until the end of 2017 and annual targets for the years 2018 and 2019. The aforementioned operational targets have been incorporated into the respective business plans of the banks. Within this framework, the sector is estimated to decrease its non-performing exposures from approximately € 107 billion in September 2016 to approximately € 67 billion by the end of 2019, that is approximately a 38% decrease.

It should be noted that the downward trend in non-performing exposures (NPEs) was evident in the first two quarters of implementing the operational targets (3rd and 4th quarters of 2016). This reduction was achieved mainly due to the implementation of effective restructuring arrangements, which reinstated exposures in arrears to normal servicing status, and due to the write-offs of non-redeemable for collection exposures.

Finally, 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 which falls under 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 2014/590. Based on the SRM, a Single Resolution Fund (SRF) was established in the Eurozone that is under the control of a Single Resolution Board (SRB). The SRB consists of representatives from the European Commission, the ECB and the competent national authorities. The SRB will be deciding (usually in coordination with the SSM) 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.

Events that Regard Piraeus Bank Group

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

- On 15 January 2016, Mr. Anthimos Thomopoulos resigned from his duties as Managing Director and Chief Executive Officer (CEO) of the Bank
- On 20 January 2016, the Board of Directors was reconstituted as a body and appointed Mr. Stavros Lekkakos as Managing Director and CEO, until the appointment of the new CEO
- The Board of Directors on its meeting of 27 January, 2016, further to the resignations of its Non – Executive Vice Chairman, Mr. Nikolaos Christodoulakis and its Independent Non – Executive Member, Mr. Stylianos Golemis, 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
- Following EFSF's decision in April 2016, Greek banks that had received EFSF notes in previous years in the framework of their recapitalisation and/or the consolidation of the banking sector, started to participate in the quantitative easing program ("QE") established by the ECB by selling the respective notes. Up to December 31, 2016 Piraeus Bank has sold EFSF notes with a nominal value of € 3.7 billion within the framework of the QE program
- On 20 April 2016, Mr. Andreas Schultheis 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. 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 occurring to the Greek State as to the guarantees and capital it offered, while the Greek State earned approximately € 675 million fees from Pillars II & III
- On 11 May 2016, Piraeus Bank disposed its 28.7% equity stake in the share capital of European Reliance General Insurance Co. S.A. as part of the Bank's disposal of non-core assets in the framework of implementing its Restructuring Plan, following its 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 participated in a rights issue of Trastor R.E.I.C with pre-emption rights in favour of existing shareholders through contribution in cash, without Piraeus Bank's participation. On 26 January, 2017, Piraeus Bank announced that, following the completion of the share capital increase, its stake in Trastor was reduced to 39.4% from 57.9% of the company's share capital and Wert Red is managing the company as of that date (an associate company of Piraeus Bank hereafter)
- Piraeus Bank's Board of Directors in its meeting on 8 June, 2016, further to the resignations of its Independent Non–Executive Members, Messrs Argyro Athanassiou and Petros 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 € 1 billion
- Piraeus Bank participated in the first auction of the TLTRO II program, which took place on 23 June 2016 with € 4 billion, shifting the € 2.7 billion of TLTRO I to TLTRO II, with a positive impact 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 remained in the Board of Directors as Vice Chairman and Non-Executive Board Member. Mr. Poulopoulos was assigned to 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") for a consideration of € 3.2 million. This, in combination with a concurrent share capital increase by PBC of € 40 million which was fully-subscribed by HMS and a group of investors procured by HMS, resulted in the reduction of Piraeus Banks' participation in PBC's share capital to 17.7%. Following the necessary approvals secured by the competent authorities in the European Commission, Cyprus and Greece, including the Hellenic Financial Stability Fund, the transaction was concluded on 29 December, 2016
- 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, who held the position of Deputy CFO from the end of 2010, assumed duties as Chief Financial Officer
- On 25 July 2016, Piraeus Bank announced that as of 1 August 2016, Mr. Panagiotis Tsoukatos would assume duties as Head of Internal Audit Division, after the resignation of Mr. Panagiotis Moshonas, the former 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 million in cash for the total stake of Piraeus Bank in ATE Insurance's share capital
- 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 chairs of the three committees of the BoD, namely Mr. Karel De Boeck to the Risk Management Committee, Mr. David Hexter to the Audit Committee and Mr. Arne Berggren to the Board Members' Nomination Committee
- 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
- On 30 August 2016 Mr. Vasileios Fourlis resigned from his position as a an non-executive member of the Board
- On 22 September 2016, Mr. Eftychios Vassilakis resigned from his position as a an non-executive member of the Board
- During its meeting of November 1st, 2016, and upon recommendation of the Board Members' Nomination Committee, the Board of Directors of Piraeus Bank elected Messrs George Handjinicolaou, Enrico Cucchiani and Solomon Berahas as Non-Executive Board members in replacement of resigned members, for the remaining tenure of the BoD. Further to the above, the BoD was reconstituted as a corporate body and elected as its Chairman Mr. George Handjinicolaou
- On 15 November 2016, following the resignation of Mr. Chariton Kyriazis, independent Non-Executive member, the Board of Directors selected one of its members, Mr. Enrico Cucchiani, until then a Non-Executive member, to replace the resigned member, as independent non-executive member for the remaining term of the Board
- On 25 November 2016, Piraeus Bank announced that it is exploring strategic alternatives regarding its participation in the share capital of its subsidiary Olympic Commercial and Tourism Enterprises S.A., including a potential sale of its stake, a process that was in progress during the time of the publication of the annual 2016 financial statements
- During December 2016, Piraeus Bank was first to launch in the Greek market a new model of a fully automated e-branch, which offers a comprehensive range of banking transactions, initialy in three points within the Attiki region. Among the pioneering services offered is the "virtual cashier", through which customers can perform through a video call with a cashier of the Bank at least 90% of transactions provided at a conventional cashier teller

- During January 2017, within the framework of ECB's QE Program, Piraeus Bank sold bonds worth € 0.7 billion nominal value. After January 23, 2017, Greek banks' participation in the program stopped, as a result of sending a binding letter of participation in the bond exchange program, within the framework of short-term relief measures of Greek public debt
- In February 2017, within the framework of the short term measures for the relief of the Greek public debt, the exchange of variable rate EFSF and ESM notes held from the Bank with European Stability Mechanism (ESM) fixed rate notes was initiated. Until the date of the publication of the Bank's year 2016 financial statements, notes with a total nominal value of € 1.95 billion held by the Bank were exchanged with new notes
- On 16 February 2017, within the framework of its Covered Bond program, Piraeus Bank issued € 1 billion, through a new (3rd) series of Covered Bonds, with Greek residential mortgages as a cover. The issue was retained by the Bank and is planned to be used as a collateral for providing liquidity in the interbank repo market
- On 22 February 2017 Piraeus Bank announced that Messrs Apostolos Tamvakakis, First Vice Chairman, Independent Non – Executive member, Stavros Lekkakos, Second Vice Chairman, Non – Executive member and Charikleia Apalagaki, Authorized Executive Director, resigned from the Board of Directors. Following this, the Board of Directors was reconstituted as a body, electing Messrs Iakovos Georganas as its First Vice-Chairman, Non-Executive member and Karel De Boeck as its Second Vice-Chairman, Independent Non-Executive member
- On its March 8th, 2017 meeting, Piraeus Bank' Board of Directors elected unanimously Mr. Christos Megalou as its new Chief Executive Officer (CEO).

Evolution of Volumes and Results of Piraeus Bank Group during 2016

Regarding the financial position of Piraeus Group in 2016, total assets at end December 2016 amounted to € 81.5 billion compared to € 87.9 billion at end 2015.

Customer deposits of the Group, after the significant frop in 2015 due to the uncertainty that prevailed in Greece, have recovered mainly in the second half of 2016 and amounted to € 42.4 billion in December 2016, 8% higher compared to December 2015. This increase is mainly attributable to Greece, where deposits increased by € 2.8 billion to € 39.3 billion. The declining trend in time deposits' cost continued throughout 2016, with new time deposits' cost at 0.65% in December 2016 versus 0.95% a year earlier. Group international operations deposits amounted to € 3.0 billion from € 2.8 billion a year earlier.

Utilization of Eurosystem funding was significantly reduced in 2016, to € 20.9 billion in December 2016 reduced from the level of € 32.7 biilion at the end of 2015. In particular ELA funding, declined at € 11.9 billion at the end of 2016 from € 16.7 billion at the end of 2015. Moreover, access to interbank funding with the use of collaterals has further improved, with balances at € 5.9 billion at the end of December 2016 vs. € 1.7 billion a year earlier.

Gross loans before adjustments at the end of December 2016 amounted to € 66.6 billion. Total gross loans in Greece stood at € 63.0 billion, of which € 1.7 billion was related to the disbursement of an agri-loan towards OPEKEPE for the distribution of European Commission subsidies towards approximately 700 thousands farmers (which was repaid in February 2017). Loans stemming from the Group's international operations amounted to € 3.7 billion at end 2016 from € 4.1 billion a year earlier. Per business line, Group business loans were € 44.2 billion, representing 66% of the total loan portfolio, while retail loans amounted to € 22.4 billion or 34% of the total portfolio. Net loans stood at € 49.7 billion, with the Group's net loans to deposits ratio was 113%, improved compared to the end of 2015 (126%), when excluding the seasonal effect of OPEKEPE loan (€ 1.7 billion at end 2016 from € 1.0 billion at end 2015).

The Group's loans in arrears over 90 days ratio (NPLs) was 37.5% at the end of December 2016 from 40.1% a year earlier, while the respective ratio for domestic operations was 37.5% from 40.0% respectively, excluding the seasonal OPEKEPE loan on grounds of conservatism (the Group's NPLs ratio reached 36.6% if the seasonal loan is included). The Group coverage ratio of loans in arrears over 90 days by cumulative provisions stood at 69.5% and in Greece at 69.8%. The particularly high level of cumulative provisions over gross loans ratio of the Group should be highlighted, which reached 26% at the end of 2016, as well as the fact that throughout 2016 there was negative NPL formation for both the Group and domestic operations, despite the adverse conditions of the economic environment, through the intensive efforts of the Bank's Recovery Banking Unit. Respectively, the non-performing exposures (also including off balance sheet exposures) over total credit exposures NPEs for the Group was 50.8% at end December 2016, stable on an annual basis.

It is worth noting that in 2016 non-performing loans over 90 days past due declined to € 24.4 billion from € 26.9 billion at the end of 2015, while non-performing exposures declined to € 36.2 billion from € 36.9 billion, at a slower pace compared to non-performing loans in accordance to EBA rules regarding non-performing exposures classification as such for a probation period following any restructuring.

As part of the submission of operational targets for asset quality to both ECB and Bank of Greece, Piraeus Bank has committed to reduce its non-performing exposures, between June 2016 and end 2019, by 41% and its non-performing loans over 90 days past due respectively by 58% (at the parent level). To note, that the respective Piraeus Bank's target of 31.12.2016, both for NPEs and NPLs has been achieved.

The Bank's overall strategy in managing NPEs is to achieve a balance between ambitious NPE reduction and managing the stock of NPEs in such a way to create value in the longer term:

- one of the challenges in decreasing our NPE's is to optimize between present value of our receivables and future value given the upside that the macro recovery will bring into the picture. As a result our target of decreasing NPE's is going hand in hand with our target of maximizing shareholders value;
- finally, the Bank recognizes its duty to support the real economy by providing continued funding to viable companies and individuals.

These principles determine the Bank's strategic priorities in response to the financial constraints currently in place:

- increase the Bank's operational capacity in managing NPEs, by improving our internal and external value chain
- provide as many as possible long term viable solutions that will take customers back to the performing book and at the same time maintain options to take a share of the future upside.
- continue with resolution for non-viable or uncooperative customers/businesses when it is clear that restructuring is not a viable option, thus enabling the Bank to preserve its value
- proceed carefully with write-offs either as part of the restructuring solution on justifiable cases or following the exhaustion of legal actions
- given the above, the bank has assessed a number of alternatives, such as the engagement in servicing platforms, or securitation of selected portfolio segments. Piraeus' initial target is to proceed with the securitization of selected NPL exposures and place the respective bonds in the market, enabling the Bank to expedite the decrease of NPLs and at the same time maintain future increase of their recoverability. In a second phase, given the improvement of macro-economic conditions, Piraeus Bank will pursue with selective sales.

The Group's net interest income amounted to € 1.8 billion during 2016 vs. € 1.9 billion in 2015, despite the improvement from the reduction of cost of funding, due to asset deleveraging, the mild decline in average loan spreads and also the decline of Euribor that provides the base for the pricing of most asset items. Net commission income amounted to € 0.3 billion, with 7% annual rise, attributable mostly to commercial banking activities. Total net revenues for 2016 were € 2.4 billion at the same level as in 2015. To note that in 2016 financial results there is included an amount of +€ 106 million from the Bank's participation in ECBs QE program through the sale of EFSF bonds, in accordance with the aforementioned. Moreover, € 77 million was the one-off gain from the participation in VISA, as a consequence of the sale of VISA Europe to VISA Inc that took place on 21.06.2016.

The Group's total operating expenses in 2016 stood at € 1.3 billion from € 1.5 billion in 2015, while excluding the voluntary exit scheme expense recognized in 2015 (€ 111 million), on a comparable basis, the reduction of operating expenses for the Group annually for 2016 was 3%, as a result of cost containment efforts that Piraeus Bank has implemented.

As a result of the above, Group pre-tax and provision profits for the full year 2016 amounted to € 1.0 billion against € 0.9 billion in full year 2015. The results of 2016 were burdened by provisions for loans amounting to € 1.0 billion, significantly reduced compared to € 3.5 billion in 2015, in line with the reduction of non-performing loans, thus further safeguarding the Group's balance sheet and bringing the cumulative provisions at the end of 2016 to € 16.9 billion. The sizeable level of cumulative provisions enables the Bank to address effectively the NPLs issue with long-term solutions, something that has already begun to be implemented through the Recovery Banking Unit. In addition, other receivables and assets were impaired by € 0.2 billion versus € 0.4 billion in 2015.

The Group's pre-tax result amounted to a loss of € 168 million, while the net result from continuing operations attributable to shareholders amounted to a loss of € 4 million in 2016 compared to losses of € 1,858 million in 2015, which was positively affected from the recognition of deferred tax in previous years impairments from participations' valuation, for which there exists a commitment to be sold or liquidated in the near future.

As at 31 December 2016, the Group's total equity amounted to € 9.8 billion from € 10.0 billion a year earlier, mainly due to the payment of interest of about € 166 million for the contingent convertible bonds of € 2,040 million at the fourth quarter of 2016 (€ 118 million net of tax). The Group's Basel III total capital adequacy ratio stood at 17.0% at the end of December 2016, equivalently to the Common Equity Tier 1 (CET1) ratio. The amount of deferred tax assets which is included in the Group's regulatory capital in accordance with the provisions of L.4172/2013, 4302/2014, 4340/2015, as of December 31, 2016 was € 4.1 billion. The Group's fully loaded CET1 stood at 16.2%. However, in the case that the impact of the relevant legislation is not considered, the aforementioned fully loaded CET 1 ratio is at 9.7%.

Following the conclusion of the SREP (Supervisory Review and Evaluation Process) for year 2016, the ECB informed Piraeus Group of its total capital requirement, valid from January 1st 2017. According to the decision, Piraeus Bank has to maintain, on a consolidated basis, an overall capital requirement ratio of 13.0%, which includes: (a) the minimum Pillar I total capital requirements as per article 92(1) of Regulation 575/2013/EU; (b) the additional Pillar II capital requirement as per article 16(2) of Regulation 1024/2013/EU; and (c) the transitional capital conservation buffer of Regulation 575/2013/EU, which for 2017 is set at 1.25%.

Piraeus Group branch network at the end of December 2016 totaled 921 units, of which 660 operated in Greece and 261 in 7 other countries. The branch network in Greece was reduced by 49 units and abroad by 19 units during 2016 as a result of the rationalization plan. At the same time, the Group's headcount totaled 18,075 employees in the continuing operations, of which 14,492 were employed in Greece (2015: 19,279 and 15,559 respectively).

The Group's international continuing operations on December 31, 2016 accounted for 7% of its total assets, 28% of its branch network and 20% of its headcount.

Share Capital

On December 31 2016, the share capital of the Bank stood at the sum of € 2,619,954,984 divided into 8,733,183,280 ordinary shares bearing a voting right and at a nominal value of €0.30 each. Common shares of Piraeus Bank are intangible and listed on Athens Exchange. It is noted that in accordance to the regulations of L3864/2010 and Ministers Council Acts 38/2012 & 6/2013, the HFSF issued 843,637,022 warrants to the private investors that participated in the 2013 capital increase.

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 2016, as well as the treasury shares owned as 31/12/2016, 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.

Implementation of the Restructuring Plan

Piraeus Bank submitted in November 2015 a revised Restructuring Plan to the European Commission, which was approved by the Financial Stability Fund and on 29 November 2015 by the European Commission as well.

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

- the reduction of the number of branches in Greece to a maximum of 650 branches by December 31, 2017;
- the further reduction of the number of the employees in Greece to a maximum of 13,200 by 31.12.2017 versus the initial commitment to a maximum of 15,350;
- the reduction of the total operating costs in Greece to a maximum of € 1.1 billion for the year ending December 31, 2017;
- the reduction of the Bank's cost of funding by December 31, 2018, through the decrease in the cost of deposits collected in Greece in order to restore the Bank's pre-provision profitability;
- the reduction of the net loan to deposit ratio for Piraeus' Greek banking activities to no higher than 115% by 31 December 2018;
- annual growth rate of gross loans that cannot be higher than the growth rate of the market as according to the estimates of the European Commission;
- the further reduction by June 30, 2018, of Piraeus Bank's portfolio of foreign assets;
- the sale of the unlisted securities portfolio by December 31, 2017, comprising investments greater than € 5 million (subject to certain exceptions);
- refraining from purchasing non-investment grade securities until June 30, 2017 (subject to certain exceptions);
- the implementation of a cap on the remuneration of the Bank's employees and managers;
- certain other commitments, including restrictions on: (a) payment of dividend on the Bank's common shares up until (i) 31.12.2017 or (ii) the repayment of the hybrid capital instruments that have been characterized as state aid namely the € 2,040 million contingent convertible bonds held by HFSF (whichever occurs earlier) (b) the Bank's ability to make certain acquisitions, unless either exceptional approval is granted by the EU Directorate General for Competition or the acquisition price is lower than a preset limit.

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

Non-Financial Information 2016 (Law 4403/2016)

The Group's human resources from continuing operations on December 31 2016 numbered 18,075 employees, of which 14,492 were employed in Greece.

During the course of 2016, as also in 2015, 99% of the operational needs of the Bank were covered through internal allocation of human resources, to positions that correspond to the experience of each employee, with particular emphasis given to strengthening the RBU units with 250 people, in addition to 239 already having been placed in 2015.

Concurrently, at the Bank level, 3,310 internal and external training programs were organized, the number of programs increased 12% from the previous year (2,966), with approximately 120,000 participations, of which 24% involved programs on the Human Rights, Corporate Responsibility and Anti-Corruption, while on average 48 hours of training per employee were recorded, compared to 51 in the previous year.

Moreover, the process for the Annual Performance Evaluation of calendar year 2015 was completed in 2016 for almost all (94%) employees, as during the previous year, while actions to strengthen the Corporate Culture and employee's commitment to the Bank's Values were continued, through internal communication channels.

Piraeus Bank participates in global initiatives and indices that assess corporate sustainability . Since 2004, Piraeus Bank voluntarily participates in the UN Global Compact. The Bank also participates in the United Nations Environment Programme Finance Initiative (UNEP FI) and is active in its initiatives such as the Declaration of Intent on Energy Efficiency and the "Positive Impact Manifesto for the transition to an inclusive green economy".

Piraeus Bank has developed and implements an Environmental Management System (EMS) in all its branches and administrative buildings, certified according to the Eco-Management and Audit Scheme (EMAS) regulation and the ISO standard 14001. With 1,000 employees directly involved (7% of all employees in Greece) and more than 700 building infrastructure in the EMS, Piraeus Bank is one of the largest organizations in Europe –in employee number and buildings infrastructure- utilizing such a strict environmental certification. Through the EMS the Bank monitors and measures the environmental performance of each building infrastructure, it sets targets for improvement and implements environmental programs for attaining them. Compared to 2015, electric power consumption per employee (kWh/employee) and paper consumption per employee (kg/employee), were h reduced by almost 1%[1] and 2% respectively. Overall, since 2008, CO_2 emissions per employee have declined by 35%.

Apart from the environmental benefit, it is estimated that through the environmental programs implementation, around €5mn of operating cost savings materialize annually.

In 2016, at the European Business Awards for the Environment of the European Commission, the Bank received 1st place, on a national level, for the category "Management", of the implemented EMS ("The Expandability of a Robust Certified EMS - the Case of Piraeus Bank"). The same candidacy competed also at European level, where the Bank stood at the 4 leading organizations[2].

Piraeus Bank performs annually the calculation of the climatic exposure of its business borrowers related to sectors of economic activity, that potentially might be financially affected by the climate change. The calculation is performed by the Climate Risk Management Application, which assesses on financial terms the climatic exposure of Greek businesses. The total climate exposure of business borrowers of the Bank was calculated for 2015 at € 790 million that is 1.4% of their total revenues. On the total business borrowers of the Bank only 7% belongs to sectors of high climatic exposure.

Piraeus Bank participates in the initiative "EU Community of Practice Finance and Biodiversity - EU CoP F@B", on the shaping of European policy for financing biodiversity. Piraeus Bank has cosigned the Declaration of Antwerp for ecosystem services and the principles of sustainability. The Bank implements the LIFE-Stymfalia programme (LIFE12 NAT / GR / 00275), relating to the protection of biodiversity in Lake Stymfalia, co-funded by 50% by the European Union. [3]

The Bank organized in 2016 voluntary environmental actions involving employees and implemented educational programs for children of employees, with more than 1,500 entries in total. Moreover, in 2016 almost 600 people completed environmental e-learning and training man-hours surpassed 4,700. The training covered basic environmental concepts, the environmental work of the Bank, green business, its green products and EMS procedures.

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[1] Conusmption received via bills that have been received up until the first half of February 2017 have been also included.

[2] More information on the EMS and the environmental footprint of the Bank: http://www.piraeusbankgroup.com/el/corporate-responsibility/environment/environmental-fields-of-action/environmental-management

[3] More information about the programme LIFE-Stymfalia and its actions: http://www.lifestymfalia.gr/

In 2016, Piraeus Bank Group is in the implementation phase of the System of Environmental and Social Management (ESMS). The ESMS consists of procedures and processes for monitoring, assessing and managing social and environmental risks arising from the Group's financing exposures.

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 2016, and in any case these transactions are included in the Group's 2016 financial statements.

Description of Major Risks and Uncertainties for 2017

The Risk Management Framework of Piraeus Bank is presented analytically in note 3 of the Annual Consolidated Financial Statements as of December 31, 2016. More specifically, during the past year the major initiatives, aiming at upgrading the Group's Risk Management Framework, were the following:

- Update of Piraeus Bank Group's Credit Risk Management Policy and Procedures
- Conduct of Gap Analysis project for the SREP review under the standard of the EBA's guidance to supervisory authorities (EBA / GL / 2014/13 Guidelines on Common Procedures and Methodologies for the Supervisory Review and Evaluation Process)
- Development-revision and approval of Risk & Capital Strategy, including the Group's Risk Appetite Framework
- Expansion of both processes and infrastructure for the collection and management of operational risk incidents and losses
- Further enhancement of operational risk control methods and mitigation techniques (Business Continuity Plan, insurance coverage, intensive risk level monitoring and infrastructure improvement projects)
- Implementation of the diagnostic project on risk weighted asset optimization and allocation of regulatory capital
- Operation of new enhanced intra-group platform to support the calculation operations and reporting of capital requirements (Moody's Risk Authority)
- Project implementation for the automated production of reports for regulatory reporting requirements (COREP and FINREP) through a new platform
- Updating of the internal capital adequacy assessment process framework (ICAAP) under Pillar II of Basel (strengthening of governance, procedures and supporting infrastructure)
- Further development of the framework for the Internal Liquidity Adequacy Assessment Project (ILAAP)
- Completion of design and initiation of the implementation of planned projects aiming at the migration to the IRB approach for credit risk. Implementation of the definition of default and client/exposure segmentation, development of a framework for the validation of credit risk models, design and development of a database with past data for the development of models
- Updating 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
- Initiation of the project for the implementation of the new accounting principle on asset impairments IFRS 9. The Bank is working intensively on this project, having assigned significant internal and external resources in order to be fully prepared to implement the standard the first quarter of 2018
- Design and initiation of execution of risk based pricing methodology (conduct of back-testing exercise for mortgage and business loans)
- Design and implementation of a Risk Data Quality framework, in compliance with the Group's Data Governance Framework, the data management principles of BCBS239 and of IRB

- Completion of the project for the harmonization of subsidiaries risk management framework with the Group's risk management framework

The economic and political situation in Greece remains the prime risk factor for the domestic banking sector in general and for Piraeus Bank in particular. Potential negative developments in this universe would bear a consequence on the Bank's liquidity, the quality of its loan portfolio, its financial results and its capital base.

At a European level, the initiation of processes for the "Brexit" and the upcoming elections in major European countries (France, Germany) create concerns about the cohesion of European Union as well as their possible implications to the European economy and the money markets.

Lastly, the delay in the conclusion of the second review in Greece's financial support program, combined with geopolitical developments in the region, constitute 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 2017

The first months of 2017, undoubtedly constitute an uncertain conjucture for the domestic economic and banking environment. The anticipated reforms from Greece's financial support program are projected to help accelerate growth prospects and the restructuring of the economy, while most international organizations and institutions are expecting a positive GDP growth rate for 2017, eventhough lower than the initial estimates for an annual growth rate above 2%.

Undoubtedly, the successful conclusion of the second review of Greece's financial support program is a necessary prerequisite, which is expected to have significant positive effects in the restoration of confidence in the Greek economy.

Piraeus Bank, in the context of its business planning, is concentrating on all possibilities and opportunities for recovery. The main issues to manage for 2017 remain the following: a) asset quality improvement, with a constant implementation of active non-performing loans management, as well as the utilization of new solutions that were legislated in 2016 or are expected to be legislated in 2017, in order to abide to the commitments to the ECB, b) the improvement of liquidity through the gradual restoration of deposits and reduction of the funding through ELA, c) the return to profitability, through constant improvement of revenue sources, as well as operational efficiency. Moreover, the effort for further deleverage, mainly of foreign assets is expected to continue, in accordance to the commitments of the Restructuring Plan.

Finally, the appointment process of the new CEO of the Bank was concluded at the beginning of March 2017, with the appointement of Mr. Christos Megalou, marking another major step towards the formation of a strong Board of Directors, which will contain the know-how, the experience and the will to successfully confront current challenges and secure that the Bank can successfully confront the top level operating and corporate governance challenges, which are stipulated by best international practices, as well as the recommendations of the ECB.

On behalf of the Board of Directors

George Handjinicolaou

Chairman of the BoD

ESMA´s ALTERNATIVE PERFORMANCE MEASURES (APM) AT GROUP LEVEL

#	Performance Measure	Definition
1	Net Loans to Deposits ratio	Loans and advances to customers (net of impairments) over customer deposits. In case mentioned that the index is adjusted for the seasonal loan to OPEKEPE - Payment Authority of Common Agricultural Policy (C.A.P.) Aid Schemes - an amount of € 1.7 billion is subtracted for 31.12.2016 and € 1.0 billion for 31.12.2015
2	Core banking revenues	Net interest income plus net fee and commission income
3	Cost to Income ratio on a recurring basis	Total operating expenses net of impairments on a recurring basis (excluding the extraordinary expense of year 2015 for the employee retirement scheme) over total net revenues on a recurring basis (excluding the extraordinary revenue from participation in VISA, as a result of the sale of VISA Europe to Visa Inc. on June 21st, 2016)
4	Profit (or profitability) before provisions, impairment and income tax	Total net income minus total operating expenses before impairments
5	Recurring profit before provisions, impairment and income tax	Total net income minus total operating expenses before impairments on a recurring basis, as per the adjustments in item 3
6	Profit before provisions, impairment and income tax net of extraordinary items	As per item 3
7	NPLs - Non Performing Loans	Loans in arrears over 90 days past due
8	NPEs - Non Performing Exposures	On and off balance sheet credit exposures: (a) that are past due over 90 days (b) impaired or those which the debtor is deemed as unlikely to repay its obligations in full without liquidating collateral, regardless of the existence of any past due amount or the number of past due days (c) forborne and still within the probation period under EBA rules (d) contagion from (a) according to EBA technical standards
9	NPE/Non Performing Exposures ratio	NPEs over loans and advances to customers (including off balance sheet exposure, before impairments)
10	NPL/Non Performing Loans ratio	Non-performing loans over gross loans and advances to customers (before impairments)
11	Coverage of loans in arrears over 90 days (NPLs) ratio	Cumulative provisions of loans and advances to customers over loans in arrears over 90 days past due
12	Coverage of loans in arrears (over 90 days - NPLs) ratio by cumulative provisions	As in item 11
13	Cumulative provisions over gross loans	Cumulative provisions for loans and advances to customers over gross loans and advances to customers (before impairments)
14	Capital adequacy ratio	Total regulatory capital over risk weighted assets
15	CET-1 capital adequacy ratio	CET-1 regulatory capital over risk weighted assets

16	Net Interest Margin (NIM)	Net interest income over average beginning and end of period total assets excluding assets of discontinued operations, EFSF/ESM bonds and the seasonal loan to OPEKEPE as per item 1 above
17	Net Fee Income (NFI) over assets	Net fee and commission income over average beginning and end of period total assets excluding assets of discontinued operations, EFSF/ESM bonds and the seasonal loan to OPEKEPE as per item 1 above
18	New NPL formation over loans	Change of the stock of NPLs over 90 days past due adding back write-downs or other adjustments eg. loan sales or debt to equity swaps over loans and advances to customers (before impairments)
19	Common Equity Tier-1 ratio (phased-in)	Ratio as per item 15 above, with phased-in implementation excluding items in accordance with Basel III definitions
20	Common Equity Tier-1 ratio (fully loaded)	Ratio as per item 15 above, with fully loaded implementation excluding items in accordance with Basel III definitions
21	Common Equity Tier-I ratio (fully loaded, excluding the provisions of L.4172/2013)	Ratio as per item 15 above, with fully loaded implementation excluding items in accordance with Basel III definitions, excluding the part of regulatory capital related to deferred tax assets based on L.4172/2013, and the respective adjustment to risk weighted assets
22	Total SREP Capital Requirement	Ratio of capital requirement communicated to banks supervised by ECB (Single Supervisory Mechanism, SSM) on an annual basis after a review known as SREP (Supervisory Review and Evaluation Process). Total SREP Capital Requirement includes the minimum capital requirement of 8% over risk weighted assets according to article 92(1) of Regulation (EU) 575/2013 and additional capital requirement of 3,75% from CET 1 capital, in line with article 16(2) (a) of Regulation (EU) 1024/2013
23	Overall Capital Requirement	Ratio of capital requirement communicated to banks supervised by ECB (Single Supervisory Mechanism, SSM) on an annual basis after a review known as SREP (Supervisory Review and Evaluation Process). The Overall Capital Requirement includes the as stated above item 20 and the buffer of article 128 (6) of Regulation 2013/36/EU
24	Ratio of operational needs coverage through internal allocation of human resources	The ratio of employment positions covered internally from employees over the total number of positions covered during the period under review
25	Operational needs	Vacant employment positions, which are derived either from transfer/promotion of employees covering it, or from organizational changes/new needs of operating units
26	Hours of training per employee	Hours spent by employees to participate in training activities
27	Ratio of average number of hours of training per employee	Hours spent by employees to participate in training activities during the period under review

EXPLANATORY REPORT

This Board of Directors of Piraeus Bank explanatory report of 31.12.2016 addressed to the Ordinary General Meeting of its shareholders contains detailed information, regarding paragraph 7 of article 4 of Law 3556/2007.

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

On 31.12.2016 Piraeus Bank's share capital amounted to two billion six hundred and nineteen million nine hundred and fifty four thousand, nine hundred eighty four euros (€ 2,619,954,984) divided into eight billion, seven hundred and thirty three million, one hundred and eighty three thousand, two hundred and eighty (8,733,183,280) common registered voting shares of a nominal value of thirty cents (€ 0.30) each. The ordinary shares of Piraeus Bank are dematerialised and traded on the Athens Exchange.

Subject to the provisions of Law 3864/2010 which provides for special rights to the common shares held by the Hellenic Financial Stability Fund (HFSF, see below), each ordinary share of Piraeus Bank grants the shareholder with rights provided by law and the Articles of Association, in particular:

- The right to vote and participate in the General Meeting.

- The right to dividend from the Banks' profits. After deducting regular reserves, a percentage of 35% of the net profit is distributed from the returns of each fiscal year to the shareholders as the initial dividend while the distribution of any additional dividend is decided by the General Meeting. Ordinary General Meeting decides the date upon which shareholders are eligible to receive dividend. Dividend is paid to the shareholder within approximately seven (7) business days from identification date, as more specifically announced through the Press. The right to receive payment of the dividend is subject to a time limitation. The State becomes beneficiary of the respective unclaimed amount upon the lapse of five (5) years from the end of the year during which the General Meeting approved the distribution of the said dividend.

  It is noted that for the period that the Bank is subject to the provisions of Law 3864/2010, the total dividend distribution cannot exceed the aforementioned initial dividend percentage. Additionally, the Bank is not allowed to pay any dividends on ordinary shares until the earlier of (i) 31 December 2017 or (ii) the repayment of the contingent convertible securities covered from HFSF in the context of capital enhancement.

- The right to claim the liquidation product or the liquidation of the share capital, relating to the share, if resolved by the General Meeting. The General Meeting of the shareholders retains all of its rights during the liquidation procedure. It is noted that for the period during which the HFSF holds shares of the Bank, in the event that the Bank is placed under liquidation, the HFSF is satisfied in priority before all other shareholders.

- A preferential right in every increase of the Banks' share capital through cash payment and issuance of new shares provided that the General Meeting resolves upon it.

- The right to hold copies of the financial statements, the auditors' and the Board of Directors' reports.

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

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

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

In accordance with the share capital increase of the Bank decided upon by the 23/04/2013 Second Repeat General Meeting of Shareholders and in accordance with the provisions of Law 3864/2010 and Cabinet Decision 38/9.11.2012 in conjunction with Cabinet Decision 6/5.6.2013, the Hellenic Financial Stability Fund (HFSF), for the ordinary shares acquired under the share capital increase, 849,195,130 certificates representing rights of shares ownership (warrants) were issued to retail investors who participated in it. Each warrant incorporates the right of its holder to purchase from the HFSF (at a price determined in accordance with paragraph 5 of Article 3 of the Cabinet Decision 38/9.11.2012 as amended by Cabinet Decision 43/2.12.2015 and in force) a fixed number of the Bank's ordinary shares which were acquired by the HFSF due to its participation in the share capital increase. According to paragraph 7 of Article 3 of the Cabinet Decision 38/9.11.2012, apart from the transfers that occur as a result of the exercise of warrants, the HFSF cannot transfer the underlying to the warrants shares, for a period of 36 months from the date of issue. After the expiry of that period and up to the final date for the exercise of warrants (54 months from their date of issue), the HFSF may transfer the underlying shares as long as it has complied with the notification and invitation procedures for the holders of warrants, as they are described in paragraph 7 of Article 3 of the Cabinet Decision 38/9.11.2012.

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

On 31.12.2016 the HFSF held directly 26.42% of the total voting rights of the Bank.

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

Finally, "Alden Global Capital, LLC" held indirectly (as the investment manager of six funds and pension plan accounts) 418,479,310 voting rights corresponding to an equal number of common, registered, voting, dematerialized shares (namely 4,792% of the total voting rights of the Bank) as well as financial instruments (swaps settled in cash) representing 145,776,627 voting rights (namely 1.669% of the total voting rights of the Bank). The total number of voting rights corresponding to common, registered, voting, dematerialized shares and financial instruments after the abovementioned triggering event is 564,255,937 voting rights, namely 6.461% of the total voting rights of the Bank.

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

4) Ordinary shares held by the HFSF in the share capital of the Bank provide the special rights stated in Article 10 of Law 3864/2010, as amended and in force, which include, inter alia:

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

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

(b) the right to veto key corporate decisions of the Bank's Board of Directors:
   - i) Related to dividend distributions and the remuneration policy relating to the Chairman, the Managing Director and the other Board members, general managers and their deputies
   - ii) Related to any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the Bank, including business strategy and asset/ liability management
   - iii) Related to corporate actions of art. 7A par.3 of Law 3864/2010 which may significantly affect HFSF's shareholding in the Bank

(c) the right to request an adjournment of a Board meeting for three (3) business days in order to receive instructions from the HFSF Executive Committee, such right may be exercised until the end of the Board meeting

(d) the right to call a Board meeting

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

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

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

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

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

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

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

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

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

- the HFSF may review the annual self-assessment exercise of the Board of Directors. Based on this assessment or following the evaluation performed by HFSF under art. 10 of Law 3864/2010, the HFSF may proceed to suggestions for improvements or possible changes to the Bank's corporate governance framework,

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

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

No other ordinary shares of Piraeus Bank provide their holders with special rights.

5) The Bank's Articles of Association do not restrict by any means voting rights arising in connection with its ordinary shares. According to Article 7A par. 2 case a) and par.3 of Law 3864/2010 , the HFSF exercises its voting rights attached to the shares acquired under the abovementioned share capital increase of 2013 in the General Assembly only for decisions amending the statute, including the increase or reduction of capital or relevant authorization on the Board of Directors, merger, division (demerger), transformation, revival, extension of duration or dissolution, transfer of assets, including the sale of subsidiaries, or any other issue requiring increased majority as stated in Codified Law 2190/1920. For the purposes of calculating the quorum and majority at the General Meeting, the aforementioned shares of the HFSF are not taken into account when deciding on matters other than the above.

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

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

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

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

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

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

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

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

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

8) There is no valid authorization to the Board of Directors to increase the share capital in accordance with the provisions of Article 13 paragraph 1 b) CL 2190/1920 other than the authorization granted to the Board of Directors by the Extraordinary General Meeting of the shareholders dated 15.11.2015 to decide for the increase of the share capital of the Bank up to the amount of Euro one billion (€ 1,000,000,000.00) pursuant to the provisions of art.13. par.1 of CL 2190/1920 and to determine the terms of same, including the offer price of the new shares and to proceed to all necessary actions for the issuance and sale of the shares. The abovementioned authorization is valid for five years.

9) According to paragraph 1 of Article 16C of Law 3864/2010, during the period of the participation of the HFSF in the share capital of the Bank it is not permitted to the Bank to purchase its own shares without the approval of the HFSF. Finally, during the period of validity and implementation of the approved by the European Commission revised Restructuring Plan, the Bank cannot purchase its own shares unless the European Commission agrees to an exemption.

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

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

Georgios Handjinicolaou

Board of Directors' Chairman

CORPORATE GOVERNANCE STATEMENT

This Statement on Corporate Governance of Piraeus Bank forms part of the Report of the Board of Directors and contains information regarding the matters of article 43bb) of Codified Law 2190/1920 at the reporting date of 31/12/2016.

APPLYING INSTITUTIONAL RULES & CORPORATE GOVERNANCE AND OPERATING PROCEDURES

As a company listed on the Athens Stock Exchange, Piraeus Bank applies the provisions on Corporate Governance of listed companies contained in Law 3016/2002. In addition, as a financial institution supervised by the Bank of Greece, the Bank applies the more stringent special provisions of Law 4261/2014 and Bank of Greece Governor's Directive (BGGD) number 2577/9.3.2006 regarding principles of operation of credit institutions and the criteria for evaluating their Internal Audit Systems.

Furthermore, Piraeus Bank has established and applies Corporate Governance Structure and Operating Regulation ("the Regulation"), which is an internal document of the Bank. The Regulation incorporates the regulations arising from the mandatory statutory framework (Law 3016/2002, Law 4261/2014, Bank of Greece Governor's Directive (BGGD) number 2577/9.3.2006, Capital Market Commission Resolution No. 5/204/14.11.2000, the provisions of the Athens Stock Exchange Regulations, etc.) and the best international Corporate Governance practices have been adopted, including the OECD Principles of Corporate Governance (2004). Both the Bank's Articles and its Regulation, which have been submitted to the Capital Market Commission in writing, are posted on the Bank's website, www.piraeusbankgroup.com.

The main objectives of the Procedures:

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

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

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

The Regulation refers in detail to the area of competence and responsibility and to the functioning of key bodies of the Bank, in particular to the Board of Directors, the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Board of Directors Nomination Committee, the Strategic Planning Committee, the Group Executive Committee and also to the Internal Audit, the Risk Management and the Regulatory Compliance Units.

Finally, in the context of the entry of the Bank under the provisions of Law 3864/2010, a Relationship Framework Agreement ("RFA")[1] dated 27.11.2015 was entered between the Bank and the Hellenic Financial Stability Fund ("HFSF") The RFA governs the relationship between the Bank and the HFSF for matters related with , amongst others, (a) the Corporate Governance of the Bank, (b) the Restructuring Plan and its monitoring, (c) the monitoring of the implementation of the Bank's NPL management framework and of the Bank's performance on NPL resolution, (d) the rights and obligations of the HFSF's representative in the Board, (e) the HFSF's consent for material matters, (f) the monitoring of the Bank's actual risk profile against the approved Risk and Capital Strategy.

MANAGEMENT, ADMINISTRATIVE AND SUPERVISORY BODIES AND COMMITTEES

1. The Board of Directors

1.1. Composition

In accordance with article 8 of its current Articles of Association, the Bank is managed by a Board of Directors consisting of nine (9) to nineteen (19) members. Pursuant to Law 3016/2002, the Board consists of executive and non-executive members. The number of the non-executive members should not be less than 1/3 of the total number of members. Among the non-executive members, at least two (2) should be independent within the meaning of art.4 of the aforementioned law. Pursuant to Law 3864/2010, a Representative of the HFSF participates to the BoD. His powers are designated by Law 3864/2010 and the RFA.

In addition, the RFA provides for the following on the composition of the Board of Directors of the Bank: a) BoD must comprise of no fewer than seven (7) and no more than fifteen (15) members. Only odd members are allowed, including the HFSF's Representative of the Board according to Law 3864/2010, b) the Chairman of the Board should be non-executive and should not serve as Chairman of either the Board's Risk Management or the Audit's Committee. c) the majority of the BoD should comprise of non-executive members, 50% of which (rounded to the nearest integer) and no less than three (3) members (excluding the HFSF Representative) should be independent, satisfying the independence criteria of L.3016/2002 and the Recommendation 2005/162/EC, d) the BoD should include at least two (2) executive members.

The Board of Directors has adopted a Policy on the Nomination of Board Members, which was reviewed on December 2016, following relevant suggestion of the BoD Nomination Committee. Such Policy is based on the current regulatory obligations of the Bank and incorporates the following: a) the provisions of Law 4261/2010, b) EBA Guidelines on the

[1] Draft of the Relationship Framework Agreement is available on the HFSF's website (http://www.hfsf.gr/files/rfa/RFA_HFSF_revised.pdf)

assessment of the suitability of BoD members, c) the provisions of the RFA as well as international best practices. The Policy describes the general principles, the procedure and the criteria of the nomination of BoD members (excluding the HFSF Representative), which include, inter alia, the following: (a) fit and proper criteria, (b) criteria for the avoidance of conflicts of interest, (c) criteria on the availability and time dedication, (d) criteria on the financial experience in the banking sector, commitment on the application of international best banking practices, with particular emphasis given on risk management, compliance and internal audit control, sufficient knowledge of regulatory and business environment in which the Bank operates as well as criteria concerning the independence, ethics and the personality of the candidate member.

More specifically, in order for a person to be considered an eligible candidate by the Committee, such person:

(aa) must meet the suitability criteria (fit and proper) as defined under (a) below,
(bb) may have no potential conflicts of interest with the Bank,
(cc) must be able to commit sufficient time to the BoD of the Bank depending on the position for which they are recommended, and
(dd) should have one or more of the qualifications set forth under (d) below.

(a) <u>Suitability criteria (fit and proper)</u>

1. **Honesty, integrity and reliability:** The candidate, based on their background, must be able to inspire the trust necessary for a member of the highest management body of the Bank. The Committee ensures that all candidates have an impeccable reputation.
2. **Previous experience:** Candidates must have adequate experience and a successful career in their line of business. They must be able to produce relevant references as to such previous positions that satisfy the above requirements.
3. **Independence of mind:** Candidates should have the ability to form opinion and express their judgement on all issues tacked by the Board of Directors.

(b) <u>No conflict of interest – Director ineligibility</u>

The Committee and the BoD shall ensure that candidate Directors have no professional capacities that are incompatible with the role of the Director of the Bank, and that their personal, business and/or professional interests are not in conflict with the interests of the Bank or the Group, according to the provisions of the Bank's CC Code and the currently applicable regulatory framework, specifically article 23 of Cod. Law 2190/1920.
All candidates must, prior to their final election, submit a statement that there shall be no potential conflict of interest with the Bank following their election as Directors.

(c) <u>Commitment of time</u>

All candidates must be able to dedicate enough time and energy to the performance of their duties. In the case of non-executive Directors, special attention should be paid to the number of directorships and other commitments of theirs outside the Bank.

Pursuant to Article 83 para. 3 of Law 4261/2014 (article 91.3 of Directive 2013/36/EU) and notwithstanding para.4 and 5, of said Law, Directors may not hold more than one of the following combinations of directorships at the same time: (a) one executive directorship with two non-executive directorships; or (b) four non-executive directorships.

(d) Desired Director skillset

It is desirable that each candidate have one or more of the following attributes, and that the BoD collectively have the following skillset:

1. **Financial experience in the banking sector (FIE):** Adequate understanding of the banking operations (with emphasis on loans and NPL management), financial services sector and special features of financial institutions.
2. **Financial experience:** Adequate understanding of auditing and accounting as well as financial information issues.
3. Strong commitment to the implementation of **internationally recognised best banking practices** with emphasis on corporate governance, risk management, compliance and internal control system.
4. **Regulatory framework and governance:** Adequate knowledge of the prudential supervision regulatory framework (e.g. national and European financial sector), corporate governance issues and legal liabilities.
5. **Risk Management: Ability to oversee the risk management framework including the risk management culture and risk appetite.** Ability to identify, assess and rate the key risks that the credit institution faces. Understanding of the fundamental issues pertaining to risk management and asset management.
6. **Strategy:** Understanding of the environment where the Bank operates, including the ability to recognise the interests of stakeholders (e.g. shareholders, European Competition Commission/Monitoring Trustee, Supervisory Authorities, employees), financial dependencies, as well as other external influences to the organisation's capacity to achieve its targets.
7. **Leadership:** Experience in large Groups of companies (listed or non-listed), in different sectors, preferably in leadership positions (e.g. Chairman, Managing Director or other role at senior management level).
8. **Will to argue constructively during the decision making of the BoD:** will as well as moral and mental stature to constructively challenge the decisions and actions of the Bank's executive management, preserving at the same time the necessary team spirit and avoiding tensions.
9. **Gender balance:** Satisfactory gender balance in the composition of the Board of Directors, in accordance with the applicable regulatory framework.
10. **Independence:** In the event of an independent non-executive position, candidates must fulfil all the formal independence criteria under Law 3016/2002 and be compatible with the European Commission Recommendation 2005/162/EC, as stipulated in the Relationship Framework Agreement (RFA) with the FSF.

Additional criteria for executive Directors: Persons to be assessed for executive Directors must additionally be willing to enter into a full-time employment or services contract with the Bank. They must have also demonstrated, both in their current and past positions, that they possess the experience, ability and integrity to lead the Bank (and the Group) in achieving its strategic goals.

The composition and the members of the BoD must satisfy the criteria set out in par. 7,8 and 10 of article 10 of Law 3864/2010 for the period the Bank falls under the provision of same Law.

It is noted that according to the new regulatory framework of the Single Supervisory Mechanism (SSM) of the European Central Bank, each Member of the Board is subject to a fit-and-proper assessment by the SSM for the position held.

The BoD is elected by the General Meeting of the Shareholders of the Bank; which also appoints the independent non-executive members. At the election of Board members the General Meeting also may elect as members persons who are not shareholders of the Bank.

HFSF’s Representative is appointed by a respective written notice addressed to the Chairman of the Board, following which the Board proceeds to all necessary actions according to the Bank’s Articles of Association and law 2190/1920 for the completion of this appointment, including the required notification to the General Assembly.

The Members of the Bank's Board of Directors are elected for a three year term, to be extended until the Annual General meeting to be held following the expiry of their term. The current BoD was elected on the General Meeting held on 16.05.2014 and consequently its term expires on 16.05.2017, to be extended according to the aforementioned.

If a Board member resigns, passes away or is removed from his/her office in any way, or is removed from office by resolution of the Board of Directors due to unjustified absence from meetings for three (3) consecutive months, the Board may continue to manage and represent the Bank without replacing the missing members if the remaining members are at least nine (9). If the members of the Board fall below nine (9) the Board shall elect a replacement for the remainder of the term of the member being replaced to make up the minimum number of nine (9). The decision of the election shall be published as per article 7b of codified law 2190/1920, as applicable, and the Board of Directors shall announce it at the next General Meeting.

The following is the composition on 31.12.2016 of The Board of Directors of PIRAEUS BANK S.A., elected by the Annual General Meeting of 16.05.2014, on 31.12.2016 had the following composition, derived after changes of directors (resignations, replacements) and ensuing appointment of executive and non- executive members pursuant to Law 3016/2002:

1. Handjinikolaou George, Chairman of the Board, Non-Executive Member
2. Tamvakakis Apostolos, A΄ Vice-Chairman, Independent Non-Executive Member
3. Lekkakos Stavros, B΄ Vice-Chairman, Non-Executive Member
4. Poulopoulos George, Deputy Managing Director
5. Apalagaki Charikleia, Authorized Executive Director, Executive Member
6. Georganas Iakovos, Non-Executive Member
7. Berahas Solomon, Non-Executive Member
8. Blades Alexander, Non-Executive Member
9. Berggren Arne, Independent Non-Executive Member
10. De Boeck Karel, Independent Non-Executive Member
11. Cucchiani Enrico Tommaso , Independent Non-Executive Member
12. Hexter David, Independent Non-Executive Member

Mrs Beritsi was appointed as Representative of the Hellenic Financial Stability Fund to the Board of Directors pursuant to Law 3864/2010 and participates as a full member.

In addition, according to the revised RFA, an Observer is present, without voting rights, in the Board of Directors meetings. Finally, a representative of the Monitoring Trustee is also present in the Board of Directors meetings (see below).

During the year 2016, the following changes took place as to the BoD composition:

- On 15.01.2016 Mr Anthimos Thomopoulos, CEO and Managing Director resigned.
- On 20.01.2016 and following above resignation, the BoD reconvened as a body and Mr Stavros Lekkakos was appointed CEO.
- On 27.01.2016 and following the resignation of Ms. N.Christodoulakis, Non- Executive Vice President, and S.Golemis, Independent Non Executive Member and upon suggestion of the Board Nomination Committee, the BoD elected for the remaining term of the BoD Mr David Hexter as Independent Non Executive Member and Ms. Alexander Blades and Andreas Schultheis as new non-executive members for the remaining term of the BoD.
- At the BoD meeting held on 20.04.2016, the resignation of Mr. Andreas Schultheis from his position of Non-executive Member was accepted by the BoD.
- At the BoD meeting held on 08.06.2016 and following the resignations of Ms. A. Athanasiou and P.Pappas, Independent Non Executive Members and upon suggestion of the Board Nomination Committee, the BoD elected Ms. Karel De Boeck and Arne Berggren as new Independent Non Executive Members for the remaining term of the BoD.
- At the meeting of the BoD held on 29.06.2016, Mr Lekkakos has resigned from his position of the CEO of the Bank, remaining as non-executive member of the Board. Subsequently, the BoD elected Mr Georgios Poulopoulos as new member of the BoD and Deputy CEO. Mr Poulopoulos was entrusted with the duties of the CEO until the completion of the procedure of the new CEO nomination.
- At the meeting of the BoD held on 20.07.2016, Mr Michalis Sallas resigned from his position of the Chairman of the BoD and was declared Honorary Chairman. Subsequently, the BoD reconvened as a body and elected Ms Apalagaki Charikleia as the Interim Chairman until the nomination of the new definitive Chairman of the BoD.
- At the meeting held on 30.08.2016, Mr Fourlis Vassileios resigned from the position of the non-executive member of the Board.
- At the meeting of the BoD on 22.09.2016, Mr E. Vassilakis resigned from the position of the non-executive member of the Board.
- At the meeting of the BoD held on 1.11.2016 and upon suggestion of the Board Nomination Committee, the BoD elected Ms. Georgio Handjinikolaou, Solomon Berachas and Enrico Tommaso Cucchiani as new non-executive members of the BoD in replacement of resigned members. Subsequently, the BoD elected unanimously Mr Georgios Handjinikolaou as its new Chairman.
- At the BoD meeting held on 15.11.2016 and following the resignation of its non-executive member Mr Chariton Kyriaxis, the BoD elected Mr Enrico Cucchiani, non-executive member, as its new Independent Non Executive Member in replacement of resigned member for the remaining of the term of the BoD.

The above changes mark a major step in the strengthening of the Bank's Board of Directors and its corporate governance. During the course of this year the Board has added international leadership experience and technical expertise, in particular in restructurings and problem loan reduction, combining this with deep banking experience.

The appointment on 01.11.2016 of the new BoD Chairman, Mr Handjinicolaou, a highly experienced professional, having served in the past in major position of the international financial services sector, is the seventh new non-executive appointment to Piraeus Bank's Board of Directors in 2016 following below members:

- Mr Solomon Berahas (Non-Executive Board Member)
  - Senior risk adviser with 33 years' experience. CEO of Teiresias S.A.
- Mr Arne Berggren (Independent Non-Executive Board Member and Chairman of the Nominations and Remuneration Committees)
  - Bank restructuring specialist with over 25 years' experience in 20 countries. Former IMF Senior Adviser and head of restructurings at Swedbank
- Mr Alexander Blades (Non-Executive Board Member)
  - Partner at Paulson & Co Inc. the New York headquartered asset manager and Piraeus Bank's largest private shareholder
- Mr Enrico Cucchiani (Independent Non Executive Board Member)
  - Former CEO of Intesa Sanpaolo, Italy's largest bank
- Mr Karel DeBoeck (Independent Non-Executive Board Member and Chairman of the Risk Committee)
  - Former CEO of Belgian banks Dexia and Fortis
- Mr David Hexter (Independent Non-Executive Board Member and Chairman of the Audit Committee)
  - Bank and corporate restructuring specialist, former Head of Financial Institutions at the European Bank for Reconstruction and Development

On the date of this report, the Bank has already announced the resignation from the Board of Directors of Messrs Apostolos Tamvakakis, A’ Vice Chairman, Independent non-executive member, Stavros Lekkakos, Vice-Chairman, Non-Executive Member and Charikleia Apalagaki, Executive Director, Executive Member.

In addition, the Board of Directors, during its meeting held on March 8th, 2017 and upon recommendation of the Board Nominations Committee, elected Mr. Christos Megalou as Board Member, for the remaining tenure of the Board of Directors, in replacement of resigned member.

Further to the above, the BoD was reconstituted as a corporate body and elected Mr. Christos Megalou, as Managing Director (Chief Executive Officer) of the Board of Directors.

Following such reconstitution, the Board of Directors has today as follows:

Non-Executive Chairman of the Board

- George Handjinicolaou, father’s name Peter

Vice-Chairmen

- Iakovos Georganas, father’s name Georgios, A’ Vice Chairman, Non – Executive Member
- Karel De Boeck father’s name Gerard, B’ Vice Chairman, Independent Non – Executive Member

Executive Board Members

- Christos Megalou, father’s name Ioannis, Managing Director (CEO)
- George Poulopoulos, father’s name Ioannis, Deputy Managing Director

Non-Executive Board Members

- Solomon Berahas, father's name Albert, Non – Executive Member
- Alexander Blades father's name Zisis, Non – Executive Member

Independent Non-Executive Board Members

- Arne Berggren, father's name Sten, Independent Non-Executive Member
- Enrico Tomasso Cucchiani, father's name Clemente, Independent Non-Executive Member
- David Hexter father's name Richard, Independent Non-Executive Member

The following person also participates in the Board of Directors:

- Aikaterini Beritsi father's name Konstantinos, appointed HFSF Representative (Law 3864/2010)

Information on the current composition of the BoD and short CV of its members are available on the Bank's website (through the following link:http://www.piraeusbankgroup.com/en/investors/corporate-governance/board/bod-composition)

1. 2 Diversity of the BoD members

On December 2016, upon suggestion of the Board Nomination Committee, the Board of Directors adopted the Board of Directors Diversity Policy[2]. The latter proceeded to the recording of already applying principles as to the nomination procedure of the Board of Directors members as well as the top management of the Bank. This Policy is applied in parallel with the Policy on the Nomination of BoD members mentioned above.

The Bank recognizes and embraces the importance and the benefits of diversity for safeguarding and improving its competitive advantage and innovation as well as for the achieving maximum team performance and effectiveness. In this context, when nominating new Board members or top management executives, a combination of elements is taken into consideration, including inter alia: skills, abilities, qualifications, knowledge, experience, educational background, professional training, professional experience, the gender, the age and other qualities, which may vary depending on the identified weaknesses and the business or strategy needs of the Bank.

The abovementioned changes of the BoD composition have taken into consideration and applied subject to the limitations set out by the strict criteria of law 3864/2010, the general principles stated to the Board of Directors Diversity Policy, in line with areas mainly related to skills and educational and professional background as well as origin. The BoD of the Bank now members with international recognized experience on areas of strategic importance such as banking, auditing, risk management, NPL management and restructuring, PIO management and financial management etc.

In addition, although the participation of woman to the Board of Directors does not vary significantly from the average on national and European level, the Bank recognizes the need to further improve it and will work on that direction to the extent possible, given the strict legislative and regulatory context governing the composition of the BoD and restricting heavily the pool of the available nominees.

The achieved diversity of the Board members is expected to effectively contribute to the expression of different views, to the avoidance of "group thinking" and to the constructive dialogue between members, thus succeeding the final decisions

[2] The Board of Directors Diversity Policy is available on the official webpage of the Bank

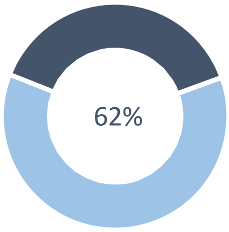
to be taken on the basis that the non-executive members of the Board Members exercise critical control to the Management.

Below Tables contain information on the diversity of the BoD members on 31.12.2016.

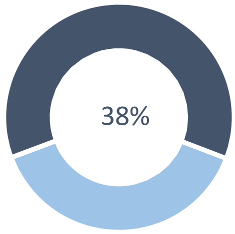
During the course of this year the Board has added international leadership experience and technical expertise, in particular in the restructuring field, combined with deep local market experience

- Piraeus Bank's Directors possess skills and experience that are relevant for overseeing the company's strategy and challenging its management
- Piraeus Bank's Board members benefit from proficiency in key fields relevant in the financial services industry (including restructuring)
- The vast majority of the Board has experience serving on the board of another public company

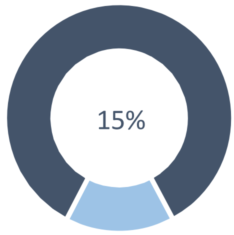
BoD Diversity



8 current & former CEOs



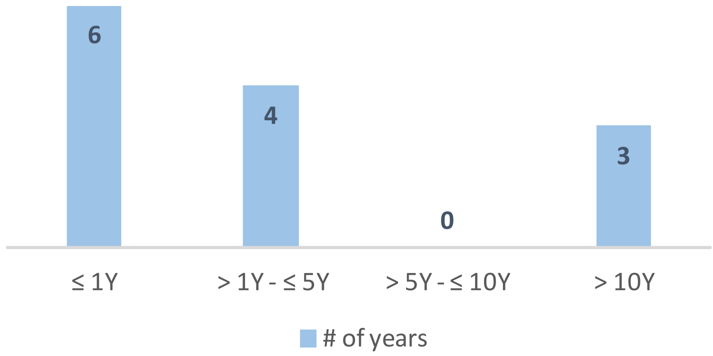
5 international members



2 women

BoD Tenure

46% with less than 1 year



BoD Age Distribution

average: 63

2 younger than 50
7 between 50 and 65
4 above 65

1.3 Operation

The Board of Directors, immediately after its election, convenes as a body and elects a Chairman and one or more Vice-Chairmen and Managing or Executive Directors from amongst its members. According to the current legal framework, the RFA and international best practices, the Chairman of the Bank does not at the same time serve as Managing/ Executive Director.

The Chairman is head of the Board and presides over its meetings. In the event that he is absent or not in a position to perform his duties, he is substituted by one of the Vice-Chairmen of the Board; they, in turn, are substituted by another director, appointed by a resolution of the Board. Secretarial duties of the Board of Directors are performed by one of its members or any other third party appointed by the Board. The Board has assigned the support of the works of the Board of Directors to a capable, specialized and experienced Corporate Secretary, who is appointed by it and attends its meetings.

The Board of Directors is convoked by its Chairman or his deputy and convenes at least once a month at the Bank's seat or by teleconference, in accordance with the provisions of Codified Law 2190/1920 in force. The Board of Directors may validly convene anywhere in Greece or abroad, where the Bank pursues business activities or has a subsidiary (an affiliate) financial institution.

Pursuant to the provisions of the RFA, the BoD informs the HFSF Representative and the HFSF Observer on the activities and decisions of the Board and to that end it notifies to the abovementioned the dated of the Board meetings. Such notification should be sent by written notice at least three (3) business days prior to the Board meeting and shall include at least the following: (i) the agenda of the meeting and (ii) the relevant material, data or information and all supporting documents with respect to the items of the agenda. In case of non compliance with the above deadline, the HFSF Representative is entitled to request in writing addressed to the Chairman of the Board, a postponement of the Board meeting which shall be resumed the earliest after three (3) business days, provided that the aforementioned documents are provided in time.

The Board is in a quorum and convenes validly when at least half of its members plus one are present or represented. However, the number of members personally present may never be less than five (5). Fractions are omitted in determining whether a quorum is achieved. When the Board of Directors convenes by teleconference, the members participating are considered physically present.

Resolutions of the Board of Directors shall be taken by absolute majority of the present and represented members unless otherwise provided by law or the present Articles of Association. Drawing up and signing of minutes by all Board members or their representatives equals a resolution of the Board of Directors, even if no meeting has been held.

Discussions and resolutions of the Board of Directors are recorded in summary in a special book that may also be kept by electronic means. Following an application of a Board member, the Chairman is obliged to record an exact summary of such member's opinion in the minutes. A list of Board members present or represented at a meeting is also recorded in this book. The minutes of the Board of Directors are signed by the chairman or the Vice-Chairman or the Managing or Executive director, appointed for that purpose by a Board resolution, and by the Secretary of the Board. Copies or extracts of such minutes are officially issued by the aforementioned persons, without any other validation.

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

(a) the right to call a general meeting of shareholders;
(b) the right to veto key corporate decisions of the Bank's Board of Directors;
  - i) Related to dividend distributions and the remuneration policy relating to the Chairman, the Managing Director and the other Board members, general managers and their deputies
  - ii) Related to any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the Bank, including business strategy and asset/ liability management
  - iii) Related to corporate actions of art. 7A par.3 of Law 3864/2010 which may significantly affect HFSF's shareholding in the Bank

(c) the right to request an adjournment of a Board meeting for three (3) business days in order to receive instructions from the HFSF Executive Committee, such right may be exercised until the end of the Board meeting;
(d) the right to call a Board meeting;
(e) the right to approve the appointment of the Chief Financial Officer.

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

Further to the above, by virtue of the RFA, the HFSF has, amongst others, the following rights related to the operation of administrative bodies of the Bank:

- the HFSF representative to the BoD has the right to participate in the Board of Directors Committees, e.g. the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Board Nomination Committee and the Strategic Planning Committee. In addition, an Observer appointed by the HFSF is present without voting right in the Board of Directors and the above Committees' meetings
- the HFSF representative to the BoD has the right to include items in the agenda of the meetings of the committee in which he participates
- the HFSF representative has the right to include items in the agenda of the General Meeting of Shareholders convened by the Board of Directors
- the HFSF provides its prior written consent for a number of material matters, as such are designated in the agreement, including, *inter alia* (a) the restructuring plan and any amendments thereof (b) the policy on connected borrowers and any revisions, amendments, deviations thereof (c) any material transactions and corporate transformations and (d) the management of NPLs and any amendments, revisions and deviations thereof
- the HFSF may review the annual self assessment exercise of the Board of Directors. In addition, based on the assessment provided for in art. 10 of law 3864/2010 or the review of the annual self assessment exercise, the HFSF may proceed to suggestions for improvements or possible changes to the Bank's corporate governance framework.
- the HFSF monitors the implementation of the Restructuring Plan and the Bank's NPL management framework as well as the Bank's performance on those.

Furthermore, following the Second Economic Adjustment Programme for Greece and in the context of the commitments undertaken by the Hellenic Republic towards the European Commission, KPMG was appointed as the Monitoring Trustee of the Bank. The Monitoring Trustee is responsible for overseeing the implementation of the Bank's Restructuring Plan and all the commitments accompanying it, in line with EU state aid rules. This includes, inter alia, verifying compliance with proper corporate governance rules (Commitments on Corporate Governance and Commercial Operations")[3]. In this context, representatives of the Monitoring Trustee participate as observers in the meetings of the

[3] The Corporate Governance and Commercial Operations commitments undertaken by our Bank refer to the following: (i) the establishment of an effective and adequate system of corporate governance pursuant to the corporate law and the supervision rules of the Bank of Greece and the HFSF; (ii) the implementation of a credit policy which ensures the equal treatment of creditors, including Connected Borrowers (shareholders, directors, key employees persons related to the Bank, subsidiaries, controlled directly or indirectly, Media, NGOs, government and other connected bodies) and the supervision of the implementation of the credit policy by means of appropriate instruments for risk monitoring and incorporation into the credit policy of rules for the pricing policy of loans; (iii) implementation of international best practices according to universal standards on risk management; (iv) the implementation of measures to manage NPLs according to the respective policy that is included in the Restructuring Plan and the relevant legislative requirements (v) restrictions on the payment of dividends or coupons on shares of the Bank (vi) restrictions on acquisitions of other companies ("Acquisition Ban"); acquisitions following the consent of the Directorate General for Competition of the EU are allowed for restoring financial stability or ensuring effective competition; furthermore, acquisitions against consideration of 0.01% of the total assets of the Bank (or cumulatively 0.025% in the case of more than one acquisition) as well as acquisitions in the context of banking activities for loans restructuring are excluded; and (vii) restrictions on using the state aid measures granted to the Bank for advertising purposes ("Advertising Ban").

Board and in executive committees and other important committees, including the Risk Management and Audit Committees.

The Board of Directors held twenty meetings during the year 2016.

The following table presents the percentage of the Board and Committees members participation in the respective meetings for the reporting period.

	Board of Directors		Risk Management Committee		Nomination Committee		Remuneration Committee		Audit Committee		Strategic Planning Committee		Group Executive Committee	
	Average Participation: 94,9%	Total Number of Meetings: 20	Average Participation: 86,5%	Total Number of Meetings: 13	Average Participation: 98,5%	Total Number of Meetings: 26	Average Participation: 83,3%	Total Number of Meetings: 4	Average Participation: 95%	Total Number of Meetings: 15	Average Participation: 89,7%	Total Number of Meetings: 9	Average Participation: 91,8%	Total Number of Meetings: 36
Name	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings
Georgios Handjinicolaou	100,0%	4/4	-	-	-	-	-	-	-	-	-	-	-	-
Apostolos Tamvakakis	100,0%	20/20	92,3%	12/13	100,0%	11/11	100,0%	1/1	-	-	100,0%	9/9	-	-
Stavros Lekkakos	100,0%	20/20	-	-	100,0%	11/11	100,0%	1/1	100,0%	6/6	66,7%	6/9	-	-
Georgios Poulopoulos	100,0%	10/10	-	-	-	-	-	-	-	-	100,0%	9/9	97,2%	35/36
Harikleia Apalagaki	100,0%	20/20	-	-	-	-	-	-	-	-	-	-	-	-
Iakovos Georganas	95,0%	19/20	100,0%	5/5	-	-	-	-	-	-	-	-	-	-
Solomon Berahas	100,0%	4/4	-	-	-	-	-	-	-	-	-	-	-	-
Alexander Blades	100,0%	19/19	-	-	100,0%	22/22	100,0%	1/1	-	-	-	-	-	-
Arne Berggren	81,8%	9/11	60,0%	3/5	100,0%	11/11	100,0%	1/1	-	-	-	-	-	-
Karel De Boeck	81,8%	9/11	100,0%	5/5	-	-	-	-	80,0%	4/5	-	-	-	-
Enrico Cuchianni	75,0%	3/4	-	-	-	-	-	-	-	-	-	-	-	-
David Hexter	100,0%	19/19	66,7%	8/12	90,9%	20/22	0,0%	0/1	100,0%	5/5	-	-	-	-
Aikaterini Beritsi	100,0%	20/20	100,0%	13/13	100,0%	26/26	100%	4/4	100,0%	15/15	88,9%	8/9	-	-
Konstantinos Georgiou	-	-	-	-	-	-	-	-	-	-	100,0%	9/9	91,7%	33/36
Efthichia Kasselaki	-	-	-	-	-	-	-	-	-	-	100,0%	9/9	94,4%	34/36
Ilias Milis	-	-	-	-	-	-	-	-	-	-	100,0%	9/9	97,2%	35/36
Spyridon Papaspyrou	-	-	-	-	-	-	-	-	-	-	66,7%	6/9	83,3%	30/36
Ioannis Sgourovasilakis	-	-	-	-	-	-	-	-	-	-	100,0%	9/9	94,4%	34/36
Athanasios Arvanitis	-	-	-	-	-	-	-	-	-	-	100,0%	8/8	95,7%	22/23
Pinelopi Lazaridou	-	-	-	-	-	-	-	-	-	-	87,5%	7/8	82,6%	19/23
Constantinos Loizides	-	-	-	-	-	-	-	-	-	-	66,7%	6/9	87,0%	20/23
Georgios Mantakas	-	-	-	-	-	-	-	-	-	-	-	-	97,2%	35/36
Konstantinos Paschalis	-	-	-	-	-	-	-	-	-	-	-	-	88,9%	16/18

n the composition of the BOD and the Committees on 31.12.2016.
nembers to the BoD and tothe Committees are mentioned below:
Georgios Handjinicolaou: BoD as of 01.11.2016.
Georgios Poulopoulos: BoD as of 29.06.2016.
Solomon Berahas: BoD as of 01.11.2016.
Alexander Blades: BoD as of 27.01.2016, Nomination Committee as of 22.02.2016 and Remuneration Committee as of 09.08.2016.
Arne Berggren: BoD as of 08.06.2016, Risk Management Committee, Nomination Committee & Remuneration Committee as of 09.08.2016.
Karel De Boeck: BoD as of 08.06.2016, Risk Management Committee & Audit Committee as of 09.08.2016.
Enrico Cuchianni: BoD as of 01.11.2016.
David Hexter: BoD as of 27.01.2016, Risk Management Committee & Nomination Committee as of 22.02.2016, Remuneration Committee & Audit Committee as of 09.08.2016.
Stavros Lekkakos: Nomination Committee & Remuneration Committee as of 09.08.2016 and Audit Committee as of 30.06.2016.
Apostolos Tamvakakis: Nomination Committee & Remuneration Committee as of 30.06.2016.
Iakovos Georganas: Risk Management Committee as of 09.08.2016.
Athanasios Arvanitis: Strategic Planning Committee as of 18.03.2016 and Group Executive Committee as of 26.05.2016.
Pinelopi Lazaridou: Strategic Planning Committee as of 18.03.2016 and Group Executive Committee as of 26.05.2016.
Constantinos Loizides: Group Executive Committee as of 26.05.2016.
Konstantinos Paschalis: Group Executive Committee as of 21.07.2016.

1.4. Responsibilities

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

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

The Bank's Regulation states that the prime obligation and duty of the board Members is the continuous pursuit of enhancing the Bank's long-term economic value and the protection of the general corporate interests. It is also stated that the Board of Directors is responsible for drawing up and adopting a detailed Business Strategy extending for at least one year defining clear business objectives, both for the Bank itself and for the Group[4].

1.5. Assessment of the Board of Directors

On July 2016, the HFSF proceeded through Spencer and Stuart, an independent consultant of international reputation, to the assessment of the Bank's corporate governance framework according to par.5 f art.10 of Law 3864/2010, which included the evaluation of the size, structure, collective experience, the allocation of powers within the BoD and the Committees. The assessment was performed on the basis of questionnaires as well as interviews with the members of the BoD and executives of the top management of the Bank. Following the assessment, the recommendations addressed to the Bank concerned mainly the setting and the monitoring by the BoD of the Bank's strategy, the monitoring of an efficient corporate governance framework, the supervisions of the selection and evaluation procedure of the top management of the Bank and the Remuneration Policy.

In addition to the above, the BoD performed its own self assessment at the end of the year.

The members of the BoD were asked to assess the following areas of interest:

a. Composition and Processes: said area included questions on the profile, the composition, the quantity of work, the induction and training of the BoD members, the duties and the quality of information and reports to the BoD etc.
b. Behaviours and Activities: said part emphasized on the efficiency and performance of the BoD on strategy, crisis management, risk management, knowledge of the business environment, monitoring of the Bank's performance etc

The self assessment exercised was concluded on mid-December. Process of the results revealed the following conclusions:

- BoD members assessed very positively the composition, the structure and the characteristics of the Board members in general. The operation of the Board, its monitoring tools, the planning of its operations, the quality of decision making, the risk management in relation to the profile of the Bank also scored high. The role of the Chairman of the Board and his relationship with the CEO, the executive members and the Company Secretary are also positively assessed.
- Areas of improvement identified were related mainly to the succession planning of the BoD members and the top executive management of the Bank, the Remuneration Policy, which was deemed to provide low remuneration levels, in relation to the performance, the strategy and the risk profile of the Bank compared to the European peer average. Room for improvement was also indicated by the answers for the training of the BoD during their induction, the setting of the Bank's strategy and the constructive challenge of the Executive members' decisions.

To be noted that the Bank has already taken improvement measures in response to the aforementioned results of the self assessment in order to maximize the BoD's performance In this context, inter alia:

- The Succession Planning Policy for the Bank's top executive management is already being reviewed

[4] Detailed information on the operation and the duties of the BoD is included in Bank's Regulation which is available to the Bank's official webpage.

- corrective interventions to the Bank's Remuneration policies are being explored, subject to the legal and regulatory restrictions
- the composition of the Strategic Planning Committee of the Bank changed in order to include only members of the Board
- induction programs are now planned on a more regular basis whereas a "Strategy Seminar" for Board members is now scheduled on an annual basis.

In any case, the new composition of the BoD is expected to bring significant positive changes to its operations and to eliminate prior weaknesses since, as generally perceived, it marks an important step towards the strengthening of the BoD and the corporate governance framework and guarantees the smooth and successful implementation of corporate governance best practices.

It should be noted that given the aforementioned assessment of the Committees and individual members of the Board by Spencer Stuart in mid-year as well as the progressive, though constant changes in the BoD composition and, by extent, in the Committees, in an effort to adapt to the legislative and regulatory requirements, it was decided that further self assessment of the Committees would not serve the purpose for which it is normally conducted. A constructive self-assessment exercise would require a minimum duration of participation in a committee and the active involvement of the member in its operations, conditions which were not met for most of the members for objective reasons. However, all the Committees took into serious consideration the recommendations of Spencer Stuart whereas the Audit Committee performed its annual own self assessment. The rest of the Committees are expected to follow shortly.

2. Committees

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

The operation of the Committees is governed by the Committees Operating Regulation, which forms part (as an Appendix) of the Bank's Regulation. Said Operating Regulation pertains to all the BoD Committees, as well as other Executive and Administrative Committees and Councils subject, however, to the specific Operating Regulations of each individual Committee which prevails to the extent that it deviates from the general rules laid down to the Committees Operating Regulation.

Composition, mission and the responsibilities of Committees: Subject to the provisions of the legal and regulatory framework and their specific Operating Regulations, the composition, the mission and the responsibilities of each Committee are defined by the decisions of the body, which is responsible for the constitution or specification of each Committee's responsibilities and are included in the Chairman's Acts (provided that they pertain to the Board of Directors' Committees) and Management Acts, which are issued by the CEO (provided that they pertain to other Executive and Administrative Committees).

Operations

Invitation: The Committee convenes, following the Chairman's invitation, as many times as required necessary for the fulfillment of its mission. The frequency of meetings is defined as per Committee by the instrument of its constitution, or, if it is not defined, the administrative Committees convene at least once a month. The invitation defines the agenda, place and time of Committee's meeting. Each member of Committee is entitled to request its convocation in writing in order to discuss specific issues. The Committee's members, including the alternate members, receive the issues of the Daily Agenda at least two (2) days prior to the meeting date. The alternate members substitute the regular ones, as set out more specifically in the operation regulation of each Committee and, within this framework, they participate in the Committee's meeting, if a need has arisen, following the relevant notice by the Committee's secretary.

In each Committee's operation regulation, the participation of the Bank's employees, officers or advisors may be provided for, provided that depending on the field of their duties, their participation is considered to be necessary for the more effective operation of the Committee. The afore-mentioned individuals' role is to propose or provide clarifications on the daily agenda issues of the committee and have no voting right upon decision-making. Besides the above-mentioned, the Committee is entitled to invite to its meetings as many of the Bank's employees, officers or advisors as it considers advisable or useful, who are present, however, without a voting right.

Quorum- Decisions- Alternate members: For decision-making, a quorum of more than 50% of its members is required with personal presence either at the place of its meeting or at another place using the teleconference tools.

Subject to the attainment of quorum according to the aforementioned, a member of the Committee may authorize in writing, in case of hindrance, another member in order to represent him/her at a specific meeting and vote on his behalf for the issues of the daily agenda. Provided that the existence of alternate members is provided for in each Committee's operation regulation, the member, who is hindered, may be represented only by the individual designated as alternate member. No member can represent more than one of the other members of the Committee. Unless otherwise prescribed in the relevant terms of reference, Committee decisions are made by a majority of 2/3 of the present members.

Substitution of the Chairman- Replacement of members: The Chairman is substituted, in case that he is absent, by his own decision and where it has not already been specified, by a member of the Committee, or if no such a decision is made, by a senior present member of the Committee (in terms of the duration of his presence in the Group). In the case of members' resignation or departure, the Chairman of the Committee recommends either their replacement, or the Committee's operation with its remaining members. For the new composition resulting from the recommendation of the Committee's Chairman and the receipt of the necessary approvals from the responsible approval body of the Bank, the relevant Chairman's Act or another decision of the responsible body shall follow.

Keeping of minutes- Secreteriat: Minutes are kept in all the meetings of the Committee, which are validated by the Chairman and the Executive Secretary or the Secretary of the Committee. If an Executive Secretary has been nominated in the Committee, he is responsible for collecting the material and information that is useful or necessary for the work of the Committee, suggests the issues for the daily agenda to the Committee's Chairman, handles the Committee's mail with the organizational units and monitors the notification of Committee's decisions to the involved units both at the Bank and Group level. The Secretary of each Committee is responsible for informing the members about the daily agenda, location and time of Committee's meeting, in writing, following the collaboration with the Committee's Chairman, ensuring the timely and correct information of the involved units upon each meeting, organizing the location of Committee with the necessary technological infrastructure. He/she should keep a file of the Minutes with diligence in a safe place. If, for any reason, he/she stops providing support to the Committee, he/she should deliver the minutes with diligence to his deputy and along with the signed record of receipt and delivery. The Corporate Governance Department or the Corporate Secretariat of the Board of Directors provides Secretarial support for Bank's Committees, on a case-by-case basis, if requested. In any case, the Chairman of Committee nominates its Secretary, provided that he/she is not nominated by each of the Chairman's or CEO's Acts.

Special provisions

Provided that a representative of the Hellenic Financial Stability Fund (HFSF) participates in the Committees pursuant to Law 3864/2010, the following will be applicable additionally by virtue of the RFA:

- The dates of the meetings, the respective agendas and the relevant material are sent to the HFSF Representative and the HFSF Observer by written notice at least five (5) calendar days prior to the meetings. Said documents can be sent through electronic email.
- The HFSF Representative has the right to include items in the agenda of a scheduled Committee meeting by submitting them in writing to the Committee's Chairman, at least one (1) day prior to the Committee's meeting.
- The HFSF Representative has the right to request that the Committee is convened within the next seven (7) calendar days from the HFSF's written request to the Chairman of the Committee. The relevant request shall include the proposed items of the agenda. If the chairman of the Committee does not proceed to the convocation of the Committee within the above deadline or does not include the proposed items in the invitation, then the HFSF Representative shall be entitled to convoke the Committee within five (5) days as of the expiry of the above seven (7) days period. Such invitation shall be notified to all the members of the Committee and to the HFSF Observer.

The number of Committees' meetings and the members participation are depicted on an aggregated basis to the Table of page 13 above.

A) Board of Directors Committees

1) Audit Committee

The Committee comprises of Non –Executive members, the majority of which are independent within the meaning of the provisions of law 3016/2002, The Committee is presided by an independent non-executive member of the BoD who meets the criteria of article 10 par.8 of Law 3864/2010. The HFSF Representative participates in the BoD, with full voting rights. It is assisted by an executive secretary and its operation is governed by the Bank of Greece Governor's Directive number 2577/2006, article 44 of law 4449/2017 and additionally by its Operating Regulation.

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

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

Mrs Beritsi, HFSFRepresentative, participates in the Committee.

On 31/12/2016, the Audit Committee had the following composition, as this has resulted after changes (resignations, replacements, etc):

Chairman	Hexter David, Independent Non-Executive Member
Members	Lekkakos Stavros, B´ Vice-Chairman Non-Executive Member
	De Boeck Karel , Independent Non-Executive Member

Mrs Beritsi, HFSF Representative, participates in the Committee, with full voting rights.
Executive Secretary: Koutkia Christina, Assistant Manager
Secretary: Shiza Efi, Senior Officer
Monitoring Trustee Observer and HFSF's Observer are present in the meetings of the Committee

At the date of the present statement, the Audit Committee has the following composition as this has resulted after further changes (resignations, replacements, etc):

Chairman	Hexter David, Independent Non-Executive Member
Members	De Boeck Karel , Independent Non-Executive Member
	Enrico Cucchiani, Independent Non-Executive Member
	Solomon Berahas, Non-Executive Member

Mrs Beritsi, HFSF Representative, participates in the Committee, with full voting rights.
Monitoring Trustee Observer and HFSF's Observer are present in the meetings of the Committee.
Executive Secretary: Koutkia Christina, Assistant Manager
Secretary: Schiza Efi, Senior Officer

It is to be noted the Mr. David Hexter, independent non executive member of the BoD, fulfils the criteria of L. 3864/2010. The Committee as a whole has appropriate competence and experience for the performance of its duties.

The Committee shall meet at least four times a year. Additional meetings may be held if deemed necessary.

The Committee met fifteen (15) times during year 2016 and all the decisions were taken unanimously.
Members' attendance rates in the Committee meetings is depicted in Table of page 13 above

The main duties of the Audit Committee are:

- supervision and evaluation of the drafting processes of the published annual and interim financial statements of the Group, the Bank and its subsidiaries;
- supervision of the assessment of the Group's annual financial statements conducted by the regular certified public accountants - auditors and cooperation with them on a regular basis;
- proposing to the Board a selection of regular public accountants - auditors. Whenever it deems appropriate, the Committee shall also make their replacement or rotation proposal; the Committe is responsible for the tender procedure for the appointment of the auditors in accordance with article 16 of Regulation (EU) no. 575/2014;
- ensuring the independence of auditors in accordance with applicable law;
- Identify weaknesses, make solutions' proposals and monitor the implementation of measures decided by the Board of Directors;
- proposing measures for specific areas requiring further investigation by internal or external auditors;
- monitoring and annual evaluation of the adequacy and effectiveness of the Internal Audit System (IAS) on individual basis and Group level, based on the data and information of the Group Internal Audit Division;

- evaluating the work of the Group Internal Audit Division, focusing on issues related to the degree of its independence, the quality and scope of inspections it carries out, the priorities determined by changes in the economic environment, its systems and in the level of risks and the overall efficiency of its operation, and
- determining the examination areas and selecting and appointing chartered public auditors, to assess the adequacy of the Internal Audit System, periodically, and at least every three years
- monitoring and evaluating on an annual basis the work of the Group Compliance Division
- Monitoring and evaluating on an annual basis of the Report of the Competent Executive on Money Laundering and Terrorist Financing.

The Audit Committee following its duties and competences during year 2016 has fulfilled the below tasks:

- Reviewed and approved the regular and annual financial statements on an individual and consolidated basis, prior to publication, discussing and asking for clarifications on the accounting standards followed
- Discussed with the Management of the Bank matters related to the financial statements and the implementations of the corrective measures adopted, following recommendations of the Internal and External Audits and the Supervising Authorities
- Examined and discussed the workings of the ICS on the basis of data and information contained in the quarterly reports complied by the Group Internal Audit Division
- Review and approval of the assignment of non-audit related activities to the statutory auditor
- Approved the remuneration paid to the statutory auditor
- Approved and systematically monitored with diligence the completion of the, Internal Audit Department's Annual Action Plan for year 2016
- Approved and systematically monitored with diligence the completion of the Group Compliance Divisions Annual Action Plan for year 2016
- Was notified of the Internal Audit Department's Annual Action Plan for year 2017, approved its implementation and submitted it for approval to the Board of Directors
- Was notified of the Internal Group Compliance Division's Annual Action Plan for year 2017, approved its implementation and submitted it for approval to the Board of Directors
- Was notified on the SSM's special audit on the 2015 Share Capital Increase (SCI) of the Bank and assigned an additional audit related to compliance of the SCI with relevant rules and regulations, to Group Internal Audit
- Proceeded to its annual self- assessment

The Audit Committee promoted the continuous strengthening of the IAS as a strategic priority for the Board of Directors (BoD) and Group management, the development plan and integration of appropriate control mechanisms, aimed at further improvement of the management' of operational risks that the Group confronts in all its functions.

It is noted that the Audit Committee's final Evaluation in relation to the ICS, will be submitted to the Bank of Greece – according to the Order 2577/9.3.2006 of the Governor of the Bank of Greece – within the first semester of Year 2017, and followed by ICS Annual Evaluation Report, which is prepared by the Group's Internal Audit Department and is submitted to the Bank's Management and the BOD through the Audit Committee.

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

Following the Committee's assessment under Article 10 of Law.3864/2010, performed by the independent consultant of international experience Spencer Stuart, it was acknowledged that the Audit Committee works effectively and there was no other recommendation than enhancing its composition with members who have experience in banking, audit and accounting, which was taken into account when appointing new members so that now the composition both fully complies with these recommendations and with the legal and regulatory requirements and its operational needs.

Finally the Committee proceeded, under its new composition, to its self-assessment in late 2016. The analysis of the results revealed that the Audit Committee performs its functions effectively and without any detected malfunctions. The composition of the Committee in terms of competences and availability of members emerged as an important factor for its efficiency, Moreover, experience has shown that the participation of the Chairman or another member of the Audit Committee in the Nomination Committee is a good practice.

Detailed information on the responsibilities and the operation of the Audit Committee is available on the Bank's website (www.piraeusbankgroup.com)

2) Risk Management Committee

The Risk Management Committee is appointed by the Board of Directors of the Bank and is comprised of Non-Executive Members of the Board of Directors. The number of Committee Members cannot be less than three (3) and in total cannot exceed 40% (rounded up to the closest integer) of the total number of Members of the Board of Directors. At least one third of the Members (rounded up to the closest integer) should meet the criteria for the independence of Board Members, in accordance with Law 3016/2002 and the relevant European Commission Recommendation 2005/162/EC. The Representative of the Hellenic Financial Stability Fund (HFSF) participates as a member in the Risk Management Committee with full voting rights,.

The Chairman of the Committee is appointed by the Board of Directors, must meet the criteria of art.10 par.8a) of L.3864/2010 and have significant experience in commercial banking and, preferably, in risk and capital management, as well as familiarity with the local and international regulatory framework. The office of Chairman of the Board of Directors is incompatible with that of Chairman of the Risk Management Committee, while the Chairman of the Risk Management Committee cannot simultaneously serve as Chairman of the Audit Committee of the Bank. The Chairman of the Committee Mr. Karel De Boeck has, inter alia, extended experience in risk management and is considered an expert within the meaning of art.10 of L.3864/2010.

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

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

The term of office of the Committee's members cannot exceed the term of office of the Board of Directors (three years), but the Board of Directors is entitled to cease or replace them at any time.

On 31.12.2016 the Risk Management Committee had the following composition:

Chairman	De Boeck Karel, Independent Non-Executive Member
Members	Tamvakakis Apostolos, A΄ Vice-Chairman, Independent Non-Executive Member
	Georganas Iakovos, Non-Executive Member
	Berggren Arne, Independent Non-Executive Member
	Hexter David, Independent Non-Executive Member

Mrs Beritsi, HFSF Representative, participates in the Committee, with full voting rights. HFSF and Monitoring Trustee's Observers are present in the meetings of the Committee.

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

Chairman	De Boeck Karel, Independent Non-Executive Member
Members	Arne Berggren, Independent Non-Executive Member
	Hexter David, Independent Non-Executive Member
	Alex Blades, Non-Executive Member.
	Solomon Berahas, Non-Executive Member

Mrs Beritsi, HFSF Representative , participates in the Committee with full voting rights.
HFSF and the Monitoring Trustee's Observers, are present in the meetings of the Committee.
Executive Secretary: Mantakas Georgios, General Manager, Chief Risk Officer
Secretary: Kotsakou Panagiota, Head Group Risk Management

The Risk Management Committee is responsible for performing the duties set out in the internal operating regulation, so as to be able to assist the Board of Directors in its work concerning:

- the existence of an appropriate risk management strategy and the definition of maximum acceptable risk levels, as well as the supervision of their application
- the establishment of principles and rules that will govern risk management as regards the recognition, prediction, measurement, monitoring, control and management of such risk,
- the development of an internal risk management system and the incorporation of suitable risk management policies in the business decision making process,
- the compliance of the Bank and the Group, through strict and reliable procedures, with the requirements of the regulatory framework for the risk management function.

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

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

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

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

The mission of the Risk Management Committee is:

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

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

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

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

In order to fulfil its duties, the Risk Management Committee held thirteen (13) meetings during 2016. Members' attendance rates in the Committee meetings is depicted in Table of page 13 above

The Committee, inter alia, proceeded to:

- to the evaluation and the submission of recommendations to the Board of Directors in respect to the Risk and Capital Management Strategy and the Risk Apetite Framework.
- to the evaluation of the adequacy and the effectiveness of the risk management policy of the Bank and of the Group and in particular, of the compliance with the risk tolerance level set
- to the monitoring and the management control of the troubled assets which include:
  - Non performing loans (NPLs and NPEs)
  - loans under restructuring or under negotiation
  - exposures written off for accounting purposes but for which the Bank still still seeks partial or complete recovery
- to the monthly evaluation and respective submission to the Board of Directors of the Group Risk Management Division reports in respect of the main risks undertook and compliance of same with the approved risk apetite level, the risk and exposure framework of the Bank and the Group and provided assurance for their effective management
- to the evaluation and recommendation to the Board of Directors of the review of the Credit and Writte-off Policy
- to the evaluation and approval of the recommendation of the Group Risk Management Division in respect to the planning, documentation, periodic re-evaluation and monitoring of:

- the implementation of the Internal Capital Adequacy Evaluation Procedure
- the implementation of the Capital Adequacy Internal Evaluation Procedure
- the Restructuring Plan
- stated its opinion in respect to the CRO remuneration in order for the Remuneration Committee to approve same

Detailed information on the responsibilities and the operation of the Risk Management Committee is available on the Bank's website (www.piraeusbankgroup.com).

3) Remuneration Committee

The Remuneration Committee consists of three (3) to six (6) Non-Executive Members of the Board of Directors, who must, in their majority, including the Committee Chairman, be Independent in the sense of Article 4 of Law 3016/2002 (Gov. Gaz. A' 110), as currently in force. The Chairman of the Committee should be an Independent Non-executive Member meeting the criteria of ar. 10 par.8 of L.3864/2010. Mr Arne Berggren is appointed Chairman of the Committee. At least one (1) Member of the Committee must have adequate expertise in the management of risk and in auditing matters, in order to ensure that the Remuneration Policy is aligned with the Bank's risk profile.

The HFSF's Representative participates as a Member in the Remuneration Committee with full voting rights. The Observers of the HFSF and the Monitoring Trustee are present in the meetings of the Committee.

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

The members of the Committee are appointed, dismissed and replaced by the Board of Directors.

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

On 31.12.2016, the Committee had the following composition:

Chairman:	Berggren Arne, Independent Non-Executive Member
Members:	Tamvakakis Apostolos, A´ Vice-Chairman, Independent Non-Executive Member
	Lekkakos Stavros, B´ Vice-Chairman,Non-Executive Member
	Blades Alexander, Non-Executive Member
	Hexter David, Independent Non-Executive Member

Mrs Beritsi, HFSF Representative, participates in the Committee with full voting rights. The Observers of the HFSF and the Monitoring Trustee are present in the meetings of the Committee.

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

Chairman	Berggren Arne, Non-Executive Member
Members	Enrico Cucchiani, Independent Non Executive Member,
	Hexter David, Independent Non-Executive Member

Blades Alexander, Non-Executive Member
Solomon Berahas, Non- Executive Member

Mrs Beritsi, HFSF Representative participates in the Committee, with full voting rights.The Observers of the HFSF and the Monitoring Trustee are present in the meetings of the Committee
Executive Secretary: Georgiou Konstantinos, Senior General Manager
Secretary: Zapanti Maria, Corporate Secretary

The Committee shall meet at the invitation of the Chairman whenever he/she deems it necessary for the execution of its remit, but no less than once in each calendar year.

Resolutions may only be adopted when a quorum of at least two (2) members is reached.Resolutions of the Committee are adopted by majority vote of the members present.

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

The Remuneration Committee held four (4) meetings during 2016. Members' attendance rates in the Committee meetings is depicted in Table of page 13 above.

The Remuneration Committee is responsible for shaping, verifying implementation of and periodically reviewing the Bank's remuneration policy, in accordance with Bank of Greece Governor's Order 2650/2012, also bearing in mind the provisions of Laws 3864/2010 and 4261/2014, as currently in force.
The Remuneration Committee shall, in the execution of its duties, take into account the long-term interests of shareholders, investors and other stakeholders in the Bank and the public interest as well, orienting itself to the long-term prudent and sound management of the Bank and the avoidance or minimizing of conflicts of interest which might detract from prudent management. The competences of the Committee relate both to Piraeus Bank and any subsidiaries included in the consolidated financial statements of the Group.

In order to perform its mission, the Remuneration Committee proceeded, inter alia, to the following actions:

- it reviewed the Remuneration Policy and provided a declaration of the Remuneration Policy's compliance with Laws 3864/2010, 4261/2014 and Bank of Greece Governor's Act 2650/2012, as in force.
- cooperated with the Risk Management Committee and approved upon suggestion of the latter the CRO remuneration
- Framed and recommended to the BoD the policy for the compensation and the cover of costs of Board members, and framed the Board's recommendation to the General Shareholders Meeting concerning the annual payment of the members of the Management,

Remuneration Committee Statement: According to its operating regulation, the Remuneration Committee, in its meeting held on 21.02.2017, declared that the Bank's Remuneration Policy, as such was reviewed and approved by a resolution of the Remuneration Committee of 22.05.2015 and by a resolution of the Bank's Board of Directors of 27.05.2015, is compliant with the provisions of Law 4261/2014 "Access to the activity of credit institutions and prudential supervision of credit institutions and investment firms", Law 3864/2010 "Establishing the Hellenic Financial Stability Fund"," and No. 2650/19.01.2012 Act of the Bank of Greece Governor.

Detailed information on the responsibilities and the operation of the Remuneration Committee is available on the Bank's website (www.piraeusbankgroup.com).

4) Board of Directors Members Nomination Committee

The Committee consists of three (3) to six (6) Non-Executive Members of the BoD, including the Representative of the Hellenic Financial Stability Fund. The majority of the members, the Chairman included, should be independent (the HFSF Representative excluded). An independent non-executive member, meeting the criteria of art.10 par.8a) of L. 3864/2010 is appointed Chairman of the Committee. Mr. Arne Berggren, independent non-executive member is currently serving as Chairman of the Committee.

The Nomination Committee ensures that the BoD possess, as a body, adequate knowledge and experience in at least the main activities of the bank to be able to exercise oversight over all its functions, either directly or indirectly through the Committees set up by statute or at the discretion of the bank on the basis of the aforesaid Order 2577/2006.

On 31/12/2016, the composition of the Nomination Committee had as follows:

Chairman: Berggren Arne, Independent Non-Executive Member
Members: Tamvakakis Apostolos, A΄ Vice-Chairman, Independent Non-Executive Member
Lekkakos Stavros, B΄ Vice Chairman, Non-Executive Member
Blades Alexander, Non-Executive Member
Hexter David, Independent Non-Executive Member

Mrs Beritsi, HFSF Representative, participates in the Committee, with full voting rights. The HFSF Observer is also present in the meetings of the Committee.

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

Chairman: Arne Berggren, Independent Non Executive Member
Members: Enrico Cucchiani, Independent Non- Executive Member
Hexter David, Independent Non-Executive Member
Blades Alexander, Non- Executive Member
Solomon Berahas, Non-Executive Member

Mrs Beritsi, HFSF Representative, participates in the Committee with full voting rights.
The HFSF Observer is present in the meetings of the Committee.
Executive Secretary: George Liakopoulos, Group General Counsel
Secretary: Zapanti Maria, Corporate Secretary

The main responsibility of the the BoD Member Nomination Committee is to Identify and recommend for approval by the Board or by the General Meeting candidates for the vacancies of the Board of Directors. In addition, it evaluates the combination of broad knowledge by subject, skills, and experience of the Members of the Board. It also gives the description of the individual skills and qualifications at the discretion needed to fill the positions of the Directors and considers the time that needs to be devoted to the corresponding position. Furthermore, the Committee periodically and at least annually evaluates the structure, size, composition and performance of the Board and makes recommendations to it concerning any changes it deems appropriate, Finally, it periodically reviews the policy of the Board for the selection and appointment of senior management and make recommendations to it.

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

As already mentioned, 2016 was a year of structural changes in the composition of the Board of Directors as same gradually changed to meet the new legislative and regulatory requirements and the needs created by the Bank's strategy and business options. The Committee's contribution in the nomination process was decisive, ensuring a gentle adjustment to the new requirements.

Specifically, in 2016, the Board Member Nomination Committee held totally twenty-six (26) meetings and undertook, inter alia, the following activities:

• engaged the international consulting firm Egon Zehnder in order to provide its assistance in selecting candidates from Greece and abroad, who were proposed to the Board to fill the CEO position;

• engaged the international consulting firm Korn Ferry in order to provide its assistance in selecting candidates from Greece and abroad, in order to fill non-executive Board member vacancies;

• reviewed the Policy on the Nomination of Board Members while it elaborated and proposed for approval by the Board a Board of Directors Diversity Policy which includes a Policy on enhancing the participation of the Non adequately represented gender and Self-assessment Policy for the BoD, BoD Members and BoD Committees.

• carried out the search and proposal to the Board of candidate members to replace members who resigned.

Members' attendance rates in the Committee meetings is depicted in Table of page 13 above

Detailed information on the responsibilities and the operation of the BoD Members Nomination Committee is available on the Bank's website (www.piraeusbankgroup.com).

B) Strategic Committees

1) Strategic Planning Committee

The main competency of the Strategic Planning is to regularly follow up, analyse and deliberate over issues concerning the Bank and Group's strategic choices (e.g. capital increase or decrease, acquisitions, mergers, investments or liquidation of strategic participations, strategic alliances, etc.), assigns and, when necessary, formulate a relevant recommendation to the Board of Directors of the Bank. In cases of crisis, the Committee has the competencies of the Crisis Management Committee, supervising and monitoring recovery actions. It is also responsible for activating and implementing the Recovery Plan in force, which is prepared in accordance with Article 66 of Law 4261/2014 and Bank of Greece Governor's Act 2648/19.01.2012, as in force.

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

The Strategic Planning Committee meets once a month, at the time and place and with the agenda set by its Chairman and announced by the Secretary to the members.

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

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

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

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

The Strategic Planning Committee consisted of Board of Directors members and of senior executives of the Bank. The HFSF Representative participates to the Committee. The Representatives of the Monitoring Trustee and the HFSF Observer also sit in the Committee's meetings.

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

On 31/12/2016, the Strategic Planning Committee had the following composition:

Chairman:	Tamvakakis Apostolos, A΄ Vice-Chairman, Independent Non-Executive Member
Deputy Chairman:	Poulopoulos George, Deputy Managing Director, Executive Member
Members:	Lekkakos, Stavros, B΄ Vice-Chairman
	Georgiou Konstantinos, Senior General Manager
	Kasselaki Eftichia, Senior General Manager
	Milis Ilias, Senior General Manager
	Papaspyrou Spyridon, Senior General Manager
	Sgourovasilakis Ioannis, Senior General Manager
	Arvanitis Athanasios, General Manager
	Lazaridou Pinelopi, General Manager
	Loizides Konstantinos, Head of Corporate Development

Following the evaluation of the Bank's corporate governance framework in accordance with paragraph 5 of Article 10 of Law 3864/2010, conducted by Spencer Stuart on behalf of the HFSF, it was recommended that the Bank enhances the participation of Board members in the Strategic Planning Committee in order for the latter to operate as a Board Committee. The Bank has taken note of the above recommendation and the composition of the Committee on the date of the present report has as follows:

Chairman:	Georgios Handjinicolaou, Non-Executive Chairman
Members:	Arne Berggren, Independent Non-Executive Member
	Karel De Boeck, Independent Non-Executive Member
	Enrico Cucchiani, Independent Non-Executive Member
	David Hexter, Independent Non-Executive Member
	Alex Blades, Non-Executive Member

Mrs Beritsi, HFSF Representative participates in the Committee with full voting rights.
The Observers of the HFSF and the Monitoring Trustee are present in the meetings of the Committee.
Secretary: Zapanti Maria, Corporate Secretary

C) Executive and Administrative Committees

1) Group Executive Committee

The Group Executive Committee consists of senior executives of the Bank and is chaired by the CEO, Executive member of the BoD.

On 31.12.2016, the Group Executive Committee had the following composition:

Chairman	Poulopoulos George ,Deputy Managing Director
Vice Chairmen	Milis Ilias, Senior General Manager
	Papaspyrou Spyridon, Senior General Manager
Members	Georgiou Konstantinos, Senior General Manager
	Kasselaki Eftichia, Senior General Manager
	Sgourovasilakis Ioannis, Senior General Manager
	Arvanitis Athanasios, General Manager
	Lazaridou Pinelopi, General Manager
	Loizides Konstantinos, Head of Corporate Development
	Mantakas Georgios, Chief Risk Officer
	Paschalis Konstantinos, Deputy General Manager

The Observer of the Monitoring Trustee is present in the meetings.

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

Chairman	Poulopoulos George Deputy Managing Director, Executive Member
Vice Chairmen	Milis Ilias, Senior General Manager

	Papaspyrou Spyridon, Senior General Manager
Members	Georgiou Konstantinos, Senior General Manager
	Kasselaki Eftichia, Senior General Manager
	Sgourovasilakis Ioannis, Senior General Manager
	Arvanitis Athanasios, General Manager
	Lazaridou Pinelopi, General Manager
	Loizides Konstantinos, Head of Corporate Development
	Mantakas Georgios, Chief Risk Officer
	Paschalis Konstantinos, Deputy General Manager

The Observer of the Monitoring Trustee is present in the meetings of the Committee.
Executive Secretary: Liakopoulos George, Group General Counsel
Secretary: Stampoulelli Aikaterini, Manager

The Committee meets regularly every second Monday being convened by its Chairman, and extraordinarily as many times as necessary. The invitation sets the agenda, time and place of the meeting of the Executive Committee.

In order for the Group Executive Committee to make a decision, a quorum of at least 50% of its Members present in person either at the meeting location or at another location via teleconferencing is required.

Committee decisions are taken with a 2/3 majority of the Members present and represented. The presence, participation and voting of a Committee member during the discussion of an issue in which he has a conflict of interest is not permitted. Decisions that concern the establishment of policy, procedures, terms or criteria for risk management or other issues of general application do not come under the previous prohibition.

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

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

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

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

1. It monitors the implementation of both the Business Plan and the Restructuring Plan of the Bank and of the Group and makes the necessary decisions for achieving the Plans' goals. At the first meeting of the Committee held at the beginning of each quarter, the CFO of the Group and the head of Business Planning present a report to the Committee on the progress of the implementation of both the Business Plan and the Restructuring Plan, highlighting

any issues that may require particular attention.

2. It establishes the directions of the Budget and proposes the Annual Budget to the Board of Directors.
3. At the beginning of each year, the head of each business activity or support division makes a concise presentation of the Business Plan for their area of responsibility to the Executive Committee, along with concise data on the relevant budget and, at the end of each quarter, a summary review of its implementation.
4. It establishes administrative committees and determines their composition and competencies.
5. It approves, complements or amends the Group's accounting principles, following a recommendation by the Directorate of Financial Services.
6. It determines the interest rate policy and the pricing of the products and services offered by the Bank.
7. It approves the introduction of new and significant changes to existing products and services of the Bank, as well as restructuring products, and formulates their pricing policy before they are made available to clients.
8. It approves the marketing strategy and sponsorships, monitoring their implementation and effectiveness.

   At the beginning of each year, the Head of Marketing presents the Bank's marketing strategy, as well as the results of qualitative research and customer satisfaction measurements at a suitable time.
9. It approves the Group's technological infrastructure strategy.
10. It approves proposed partnerships in sectors or fields of the economy, following a recommendation by the Heads of the competent business units or support units.
11. It monitors and supervises the observance of Corporate Governance rules and programs and decides on taking regulatory compliance measures following the recommendation of competent Units or Committees.
12. It approves human resources programs (voluntary departure, fees, insurance and other contributions), always within the framework of the approved Personnel Policy (Bank of Greece Governor's Act 2650/2012), having been assigned the related competency of Article 3(2) of Law 3016/2002 by the Board of Directors.
13. It sets, within the range of its own approval limits, the approval limits of the Bank's management Committees and executives on issues not related to financing approval.
14. It informs the Board via its Chairman at least once every quarter that the operation of the Committee is in accordance with the Bank's operational strategy and risk strategy.

The responsibilities of the Strategic Planning Committee refer to both Piraeus Bank and the Group Subsidiaries.

3. Internal audit system (IAuS)

The Internal Audit System is a set of detailed, written auditing mechanisms and procedures covering continuously every acticity and transaction and contributing to the Bank’s efficient and safe operations.

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

The introduction of the IAuS aims in particular:

- to the consistent implementation of the business strategy of the Bank and the Group with effective use of existing resources
- to the identification and management of risk exposures and potential risks,
- to ensure the completeness and reliability of the data, which are necessary for the preparation of reliable financial statements in accordance with IFRS and generally for the accurate and timely determination of the Bank's financial situation
- to conduct periodic or occasional audits by the relevant units of the Group Internal Audit Division to establish sypeous application of prescribed rules and procedures by all departments of the Bank

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

The following are responsible for implementing the Internal Audit System:

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

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

Internal Auditor

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

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

4. Regulatory Compliance

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

The main responsibilities of the Group Regulatory Compliance Division are:

- to establish and implement appropriate procedures and to prepare an annual Regulatory Compliance Programme in order to achieve the timely and continued compliance of the Bank and Group with the current regulatory framework and the provisions of the Group Regulatory Compliance Policy, which the Bank has established and at all times to show a complete picture of the degree of achievement of this goal;
- to ensure that Piraeus Bank and its Group comply with the applicable legal and regulatory framework that governs preventing the use of the financial system for money laundering and terrorist financing. To this end, it confirms that the Bank's organizational units comply with the obligations under said framework, and also with the Group Regulatory Compliance Policy which the Bank has adopted to create an environment appropriate for the early detection, prevention, investigation and reporting of such transactions;
- to inform the Bank's Management and Board of Directors on regulatory compliance issues through its annual reports; in particular to inform it of any significant violation observed of the applicable regulatory framework or any major deficiencies in meeting the obligations it imposes;
- in the case of amendments to the relevant current regulatory framework, to provide, with the assistance of the Bank's legal services and/or with that of the legal advisors of foreign subsidiaries, appropriate instructions for adjusting internal procedures and the internal regulatory framework which are implemented by the Bank's departments, branches and domestic and foreign subsidiaries as appropriate;
- through appropriate procedures, to ensure meeting the deadlines for fulfilling obligations under the existing regulatory framework and for this purpose to provide written assurance to the Board through its annual reports;
- to ensure that the staff is kept continuously informed of developments related to the regulatory framework related to their duties, by establishing appropriate procedures, updates and training programs in collaboration with the competent unit of the Group Human Resources Sector;
- to coordinate the work of the compliance officers of the Group companies so that all the Group companies comply fully with the applicable relevant provisions and with the provisions of Law 2656/1998 on combating corruption of foreign public officials in international business transactions;
- to submit to the Bank of Greece a report on the matters of its competence until the end of the first half of each calendar year.

5. Risk Management

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

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

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

- The Risk Management Committee, which the Board of Directors has entrusted with the responsibilities related to risk management in accordance with the provisions of the Bank of Greece Governor's Directive (BGGD) number 2577/2006 so as to cover effectively all forms of risk throughout the entire range of the Bank activities, and to ensure their consolidated audit, their specialized handling and the necessary coordination at Bank and Group level;
- The Group Risk Management Division, which is responsible for the design, specification and implementation of the Bank's policy on risk management and capital adequacy in accordance with the directions of the Board of Directors, which covers the full range of Bank activities for all types of risk.
- The Group Credit Division, which is the second-level assessment threshold to responsible for establishing and updating Credit Policy.
- The Assets/Liabilities Management Committee (ALCO)

The Assets/Liabilities Management Committee (ALCO), is responsible for implementing the strategic development of Group assets and liabilities, depending on the specific qualitative and quantitative data and developments in the business environment, to ensure high competitiveness and profitability, while maintaining the business risks undertaken at predetermined levels. The Committee consists of eleven Members, its Chairman being the Bank’s Deputy Managing Director. Members of the Committee are one of the Vice Chairmen of the Bank’s Board, Senior General Managers, General Managers, as well as other Top Management executives of the Bank. The Committee is supported by an Executive Secretary. The Committee meets monthly and its main duties are the implementation of the Bank's strategy in developing assets and liabilities; the management of assets and liabilities exercising at the same time a pricing policy in products and services; the approval for the introduction of new deposit or loan products, the follow-up of equity adequacy in relation to the risks, the examination of stress test scenarios and the decision making on preserving the available Group liquidity at acceptable levels.

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

Chief Risk Officer supervises the Group Risk Management Division; for issues within his area of responsibility he refers to Management and to the Risk Management Committee and / or through it to the Board of Directors.

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

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

The Board of Directors appoints the head of the Group Risk Management Division upon recommendation of the Risk Management Committee, and notifies such appointment or replacement to the Bank of Greece. Amongst the competences of the Group Risk Management Division is included the valuation of the assets/liabilities for the compilation of financial statements and for the following:

- Confirmation of policies, procedures, and methodologies (eg. mark-to-market, mark-to-model etc.), which are used for their assessment
- Check of the appropriateness of values used in the assessment process
- Monitoring of the assessment results and reporting of the deviations from the policy to the Risk Management Committee.

Information provided pursuant to Directive 2004/25/EU of the European Parliament and Council

The information of Directive 2004/25/EU of the European Parliament and Council, required pursuant to par.1 d) of art. 43bb of L.2190/1920 are included to the Explanatory Report to the General Meeting of the Shareholders, which is a special section of the Annual Report of the BoD.

George Handjinicolaou

Chairman of the Board of Directors

REMUNERATION COMMITTEE STATEMENT

According to the Remuneration Committee's regulation operation, we declare that the Bank's Remuneration Policy, as such was reviewed and approved by a resolution of the Remuneration Committee of 22.05.2015 and by a resolution of the Bank's Board of Directors of 27.05.2015, is compliant with the provisions of Law 4261/2014 "Access to the activity of credit institutions and prudential supervision of credit institutions and investment firms", Law 3864/2010 "Establishing the Hellenic Financial Stability Fund''," and No. 2650/19.01.2012 Act of the Bank of Greece Governor.

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of "Piraeus Bank S.A."

Report on the Audit of the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "Piraeus Bank S.A." which comprise the separate and consolidated statement of financial position as of 31 December 2016 and the separate and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing which have been transposed into Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of “Piraeus Bank S.A.” and its subsidiaries as of 31 December 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the separate and consolidated financial statements, which refer to the material uncertainties associated with the current economic conditions in Greece and the ongoing developments that could adversely affect the going concern assumption.

Report on Other Legal and Regulatory Requirements

Taking into consideration, that management is responsible for the preparation of the Board of Directors’ report and Corporate Governance Statement that is included to this report according to provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we note the following:

a) In the Board of Directors’ Report is included the Corporate Governance Statement that contains the information that is required by article 43bb of Codified Law 2190/1920.

b) In our opinion, the Board of Directors’ report has been prepared in accordance with the legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors’ report is consistent with the accompanying financial statements for the year ended 31 December 2016.

c) Based on the knowledge we obtained from our audit for “Piraeus Bank S.A.” and its environment, we have not identified any material misstatement to the Board of Directors report.

Athens, 31 March 2017

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kifissias Avenue
152 32 Halandri
SOEL reg. no. 113

The Certified Auditor

Despina Marinou
SOEL reg. no 17681

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

To the best of our knowledge, the Full Year 2016 Financial Statements that have been prepared in accordance with the applicable accounting standards give a fair and true view of the assets, liabilities, equity and income statement of Piraeus Bank and the group of companies included in the consolidated accounts. In addition, the Board of Director's annual report for 2016 gives a fair and true view of the evolution, performance and position of Piraeus Bank and the group of companies included in the consolidated accounts, including the description of the main risks and uncertainties that they have to deal with.

George P. Handjinicolaou	Iakovos G. Georganas	George I. Poulopoulos
Chairman of BoD	A' Vice Chairman	Deputy Managing Director

AVAILABILITY OF ANNUAL FINANCIAL REPORT

The Annual Financial Report for the year 2016 which includes:

- The Board of Directors' Management Report 2016
- The ESMA's Alternative Performance Measures (APM) at Group level
- The Explanatory Report
- The Corporate Governance Statement
- The Remuneration Committee Statement
- The Statement of article 4 par 2 of Law 3556/2007
- The Independent Auditor's Report
- The Consolidated Financial Statements for the year ended 31/12/2016
- The Financial Statements for the year ended 31/12/2016
- The Information according to article 6, Law 4374/ 2016

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

PIRAEUS BANK

PIRAEUS BANK GROUP

Consolidated Financial Statements

31 December 2016

In Accordance with the International Financial Reporting Standards

The attached financial statements have been approved by Piraeus Bank S.A. Board of Directors on March 30th 2017 and they are available on the web site of Piraeus Bank at www.piraeusbankgroup.com

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

Index to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements		Page

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INCOME STATEMENT	Note	Year ended 31 December 2016	Year ended 31 December 2015
Interest and similar income	6	2,542,779	2,967,477
Interest expense and similar charges	6	(732,066)	(1,090,257)
NET INTEREST INCOME		**1,810,713**	**1,877,220**
Fee and commission income	7	370,582	345,167
Fee and commission expense	7	(44,840)	(39,509)
NET FEE AND COMMISSION INCOME		**325,742**	**305,659**
Dividend income	8	8,792	8,200
Net income from financial instruments designated at fair value through profit or loss	9	(1,704)	71,362
Results from investment securities	10	163,687	38,068
Other results	11	58,821	92,599
TOTAL NET INCOME		**2,366,052**	**2,393,107**
Staff costs	12	(627,511)	(771,908)
Administrative expenses	13	(583,945)	(588,995)
Depreciation and amortisation	27, 28	(110,611)	(111,778)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,322,067)**	**(1,472,681)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**1,043,985**	**920,426**
Impairment losses on loans	23	(1,014,620)	(3,486,807)
Impairment losses on other assets	31	(119,681)	(157,515)
Impairment losses on other debt securities - receivables		(5,118)	-
Impairment on participations and investment securities	26, 42	(28,125)	(27,180)
Impairment of tangible and intangible assets	27, 28	(15,259)	(120,299)
Impairment on assets held for sale	30	(1,646)	(9,342)
Other provisions	37	(9,148)	(36,470)
Share of profit of associates and joint ventures	26	(18,169)	(12,766)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(167,781)**	**(2,929,953)**
Income tax	15	158,966	1,068,562
PROFIT/ (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**(8,816)**	**(1,861,390)**
Profit/ (loss) after income tax from discontinued operations	14	(31,327)	(34,606)
PROFIT/ (LOSS) AFTER TAX		**(40,143)**	**(1,895,996)**
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity		(3,664)	(1,858,220)
Non controlling interest		(5,151)	(3,170)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity		(31,322)	(34,628)
Non controlling interest		(5)	22
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):			
From continuing operations			
- Basic and Diluted	16	(0.0004)	(0.8369)
From discontinued operations			
- Basic and Diluted	16	(0.0036)	(0.0156)

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME	**Note**	**Year ended 31 December 2016**	**Year ended 31 December 2015**
CONTINUING OPERATIONS			
Profit/ (loss) after tax (A)		**(8,816)**	**(1,861,390)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	17	(29,966)	78,662
Change in currency translation reserve	17	(16,448)	(11,784)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	17	(18,463)	25,282
Other comprehensive income, net of tax (B)	17	**(64,877)**	**92,160**
Total comprehensive income, net of tax (A)+(B)		**(73,692)**	**(1,769,231)**
- Attributable to equity holders of the parent entity		(68,577)	(1,770,526)
- Non controlling interest		(5,115)	1,295
DISCONTINUED OPERATIONS			
Profit/ (loss) after tax (C)		**(31,327)**	**(34,606)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	17	(21,681)	3,520
Change in currency translation reserve	17	(2)	(10,800)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	17	67	2,076
Other comprehensive income, net of tax (D)	17	**(21,616)**	**(5,204)**
Total comprehensive income, net of tax (C)+(D)		**(52,943)**	**(39,810)**
- Attributable to equity holders of the parent entity		(52,938)	(35,478)
- Non controlling interest		(5)	(4,332)

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Note	31 December 2016	31 December 2015
ASSETS			
Cash and balances with Central Banks	18	3,071,788	3,644,821
Loans and advances to credit institutions	19	118,859	179,523
Financial assets at fair value through profit or loss	21	193,861	240,398
Derivative financial instruments - assets	20	445,645	437,678
Reverse repos with customers	22	30,005	641
Loans and advances to customers (net of provisions)	23	49,707,608	50,591,193
Available for sale securities	24	2,740,246	2,739,687
Debt securities - receivables	25	13,246,257	16,985,336
Held to maturity	24	6,634	182
Assets held for sale	30	2,494	34,089
Investment property	29	1,208,647	1,035,911
Investments in associated undertakings and joint ventures	26	232,637	297,738
Property, plant and equipment	28	1,498,411	1,474,160
Intangible assets	27	281,965	274,159
Deferred tax assets	38	5,318,348	5,074,769
Other assets	31	3,394,568	3,329,277
Assets from discontinued operations	14	2,562	1,594,414
TOTAL ASSETS		**81,500,534**	**87,933,978**
LIABILITIES			
Due to credit institutions	32	27,020,940	34,490,583
Due to customers	34	42,364,829	39,357,642
Financial liabilities at fair value through profit or loss	33	-	2,499
Derivative financial instruments - liabilities	20	461,676	445,819
Debt securities in issue	35	69,515	102,314
Current income tax liabilities		44,582	51,737
Deferred tax liabilities	38	47,061	31,499
Retirement benefit obligations	39	196,634	192,780
Other provisions	37	67,211	182,500
Other liabilities	36	1,402,867	1,571,196
Liabilities from discontinued operations	14	1,483	1,484,883
TOTAL LIABILITIES		**71,676,796**	**77,913,452**
EQUITY			
Share capital (ordinary shares)	41	2,619,955	2,619,955
Share premium	41	13,074,688	13,074,688
Contingent convertible securities	41	2,040,000	2,040,000
Less: Treasury shares	41	(842)	(460)
Other reserves	42	(65,845)	14,096
Retained earnings	42	(8,004,333)	(7,840,635)
Capital and reserves attributable to equity holders of the parent entity		**9,663,623**	**9,907,644**
Non controlling interest		160,115	112,882
TOTAL EQUITY		**9,823,738**	**10,020,526**
TOTAL LIABILITIES AND EQUITY		**81,500,534**	**87,933,978**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Note	Attributable to owners of the parent								
		Share Capital	Share Premium	Contingent Convertible securities	Treasury shares	Other reserves	Retained earnings	Attributable to owners of the parent	Non controlling interest	TOTAL
Opening balance as at 1 January 2015		**1,830,594**	**11,393,314**	**0**	**0**	**(92,453)**	**(5,921,295)**	**7,210,160**	**112,082**	**7,322,242**
Other comprehensive income, net of tax	17					86,845		86,845	111	86,955
Results after tax	42						(1,892,848)	(1,892,848)	(3,148)	(1,895,996)
Total recognised income for the year 2015		**0**	**0**	**0**	**0**	**86,845**	**(1,892,848)**	**(1,806,003)**	**(3,037)**	**(1,809,041)**
Increase of share capital	41	2,601,649		2,040,000				4,641,649		4,641,649
Share capital increase expenses	41		(130,915)					(130,915)		(130,915)
Decrease of the nominal value of ordinary shares	41	(1,812,288)	1,812,288							0
Prior year dividends of ordinary shares									(95)	(95)
(Purchases)/ sales of treasury shares	41, 42				(460)		(1,412)	(1,873)		(1,873)
Transfer between other reserves and retained earnings	42					28,347	(28,347)			0
Acquisitions, disposals and movement in participating interest	42					(8,643)	3,268	(5,375)	3,932	(1,443)
Balance as at 31 December 2015		**2,619,955**	**13,074,687**	**2,040,000**	**(460)**	**14,096**	**(7,840,635)**	**9,907,644**	**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)**	**9,907,644**	**112,882**	**10,020,526**
Other comprehensive income, net of tax	17, 42					(86,529)		(86,529)	36	(86,493)
Results after tax	42						(34,987)	(34,987)	(5,156)	(40,143)
Total recognised income for the year 2016		**0**	**0**	**0**	**0**	**(86,529)**	**(34,987)**	**(121,516)**	**(5,120)**	**(126,636)**
Payment to the holders of contingent convertible securities (net of tax)	42						(117,803)	(117,803)		(117,803)
Prior year dividends of ordinary shares									(48)	(48)
(Purchases)/ sales of treasury shares	41, 42				(381)		(142)	(524)		(524)
Transfer between other reserves and retained earnings	42					6,767	(6,767)			0
Disposals, liquidations and movement in participating interest	42					(179)	(4,000)	(4,179)	52,402	48,223
Balance as at 31 December 2016		**2,619,955**	**13,074,687**	**2,040,000**	**(842)**	**(65,845)**	**(8,004,334)**	**9,663,623**	**160,116**	**9,823,738**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT	Note	Year ended	
		31 December 2016	31 December 2015
Cash flows from operating activities from continuing operations			
Profit/ (Loss) before tax		(167,781)	(2,929,953)
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		1,193,597	3,837,613
Add: depreciation and amortisation charge	27, 28	110,611	111,778
Add: retirement benefits and estimated cost of voluntary exit scheme	12	14,505	133,191
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		35,350	103,660
(Gains)/ losses from investing activities		(21,998)	(15,826)
Cash flows from operating activities before changes in operating assets and liabilities		1,164,284	1,240,463
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Banks		372,393	(331,900)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		37,424	74,557
Net (increase)/ decrease in debt securities - receivables		3,757,435	8,599
Net (increase)/ decrease in loans and advances to credit institutions		8,541	(13,638)
Net (increase)/ decrease in loans and advances to customers		(141,058)	1,963,344
Net (increase)/ decrease in reverse repos with customers		(29,364)	63,658
Net (increase)/ decrease in other assets		221,154	(348,252)
Net increase/ (decrease) in amounts due to credit institutions		(7,477,429)	10,727,463
Net increase/ (decrease) in liabilities at fair value through profit or loss		(2,514)	513
Net increase/ (decrease) in amounts due to customers		2,956,480	(14,186,400)
Net increase/ (decrease) in other liabilities		(329,251)	301,213
Net cash flow from operating activities before income tax payment		538,094	(500,382)
Income tax paid		(16,309)	(19,317)
Net cash inflow/ (outflow) from continuing operating activities		**521,786**	**(519,699)**
Cash flows from investing activities of continuing operations			
Purchases of property, plant and equipment	28, 29	(318,317)	(257,372)
Sales of property, plant and equipment		45,372	44,106
Purchases of intangible assets	27	(31,198)	(36,702)
Purchases of assets held for sale	30	(4,121)	(12,270)
Sales of assets held for sale		20,381	10,024
Purchases of investment securities	24	(7,071,351)	(8,557,045)
Disposals/ maturity of investment securities	24	7,086,478	8,277,097
Acquisition of subsidiaries excluding cash & cash equivalents acquired		(1)	(43,905)
Sales of subsidiaries excluding cash and balances sold		(289,879)	(134,795)
Establishments, acquisition and participation in share capital increases of associates and joint ventures		(14,868)	(58,887)
Sales of associates		11,436	32,563
Dividends received		8,788	8,197
Net cash inflow/ (outflow) from continuing investing activities		**(557,280)**	**(728,989)**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(47,273)	(346,143)
Increase of share capital		-	1,340,000
Share capital increase expenses	41	-	(130,915)
Purchases/ sales of treasury shares and preemption rights		(524)	(1,873)
Payment to the holders of contingent convertible securities	43	(165,920)	-
Other cash flows from financing activities		-	21,519
Net cash inflow/ (outflow) from continuing financing activities		**(213,717)**	**882,589**
Effect of exchange rate changes on cash and cash equivalents		(6,510)	4,897
Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)		**(255,721)**	**(361,202)**
Net cash flows from discontinued operating activities		(188,496)	193,580
Net cash flows from discontinued investing activities		(17,583)	(220,596)
Net cash flows from discontinued financing activities		-	-
Exchange difference of cash and cash equivalents		(6)	(2,459)
Net incease/ (decrease) in cash and cash equivalents from discontinued activities (B)		**(206,086)**	**(29,475)**
Cash and cash equivalents at the beginning of the year (C)	44	**2,276,758**	**2,664,133**
Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank (D)		**0**	3,303
Cash and cash equivalents at the end of the year (A)+(B)+(C)+(D)	44	**1,814,951**	**2,276,758**

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 18,995 people of which 14 people, refer to discontinued operations (ATE Insurance Romania S.A.).

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, FTSE4Good Emerging), MSCI (Emerging Markets, EM EMEA, Greece), Stoxx (TMI, All Europe, Greece TM) and S&P (Global, Greece BMI).

2 General accounting policies of the Group

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

2.1 Basis of preparation of the consolidated financial statements

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

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

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

Going concern basis

The annual financial statements have been prepared on a going concern basis, which was deemed appropriate from Piraeus Bank's Management assessing the following:

Macroeconomic environment

In mid-2016, the completion of the 1st review of the 3rd economic adjustment program was a positive development for the Greek economy. Furthermore, capital controls were further eased and the ECB reinstated the waiver affecting the eligibility of Greek bonds used as collateral in Eurosystem monetary policy operations.

Despite the positive impact on limited uncertainty and on economic climate improvement, growth restoration of the Greek economy is delayed.

In August 2015, in an intensely volatile macroeconomic and financial environment, the government proceeded 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 would be up to € 86 billion. The disbursement of funds is linked to progress in implementing the policy conditions, agreed in the MoU. By the end of 2015, Greece through ESM received € 21.4 billion, of which € 16 billion related to funds in order to cover financing needs and € 5.4 billion to the recapitalisation of the banking system, which was completed on December 2015, following the announcement of the results of the Comprehensive Assessment conducted by ECB on 31/10/2015.

Following the Eurogroup of 25 May 2016 and the signing of the supplemental memorandum of understanding (SMoU), the first review of the programme was completed successfully. The disbursement of the ESM trance of € 10.3 billion in individual sub-tranches was approved on 17/6/2016. The first sub-tranche of € 7.5 billion was disbursed on 21st June 2016, in order to cover the financing needs (€ 5.7 billion) and arrears clearance (€ 1.8 billion). On 25th October 2016 – after the Greek Parliament adopted the prior action measures - ESM approved the disbursement of the second sub-tranche of € 2.8 billion, which took place on 26th October 2016, in order to cover financing needs (€ 1.1 billion) and to allow the further arrears clearance (€ 1.7 billion). The Eurogroup held at December 2016 decided the implementation of short-term relief measures (smoothening of the EFSF repayment profile, reduction of interest rate risk and the waiver of the step-up interest rate margin on the EFSF loan of € 11.3 billion from the second program).

In 2016, according to the seasonally adjusted data, and the Greek real GDP declined marginally by -0.1%, versus a decline of -0.3% in 2015. Moreover, the economic sentiment indicator improved to 91.8 points against 89.7 points in 2015, however the increased uncertainty in the beginning of 2017 reflects a decline of the ESI in February 2017. In 2016 inflation stood at -0.8% (2015: -1.7%). However, in December 2016, after a 45-months period of deflation the consumer price index remained unchanged on an annual basis (0.0%) and returned to a positive trajectory in the period of Jan.-Feb. of 2017. The unemployment rate, in 2016, fell to 23.5% from 24.9% in 2015. Moreover, in 2016 the current account balance showed a deficit of € -1.1 billion (-0.6% of GDP), compared with a surplus of € 206 million (0.1% of GDP) in 2015. In 2016, travel receipts fell by -6.4% compared to 2015, due to an 11.3% decline in average expenditure per trip, as inbound traveler flows rose by 5.1%.

In 2016, on a modified cash basis, the state budget primary balance amounted to a surplus of € 4.4 billion. According to the 2017 Budget introductory report, in 2016 the general government primary surplus, based on the economic adjustment programme methodology, is expected to exceed the target of 0.5% of GDP and reach 1.1% of GDP.

Critical to the performance of the economy in 2017, at macroeconomic and public finance level, is the completion of the second review and the timely disbursement of remaining tranches to cover the financing needs and the clearance of general government arrears as well as the implementation of further fiscal adjustment measures.

The economic and political situation in Greece remains the prime risk factor also for the domestic banking sector in general and for Piraeus Bank in particular. To this end, prolonged and adverse developments regarding the completion of the 2nd review of the country's economic adjustment program would potentially have negative effect on the Bank's liquidity (i.e. stop attracting or loosing deposits, reducing repo interbank transactions with third parties, downgrading of securities and guarantees of the Greek State that are used for liquidity purposes from the Eurosystem, increasing funding through ELA mechanism) and on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio, any negative assessment of the credit risk of the Greek State in which the Greek banks have significant direct and indirect exposure).

The completion of the review, 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 growth, 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

The Comprehensive Assessment ("CA" i.e. Asset Quality Review and Stress Tests) which was carried out by ECB/ Single Supervisory Mechanism (SSM) in the second half of 2015 in order to quantify the capital shortfalls, after the legal framework was 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.

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 during the first half 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 has been completed with insignificant impact on the Group's capital adequacy ratios. SSM's recommendations are being addressed by Bank's management through the enhancement of the internal control functions.

Liquidity

During 2016, domestic market deposits (private and public sector, on a comparative basis adjusted for Consignments and Loans Fund deposits) increased (+4%) and amounted to € 139.1 billion. The exposure of all Greek banks in the Eurosystem reduced from € 108 billion at the end of December 2015 to € 67 billion at the end of December 2016, of which about € 44 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 year 2016, Piraeus Bank's Group exposure to the Eurosystem reduced by € 11.8 billion to € 20.9 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, as well as the Bank´s participation in the ECB´s program of Quantitative Easing ("QE") with the sale of EFSF bonds of notional amount € 3.7 billion during the year 2016. Piraeus Bank's financing through the ELA was reduced by € 4.8 billion during the year 2016 and amounted to € 11.9 billion at the end of December 2016. It is noted that during 2016, the deposits of Piraeus Bank Group increased by € 3.0 billion or 7%.

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 December 31, 2016 Piraeus Bank has sold, in the context of the QE program, EFSF bonds with a nominal value of € 3.7 billion.

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 € 0.9 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 at the same time the € 2.7 billion of TLTRO I to TLTRO II.

Going Concern Assessment

Piraeus Bank's management, after taking into account the above mentioned factors regarding the capital adequacy and the Group's liquidity and in spite of the uncertainties associated with completion of the 2nd assessment of the current economic adjustment program, is of the opinion that the financial statements of the Group have been prepared on a going concern basis.

New accounting standards, interpretations and amendments

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

(A) The following interpretation as well as the improvements to IFRS have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and they are effective from 1.1.2016:

- **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 IFRS 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.

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

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

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

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

(B) The following new IFRSs and amendments have been issued by the International Accounting Standards Board and have been endorsed by the E.U. up to December 2016. They are not effective in 2016 and they have not been early adopted by the Group:

- **IFRS 9, "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018).** IFRS 9 "Financial instruments" includes the provisions concerning the classification and measurement of financial assets and financial liabilities, as well as the revised expected credit losses model that replaces the incurred loss impairment model used today. In addition to this, the standard includes the revised provisions relating to hedge accounting that align the accounting treatment of hedging relations with risk management activities.

Piraeus Bank Group has started an IFRS 9 implementation program. In the context of the program's governance, Committees, Project Management Office, and project teams with participants from several Bank's divisions and its subsidiaries, have been established. Senior management participates actively in the process, ensuring efficient, accurate and timely implementation of the program. Given the complexity and the size of the program, the Bank has entered special consultants very early in the process for the implementation of IFRS 9 and it has invested in a new IT system.

The Board of Directors and its Sub - Committees (Audit Committee and Risk Management Committee), as well as the Group's Executive Committee, monitor closely the program's implementation and participate actively in the decision making process, which decisions are key decisions either for the IFRS 9 required basic assumptions or for its timely and smooth completion.

Classification and measurement

For the classification of financial assets, according to IFRS 9's provisions, the Group will define business models and will evaluate the cash flow characteristics of securities and loans (SPPI test). The above mentioned evaluation will permit the financial assets classification and their measurement depending on the business model identified. In order to identify the business models, the Group's business plan, the frequency, the volume and the reason for making sales in prior periods, how the performance of the portfolio is measured, the risks of the portfolio, the existence of any regulatory or other restrictions in the way the portfolio is managed, as well as any other factor could influence the way the Group operates and makes decisions, are evaluated. In the context of SPPI test on loans the cash flow characteristics of loans will be assessed and the test will be performed either per contract/product in case of non standardized loans or in groups of loans with common characteristics in case of standardized products. Additionally, IFRS 9 permits, at initial recognition, the investment in equity instruments to be classified at fair value through other comprehensive income with direct effect in equity. In such case, the investment shall not be held for trading purposes.

Impairment of financial assets

IFRS 9 introduces an expected credit loss model that will apply to all financial instruments that are subject to impairment and replaces the incurred loss model in IAS 39. The new standard's requirements eliminate the limit in IAS 39, according to which credit losses were recognized only with the occurrence of a credit event. The new standard uses a "three stage" approach (stage1, stage2, stage3) that will reflect changes in credit quality since initial recognition. At each reporting date, an impairment loss equal to 12-month expected credit losses (stage 1) will be recognized for all financial assets for which there is no significant increase in credit risk since initial recognition. For financial assets for which there is a significant increase in credit risk since initial recognition (stage 2) as well as purchased or originated credit impaired financial assets (stage 3), an impairment loss equal to lifetime expected credit losses will be recognized. The Group is in the process of evaluating the parameters of credit risk for the calculation of lifetime expected credit losses on financial assets under examination and also of defining the criteria for the identification of the financial assets whose credit risk since initial recognition has significantly increased, according to IFRS 9 requirements. Furthermore, the Group is in the process of implementing relevant structures and processes for the calculation of impairment on financial instruments according to IFRS 9 requirements.

The Group will fully implement IFRS 9 as at 1/1/2018, without restating the relevant comparatives and with all required transitional disclosures. A detailed analysis is taking place in order to determine the impact from the IFRS 9 implementation and the Group has the intention to quantify the impact of the new standard when it is practically possible to provide reliable estimates.

- **IFRS 15, "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).** This standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments. According to the new standard, an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration. A new revenue recognition model is introduced, by applying five basic steps, which include: identification of the contract, identification of the performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the performance obligations in the contract and the revenue recognition. The performance obligation notion is new and substantially represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

  The Group has not applied this standard and is evaluating the impact of IFRS 15 to its financial statements, however the adoption of the standard is not expected to have a material effect.

- **IFRS 15 (Amendment) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).** The amendment clarifies specific guidance on identifying performance obligations, the principal versus agent assessment and accounting for licenses of intellectual property.

(C) The following new IFRSs, amendments, improvements and interpretations to IFRSs have been issued by the International Accounting Standards Board but they have not been endorsed by the E.U. up to December 2016 and they have not been adopted by the Group:

- **IFRS 4 (Amendments) "Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts" (effective for annual periods beginning on or after 1 January 2018).** The amendments introduce two approaches. The amended standard will give: a) all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The amendments have not yet been endorsed by the EU.

- **IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).** IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors disclose information in a manner that faithfully represents those transactions, as well as introduces a single lessee accounting model that requires recognizing the right-of-use of assets and liabilities of lessee with a term of more than 12 months, unless the underlying asset is of low value. Lessors continue to classify leases as operating or finance, with leases accounting approach for lessors substantially unchanged in relation to IAS 17.Accounting treatment for the lessees predicts that, upon a lease commencement the lessee recognizes a right-of-use asset and a relevant lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs. Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment, except for the cases for which the asset is measured at fair value. Respectively, the lease liability is measured at the present value of the lease payments payable.

The Group has not applied this standard and will evaluate the impact of IFRS 16 on its financial statements. The standard has not yet been endorsed by the EU.

- **IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).** The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendments have not yet been endorsed by the EU.

- **IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions" (effective for annual periods beginning on or after 1 January 2018).** The amendment clarifies the measurement basis for cash-settled, share-based payments and also the accounting for modifications that change an award from cash-settled to equity-settled. Also, an exception to the principles in IFRS 2 is introduced, that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.

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

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

- **IFRIC 22 "Foreign currency transactions and advance consideration" (effective for annual periods beginning on or after 1 January 2018).** The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.

Annual Improvements to IFRSs 2014-2016 (December 2016)

- **IFRS 12 "Disclosures of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2017).** The amendment clarifies the disclosures requirements of IFRS 12 to interest in entities classified as held for sale.

- **IAS 28 "Investments in associates and Joint ventures" (effective for annual periods beginning on or after 1 January 2018).** The amendments clarify that when venture capital organisations, mutual funds, unit trusts and similar entities elect to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition**.**

2.2 Consolidation

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

A. Investments in Subsidiaries

Subsidiaries are all entities over which the Group has control directly or indirectly through other Group subsidiaries. According to IFRS 10 “Consolidated Financial Statements”, the Group controls an entity when it has all of the following:

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

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

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

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases. The Group reassesses consolidation status at least at every quarterly reporting date.

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

(a) the aggregate of:

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

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

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

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

Acquisition related costs are the costs the acquirer incurs to effect a business combination. These costs may include advisory, legal, accounting, valuation, other professional or consulting fees, costs of registering and issuing debt and equity securities. The aforementioned costs are accounted for as expenses in the periods in which the costs are incurred and the services are received, with the exception of costs for issuing debt and equity securities which are accounted for according to the provisions of IAS 32 and IAS 39 respectively.

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

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

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

The Group subsidiaries follow the same accounting policies adopted by the Group, in the context of the reporting of their financial data for consolidation purposes.

B. Transactions and minority interests

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

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

C. Investments in associates and joint ventures

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

A joint venture is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are consolidated using the equity method of accounting. Associates and joint ventures are initially recognised in the Statement of Financial Position at cost and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the investee after the date of acquisition. They represent the fair value of the Group's share in the associates' and joint ventures' net assets, which includes goodwill identified on acquisition (net of any accumulated impairment loss). The Group assesses, at each reporting date, whether trigger for impairment exists for an investment in associate and joint venture. If any such trigger exists, then an impairment test is performed by comparing the investment's recoverable amount with its carrying amount. Where the carrying amount of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

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

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

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

In the context of the reporting of their financial data for consolidation purposes, associates' and joint ventures' accounting policies have been changed where necessary and practicable to conform to the accounting policies adopted by the Group.

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

2.3 Foreign Currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into the presentation currency at the date of the consolidated financial statements based on the respective exchange rate of the reporting date.

2.4 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments both for profit-making within the approved limits set by its competent units, hedging purposes as well as the service of its clients' needs. Derivative financial instruments, in which the Group is involved, mainly include swaps, forwards, futures and options.

Swaps are contractual agreements between two parties (over the counter) to exchange cash flows due to movements in interest rates, foreign exchange, equity indices, commodity prices. In the case of credit default swaps, it is agreed to exchange payments based on the nominal value of credit instruments (i.e. bonds or loans), that are the underlying instruments of the agreements in this category, when defined credit events take place.

FX forwards are contractual agreements between two parties (over the counter) to purchase a currency against another. Interest rate swaps are contractual agreements to exchange interest rate cash flows at a specified price and date in the future.

Futures are contractual obligations to receive or pay a net amount based on changes in the price or the rate of the underlying financial instrument. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margin requirements.

Options are contractual agreements that convey the right but not the obligation for the purchaser to buy or sell a specified amount of a financial instrument or a currency, at a fixed price or rate, at a future date. Options can be either exchange traded or over the counter (OTC).

The notional amounts of derivative financial instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the underlying instruments and therefore do not necessarily indicate the Group's exposure to credit, market or liquidity risk. The notional amount is the amount of the derivative's underlying instrument and is the basis for the measurement of derivative fair values. Fair value changes are determined by fluctuations in the price or the rate of the underlying instrument and reflect the amount to be paid (liability) or received (asset).

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into (trade date) and are subsequently remeasured at fair values on a daily basis. At initiation, the fair value is usually small or nil. Fair values are obtained from quoted market prices in active markets and option pricing models, where market prices are not available.

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

Changes in the fair values of derivative financial instruments are included in "Net income from financial instruments designated at fair value through profit or loss". Derivatives are presented in assets when fair value is positive and in liabilities when fair value is negative.

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

Hedge accounting

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

- The hedge should be effective at initiation.

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

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

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: a) hedges of the fair value of recognised assets or liabilities or, b) hedges of highly probable future cash flows attributable to a recognised asset or liability. Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of such derivative instruments are recognised immediately in the income statement.

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

The hedging transactions are classified to the following categories:

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

(iii) Net investment hedge

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

2.5 Recognition of deferred day one profit and loss

The best evidence of fair value at initial recognition of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received as determined in accordance with IFRS 13), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions for the same instrument or based on a valuation technique whose variables include only data from observable markets.

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

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

2.6 Interest income and expense

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

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

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

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

2.7 Fees and commission income and expense

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

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

2.8 Dividend income

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

2.9 Financial assets at fair value through profit or loss

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

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

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

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

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

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

Purchases and sales of financial assets at fair value through profit or loss are recognized on a trade date basis, which is the date on which the Group is committed to the purchase or sale of those assets. Interest income from the maintenance of trading securities is recorded to “Interest and similar income”. Dividends received are included in "Dividend Income".

2.10 Sale and repurchase agreements and securities lending

Securities sold subject to repurchase agreements (repos) are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in amounts “Due to credit institutions” or “Due to customers”, as appropriate.

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

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

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

Securities transferred to the Group by counterparties are not recognized in the Group's financial statements, except in the case of counterparty's bankruptcy. If the securities are sold to a third party, the Group recognises the consideration received as well as the corresponding obligation to return the securities, at fair value in the consolidated financial statements.

2.11 Investment portfolio

A. Held to maturity portfolio

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

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

If part of the held to maturity portfolio is sold or reclassified before maturity date, then the entire held to maturity portfolio must be reclassified to the available for sale portfolio.

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

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

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

Under regular circumstances, purchases and sales of held to maturity securities are recognised on the transaction date, which is the date that the Group commits to purchase or sale the asset.

B. Available for sale portfolio

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

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

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

The Group reviews at each reporting date whether there is an indication of permanent impairment (significant or prolonged decreases in fair value compared to acquisition cost) for the available for sale securities based on several pricing models. Significant or prolonged decline of the fair value is defined as:

a) the decline in fair value below the cost of the investment for more than 40% or

b) the twelve month period decline in fair value for more than 25% of acquisition cost.

For the shares of the available for sale portfolio, the models used include the Price-to-Book Value ratio (P/BV), the Price-to-Earnings per share ratio (P/E) or the deviation from market value for listed shares with similar characteristics.

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

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

2.12 Reclassification of financial assets

Reclassification of financial assets out of the “Available for sale securities” category to “Loans and receivables to customers” category is permitted, provided that the financial assets meet the definition of the category to which they are transferred at the date of reclassification and the Group has the intention and ability to hold the financial assets for the foreseeable future or until maturity. The Group has established the following conditions that should be met, in order to prove intention and ability to hold the financial assets for the foreseeable future or until maturity:

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

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

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

2.13 Loans and advances to customers

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

i. financial assets which are classified as “Financial instruments at fair value through profit or loss”, and those designated upon initial recognition as at fair value through profit or loss;
ii. financial assets that the Group upon initial recognition designates as available for sale;
iii. financial assets for which the initial investment may not be recovered substantially, for reasons other than because of credit deterioration.

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

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

A loan is subject to impairment when its carrying amount is greater than the expected recoverable amount.

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

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

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

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

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

For the purpose of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (i.e. arrears bucket, industry sector, customer segment, collateral type, the currency in which the loan is denominated and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. It should be noted that collectively assessed loan provisions calculated also for performing loans (no days past due).

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

Estimates of changes in future cash flows for groups of loans reflect and are directionally consistent with changes in related data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses for the group and their magnitude).

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group.

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

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

Interest on forborne loans is included in "Interest and similar income" of the consolidated income statement.

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

Note 3.1.11 is relevant to the policy of forborne loans.

2.14 Debt securities receivables

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

(a) those that the Group classifies as “Financial instruments at fair value through profit or loss” and those that the entity upon initial recognition designates at fair value through profit or loss;
(b) those that the Group upon initial recognition designates as available for sale; and
(c) those for which the initial investment may not be recovered substantially, for reasons other than credit deterioration.

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

2.15 Derecognition of financial assets and financial liabilities

Derecognition of financial assets

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

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

Derecognition of financial liabilities

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

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

2.16 Intangible assets

2.16.1 Goodwill

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

(a) The aggregate of:

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

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

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

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

For the purpose of impairment testing, goodwill acquired is allocated to each of the acquirer's cash generating units, according to the business units that are presented in note 27. When an impairment loss is recognized for a cash generating unit, this loss first reduces the carrying amount of goodwill allocated to this cash generating unit and subsequently reduces pro rata the carrying value of the assets in that cash generating unit. An impairment loss recognized for goodwill is not reversed in a subsequent period, according to the requirements of IAS 36.

2.16.2 Software

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

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

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

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

2.16.3 Other intangible assets

An intangible asset is recognized when it is expected that future economic benefits will be realized from its use. The cost of the intangible asset also includes every directly attributable cost which is required for the full implementation, production and asset's proper operation. Some examples of directly attributable costs are:

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

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

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

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

2.17 Property, plant and equipment

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

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

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

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

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

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

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

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

2.18 Investment property

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

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

Investment property is measured initially at cost including related transaction costs.

After initial recognition, investment property is carried at fair value, as this is estimated by a valuer. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific asset. Additionally, according to IFRS 13, fair value measurement shall take into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. If this information is not available, the following valuation methods are used:

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

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

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

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

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

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

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

The fair value of investment property that is not estimated by valuers, is determined using a methodology based on valuations that have been carried out.

Changes in fair value are recognized in the income statement.

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

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

2.19 Assets held for sale and Discontinued operations

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

Assets held for sale are valued at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated. Gains/ losses from sale of these assets are recognized in the income statement.

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

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

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

2.20 Inventories property

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

2.21 Leases

A. The Group is the Lessee

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

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

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

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

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

B. The Group is the Lessor

Operating leases

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

Finance leases

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

C. Sale and leaseback transactions

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

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

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

2.22 Cash and cash equivalents

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

2.23 Provisions

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

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

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

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

2.24 Financial guarantee contracts

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

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

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

2.25 Employee benefits

A. Funded post employment benefit plans

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

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

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

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

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the obligation at the balance sheet date less the fair value of plan assets.

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

Actuarial gains and losses

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

Past service costs

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

B. Non funded post employment benefit plans

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

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

2.26 Income tax and deferred tax

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

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

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

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

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

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

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

a) Initial recognition and measurement

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

b) Measurement after initial recognition

After initial recognition, the debt securities and hybrid capital are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the securities using the effective interest rate method. Group's debt securities and borrowed funds include: euro medium term note (EMTN), securitisation of mortgage, consumer and corporate loans, hybrid capital and subordinated loans.

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

2.28 Other financial liabilities measured at amortised cost

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

2.29 Securitisation

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

2.30 Share capital

Group’s equity, except for the common shares, includes contingent convertible bonds which were issued in the context of the recapitalization that took place in December 2015. The aforementioned contingent convertible bonds meet the requirements of equity according to the relevant provisions of IAS 32. Specific reference is made in note 41.

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

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

The cost of acquisition of treasury shares (including any attributable incremental transaction costs) is presented as a reduction in equity, until the treasury shares are cancelled or disposed of. The gains or losses from the sale of treasury shares are charged directly in equity. The number of treasury shares held by the Group does not reduce the number of shares issued. Treasury shares held by the Bank are not eligible to receive cash dividends. The relevant provisions, according to which purchase of treasury shares is not allowed a) for as long as the Bank participates in the liquidity support program and b) for as long as the FSF participates in the Bank's share capital without the approval of the Fund, are referred in note 41.

2.31 Related party transactions

Related parties include: a) Members of the Bank Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel, c) Companies having transactions with Piraeus Bank, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20%, d) Bank's subsidiaries, e) Bank's associates, f) Bank's joint ventures and g) HFSF which helds ordinary shares in the share capital of the Bank benefits from the special rights stated in article 10 of Law 3864/2010, as amended and in force. Transactions of similar nature are disclosed together. The terms of the Bank's transactions with related parties are arm's length.

2.32 Segment reporting

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

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

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

2.33 Offsetting financial instruments

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

2.34 Comparatives and roundings

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

3 Financial risk management

Risk management framework

The prudent implementation and ongoing development of the risk management framework is a priority and is taken into account in the formulation of annual business plans.

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

The risk management framework is being evaluated and evolved constantly, taking into account regulatory requirements and global best practices. The responsibility for the specification and implementation of the risk management framework, according to directions by the Board Risk Committee, has the Group Risk Management unit. The head of the Group Risk Management unit reports directly to the Board Risk Committee.

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

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

The Division's activities are set under the independent control of the Internal Audit Function, which evaluates the adequacy and efficiency of the applied risk management processes.

The Group has determined an official and approved Risk & Capital Strategy, which includes a set of Risk Appetite Framework at Group level and specifically refers to the Bank and all of its subsidiary companies of the financial sector.

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

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

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

3.1 Credit risk

3.1.1 Credit risk management strategies and procedures

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

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

Under the Group Risk Management, the Credit Risk Management Division operates with the mission of continuous monitoring, measurement and control of the Group's credit risk exposures.

3.1.2 Credit risk measurement and reporting systems

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

a) Loans and advances

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

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

– The Group's probability of potential recovery, in the event of the debtor defaulting on its obligations is estimated, based on existing collateral and guarantees provided.

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

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

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

Corporate credit

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

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

Amounts in thousand euros (Unless otherwise stated)

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

RATING	CREDIT WORTHINESS	POLICY
1 2 3 4	Excellent	Develop relationship
5 6 7	Very Strong	Develop relationship
8 9 10	Strong	Develop relationship
11 12	Good	Develop relationship in accordance to business growth
13	Satisfactory	Develop relationship taking collateral/ security or Maintain relationship
14	Adequate	Carefully develop relationship taking adequate collateral/ security Or Maintain relationship taking adequate collateral/ security
15	Marginal	Develop relationship taking strong collateral/ security Or Maintain relationship taking adequate collateral/ security Or Limit relationship
16	Weak	Maintain relationship taking strong collateral/ security Or Limit relationship
17	Very Weak	Probable classification/ downgrading Or Reduce relationship taking strong collateral/ security Or Terminate relationship
18	Poor	Probable classification/ downgrading Or Terminate relationship
19	Very Poor	Probable classification/ downgrading Or Terminate relationship
20	Special Mention	Probable restructuring of debt. Obtain additional strong collateral/ security Or Terminate relationship, Systematic monitoring of developments
21	Restructured	Systematic monitoring for compliance with the terms of the restructured debt obligation
22	Substandard	Collection or restructuring of debt obligation with use of business or judicial actions. Systematic monitoring of developments
23	Doubtful/Loss	Collection of receivables mainly through judicial actions. Systematic monitoring of developments

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

– Corporate customers that keep “C” category accounting books and have a turnover > € 2.5 million are rated using the MRA Corporate model.

– Corporate customers that keep “C” category accounting books and have a turnover up to € 2.5 million are rated using the MRA SME model.

– Business customers that belong to special categories (e.g. newly established businesses with inadequate financials, syndicated loans, insurance companies, natural persons, sole proprietors not included in the consumer credit portfolio), are rated using the expert judgment model “Manual Rating”.

– In accordance to the mandates of the banking supervisory framework, a separate credit rating model has been developed (based on slotting criteria) and is applied for specialized lending, which concerns the shipping portfolio (object finance). This model has been optimized and aligned with the special lending criteria of Basel's Internal Ratings - based approach (IRB).

– For small to medium-sized enterprises, an internally developed rating model is applied (B model).

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

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

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

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

1. Standard monitoring

2. Special monitoring

Credit ratings (a) 1-19 for MRA models and Manual Rating and (b) 1-7 for B model correspond to the “Standard monitoring” category. “Special monitoring”, includes customers assigned with credit rating of 20, 21, 22, 23.

Retail credit

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

1) Application Scorecards

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

2) Behavioral Scorecards

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

3) Internal Bureau Scorecard

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

4) Overall Application Scorecards

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

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

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

- minimum income level,
- monthly disposable income (MDI),
- credit history of the customer,
- kind, amount and significance of unfavorable factors,
- maximum unsecured exposure
- maximum limit per product
- maximum levels of loan-to-value (LTV) (for collateralized loans) combined with the purpose of the loan.

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

- The Stability of the Population Rating between the Development and the Recent Period,

– Whether the changes in the PD/LGD parameters are statistically significant,

– Whether the models retain their discrimination power.

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

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

b) Securities and other bills

The Group holds a portfolio of sovereign, bank and corporate debt, including Greek and international issues, bonds issued from EFSF, as well as bonds issued from the European Stability Mechanism (ESM) which were contributed by the Financial Stability Fund for its participation to Piraeus Bank's share capital increase and for covering the total issue of contingent convertible bonds in the 4th quarter of 2015. For the proper management and monitoring of risks, all positions in securities are subject to approved limits, according to the Group's policies and procedures. Reference to the receivables from EFSF bonds and ESM bonds is made in note 25.

For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used. The amount of the Group's exposure to credit risk from debt securities and other bills is monitored for each portfolio category, according to the relevant IFRS provisions.

3.1.3 Risk based pricing

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

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

3.1.4 Concentration risk

The concentration of exposure to credit risk can arise from two types of inadequate risk diversification within a portfolio: (a) name concentration and (b) sector concentration. Name concentration is associated with inadequate risk diversification arising from large exposure to individual counterparties or groups of connected counterparties.

Concentration risk is also monitored within the Group both at level of industry sector for the corporate portfolio under primary NACE II classification. For the assessment of concentration risk, the index Herfindahl-Hirschman (HHI) is used.

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

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

– Reduction of maximum limits (ceilings).

– Reduction of exposure to specific industries/clients.

– Transfer of risk via purchasing credit insurance (credit derivatives, guarantees etc.).

– Re-setting the internal capital.

3.1.5 Country risk

Country risk summarizes and reflects (a) sovereign risk: this refers to the risk that a sovereign entity will fail to honor its debt obligations due to inability or unwillingness and (b) transfer risk: this refers to the risk that a government will be unable or unwilling to make foreign currency available for remittance out of the country.

The Group's cross-border activities expose the entity to country risk, which is highly related to a volatile domestic economic and socio-political environment. For timely and effective monitoring of country risk, the Group has established a framework for evaluation and management according to which specific country limits are established, monitored and evaluated on a regular basis (at least annually). For country risk assessesment, both quantitative and qualitative criteria are used, which take into account the evolution of risk parameters and the volume/ structure of the Group's country exposures.

3.1.6 Counterparty credit risk

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

In order to implement effective CCR management, the Bank has adopted and follows procedures and guidelines for defining, reviewing and monitoring credit limits as well as concentration limits set on a counterparty rating basis. Limits are set either in nominal amounts or risk units (credit equivalent), depending on the transaction and they are revised at least annually. The monitoring of counterparty credit limits' utilization is monitored on a daily basis. For further enhancement of the CCR monitoring framework, the Group has set and strictly follows a procedure for immediate limit cancelation or immediate restriction in limits, when certain conditions are met regarding counterparty's credit rating downgrade.

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

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

3.1.7 Credit limits management and risk mitigation techniques

Piraeus Group sets credit limits in order to manage and control its credit risk exposures and concentration risk and define the maximum acceptable level of risk undertaken. Additionally, limits are set and applied against exposures to financial institutions. The Group's total exposure to credit risk, including financial institutions, is further controlled by the application of sublimits that address on and off-balance sheet exposures.

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

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

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

a) Collateral / Security

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

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

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

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

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

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

Collaterals or guarantees aren't usually received against exposures to financial institutions.

b) Credit - related commitments

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

3.1.8 Impairment policy for provisions

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

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

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

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

3.1.9. Collective assessment for business loan portfolio

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

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

- Arrears bucket,
- Industry sector,
- Customer segment,
- Collateral type,
- Loan categorization as forborne.

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

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

3.1.10. Collective assessment for retail loan portfolio

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

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

- product (mortgage, consumer, cards),
- arrears bucket,
- loans characterization as forborne,
- type of loan collaterals,
- loan currency.

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

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

3.1.11 Forbearance

The Group adopted the "Implementing Technical Standards" (ITS) of the European Banking Authority (EBA) relating to forborne loans, in alignment with the Bank of Greece Executive Committee Act No. 42/30.5.14, as it was amended from the Act. No. 47/ 9.2.2015 and from the recent Act No. 102/30.8.2016, for the "Supervisory framework for the management of loans in arrears and non-performing loans".

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

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

According to EBA technical standards, in order for a forborne loan to be declassified, it has to be at least for two years in performing status as, there should be no concern on full repayment, no impairment attribution and reoccurrence of forbearance and also significant payments should have taken place within the last twelve months.

Loans in forbearance status are assessed for provisions either on individual or collective basis, according to the provisioning policy.

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

The Supervisory & NPL Management Council, which among other things, is responsible for the strategy of past due loans management, collaborates with the Risk Management for the achievement of a common understanding and the development of appropriate methodologies to assess the risk of the RBU portfolio. Risk Management monitors the forbearance process and assesses the relative risks by portfolio and forbearance type.

More specifically, within Credit Risk Management Division respective teams were established with the responsibility to monitor the Recovery Business Units’ effectiveness and efficiency in view of implementing the bank’s NPL’s management strategy.

The teams’ main responsibilities are:

- Basic figures monitoring evolution by portfolio type and business unit, in line and irrespectively of the predefined NPE targets submitted to SSM.
- Operational efficiency monitoring ensured by:
    - Reviewing the Forbearance measures viability and evolution
    - Tracking cash collection rates
    - Evolution monitoring of write offs and loan sales figures
    - Analysis by sub portfolios for determining forbearance measure efficiency
    - Tracking high risk portfolio segments
- Liaise with Recovery Units in order to communicate their performance volumes and identify any corrective actions needed
- Providing tactical and ad hoc update on RBU matters and volume evolution to the Board and NPL management and supervision committee.

Group Risk Officer is informed at least monthly on RBU volume evolutions and is entitled to express his opinion to Board Risk Committee.

3.1.12 Write-offs

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

Amounts in thousand euros (Unless otherwise stated)

3.2 Credit risk management

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

	31 December 2016			31 December 2015		
	Loans and advances to credit institutions	Reverse repos with customers	Debt securities-receivables	Loans and advances to credit institutions	Reverse repos with customers	Debt securities-receivables
A) Loans and advances neither past due nor impaired	118,859	30,005	13,246,054	179,523	641	16,979,825
B) Loans and advances Past due but not impaired	-	-	-	-	-	5,511
C) Impaired loans and advances	-	-	5,692	-	-	23,846
Total	**118,859**	**30,005**	**13,251,746**	**179,523**	**641**	**17,009,181**

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

Grades of loans and advances to credit institutions	31 December 2016	31 December 2015
Investment grade	-	40
Standard monitoring	83,295	137,629
Special monitoring	35,564	41,854
Total	**118,859**	**179,523**

Grades of reverse repos with customers	31 December 2016	31 December 2015
Standard monitoring	30,005	641
Total	**30,005**	**641**

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

	31 December 2016	31 December 2015
Debt securities-receivables	13,251,746	17,009,181
Less: Allowance for impairment on debt securities receivables	(5,489)	(23,846)
Net	**13,246,257**	**16,985,336**

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to Customers are summarized as follows:

	31 December 2016			
	Loans and advances to customers before provisions and adjustments	**Individual allowance for impairment of loans and advances**	**Collective allowance for impairment of loans and advances**	**Net Loans and advances to customers after provisions and adjustments**
A) Loans and advances neither past due nor impaired	30,677,448	-	(739,201)	**29,938,247**
B) Loans and advances Past due but not impaired	7,673,979	-	(550,830)	**7,123,149**
C) Impaired loans and advances	28,297,022	(11,036,345)	(4,614,465)	**12,646,211**
Total	**66,648,449**	**(11,036,345)**	**(5,904,496)**	**49,707,608**

	31 December 2015			
	Loans and advances to customers before provisions and adjustments	**Individual allowance for impairment of loans and advances**	**Collective allowance for impairment of loans and advances**	**Net Loans and advances to customers after provisions and adjustments**
A) Loans and advances neither past due nor impaired	30,108,697	-	(638,934)	**29,469,764**
B) Loans and advances Past due but not impaired	8,485,059	-	(662,469)	**7,822,590**
C) Impaired loans and advances	29,477,243	(11,341,367)	(4,837,038)	**13,298,839**
Total	**68,070,999**	**(11,341,367)**	**(6,138,440)**	**50,591,193**

It is noted that 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 SA, Geniki Bank SA and Panellinia Bank SA at their acquisition date by Piraeus Group, has decreased the gross balance of loans in note 23, as under IFRS 3 it has been included in the adjustment of loans to fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the provision.

Amounts in thousand euros (Unless otherwise stated)

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

31/12/2016	Non impaired L&As		Impaired L&As		Total Gross amount	Impairment Allowance		Total Net amount	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed		
Retail Lending	**11,852,903**	**3,190,925**	**441,995**	**6,949,487**	**22,435,310**	**(262,211)**	**(3,983,210)**	**18,189,890**	**13,761,302**
Mortgages	9,343,251	2,629,972	269,296	3,919,052	16,161,570	(166,433)	(1,659,911)	14,335,226	12,447,565
Consumer	1,939,466	534,586	170,896	2,385,944	5,030,891	(94,092)	(1,815,302)	3,121,497	1,312,395
Credit cards	569,349	25,968	1,305	642,739	1,239,361	(1,301)	(507,762)	730,298	93
Other	837	401	498	1,752	3,488	(385)	(234)	2,869	1,248
Corporate Lending	**16,771,144**	**4,481,139**	**17,802,593**	**3,092,118**	**42,146,993**	**(10,773,112)**	**(1,920,776)**	**29,453,106**	**19,128,210**
Large	8,887,416	1,764,011	6,656,316	33,424	17,341,167	(4,127,839)	(86,959)	13,126,370	6,480,173
SMEs	7,883,728	2,717,128	11,146,277	3,058,694	24,805,826	(6,645,273)	(1,833,817)	16,326,736	12,648,037
Public Sector	**2,053,402**	**1,915**	**10,740**	**89**	**2,066,146**	**(1,023)**	**(511)**	**2,064,612**	**1,940,824**
Greece	2,049,878	1,858	10,740	89	2,062,565	(1,023)	(511)	2,061,031	1,938,743
Other countries	3,524	57	-	-	3,581	-	-	3,581	2,080
Total	**30,677,448**	**7,673,979**	**18,255,327**	**10,041,694**	**66,648,449**	**(11,036,345)**	**(5,904,496)**	**49,707,608**	**34,830,335**

Amounts in thousand euros (Unless otherwise stated)

31/12/2015	Non impaired L&As		Impaired L&As		Total Gross amount	Impairment Allowance		Total Net amount	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed		
Retail Lending	**12,224,303**	**3,465,024**	**382,456**	**7,474,347**	**23,546,130**	**(306,551)**	**(4,064,265)**	**19,175,313**	**14,955,433**
Mortgages	9,668,172	2,827,190	258,219	3,986,689	16,740,270	(151,999)	(1,551,646)	15,036,625	13,577,280
Consumer	1,966,249	598,835	120,016	2,734,895	5,419,995	(150,631)	(1,924,283)	3,345,081	1,376,727
Credit cards	588,352	37,105	2,378	748,937	1,376,773	(2,377)	(586,738)	787,658	-
Other	1,531	1,894	1,842	3,826	9,093	(1,545)	(1,598)	5,949	1,425
Corporate Lending	**16,524,354**	**5,015,964**	**18,425,169**	**3,178,747**	**43,144,234**	**(11,032,608)**	**(2,073,696)**	**30,037,930**	**20,902,220**
Large	8,434,861	1,828,027	6,977,043	43,247	17,283,178	(4,202,646)	(162,615)	12,917,917	6,911,191
SMEs	8,089,493	3,187,937	11,448,126	3,135,500	25,861,056	(6,829,962)	(1,911,082)	17,120,012	13,991,029
Public Sector	**1,360,040**	**4,071**	**14,939**	**1,586**	**1,380,635**	**(2,207)**	**(478)**	**1,377,950**	**1,235,552**
Greece	1,356,164	4,014	14,718	1,586	1,376,481	(2,207)	(449)	1,373,825	1,233,258
Other countries	3,876	57	221	-	4,154	-	(29)	4,125	2,294
Total	**30,108,697**	**8,485,059**	**18,822,563**	**10,654,681**	**68,070,999**	**(11,341,367)**	**(6,138,440)**	**50,591,193**	**37,093,205**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 4,546 million or percentage of 7% (2015: € 3,681 million or percentage of 5%) and floating rate loans amount to € 62,103 million (2015: € 64,390 million).

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

For mortgage loans of the Bank in specific, the “value of collateral” mainly regards the fair value of the properties, for which the Bank possesses first class prenotation or mortgage. When the value of the collateralized property exceeds the loan balance, the “value of collateral” is cupped to the loan balance.

Amounts in thousand euros (Unless otherwise stated)

3.2.2. Quality analysis of neither past due nor impaired loans and advances to customers:

31/12/2016	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired loans and advances to customers	Value of collateral
Retail lending	**11,852,903**	**0**	**11,852,903**	**8,193,124**
Mortgages	9,343,251	-	9,343,251	7,577,432
Consumer	1,939,466	-	1,939,466	615,042
Credit cards	569,349	-	569,349	58
Other	837	-	837	592
Corporate Lending	**13,738,099**	**3,033,045**	**16,771,144**	**8,583,171**
Large	7,253,753	1,633,663	8,887,416	3,891,151
SMEs	6,484,346	1,399,382	7,883,728	4,692,021
Public Sector	**2,048,972**	**4,430**	**2,053,402**	**1,939,586**
Greece	2,045,448	4,430	2,049,878	1,937,505
Other countries	3,524	-	3,524	2,080
Total	**27,639,974**	**3,037,475**	**30,677,448**	**18,715,881**

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

Amounts in thousand euros (Unless otherwise stated)

3.2.3. Ageing analysis of past due but not impaired loans and advances to customers by product line:

31/12/2016	Retail Lending				Corporate Lending		Public Sector		Total past due but not impaired loans and advances to customers
	Mortgages	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
1-29 days	1,117,797	265,361	15,650	268	775,261	895,874	526	-	3,070,736
30-59 days	687,961	140,901	6,776	73	312,526	401,012	1,253	-	1,550,502
60-89 days	465,523	128,282	3,542	55	323,648	433,831	4	-	1,354,887
90-179 days	78,565	-	-	4	37,350	143,807	-	-	259,727
180-360 days	75,184	-	-	-	84,544	102,909	-	-	262,638
>360 days	204,941	-	-	-	210,833	451,040	75	57	866,946
Denounced	-	41	-	-	19,848	288,655	-	-	308,544
Total	**2,629,972**	**534,586**	**25,968**	**401**	**1,764,011**	**2,717,128**	**1,858**	**57**	**7,673,979**
Value of collateral	2,096,878	202,382	21	381	883,239	2,031,107	79	0	5,214,087

31/12/2015	Retail Lending				Corporate Lending		Public Sector		Total past due but not impaired loans and advances to customers
	Mortgages	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
1-29 days	1,229,849	286,887	18,837	878	328,363	975,060	2,461	-	2,842,335
30-59 days	685,792	151,909	10,723	579	366,601	454,144	1,436	-	1,671,184
60-89 days	355,717	160,039	7,545	179	324,455	558,117	42	-	1,406,094
90-179 days	120,792	-	-	259	408,251	178,286	-	-	707,588
180-360 days	133,192	-	-	-	91,857	142,508	-	57	367,613
>360 days	301,848	-	-	-	284,605	592,581	75	-	1,179,109
Denounced	-	-	-	-	23,894	287,242	-	-	311,136
Total	**2,827,190**	**598,835**	**37,105**	**1,894**	**1,828,027**	**3,187,937**	**4,014**	**57**	**8,485,059**
Value of collateral	2,365,887	229,113	0	109	1,156,312	2,469,200	311	0	6,220,932

Amounts in thousand euros (Unless otherwise stated)

3.2.4 Impaired loans and advances to customers:

3.2.4.1 Movement in impaired L&As by product line

	Retail Lending				Corporate Lending		Public Sector		Total
	Mortgages	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
Gross opening balance as at 1.1.2016	4,244,908	2,854,912	751,315	5,667	7,020,290	14,583,627	16,304	221	**29,477,243**
New impaired L&As	583,172	312,155	188,910	63	665,770	1,516,335	382	360	**3,267,147**
Transferred to non-impaired	(429,618)	(341,488)	(250,612)	(146)	(252,051)	(765,020)	(5,649)	(221)	**(2,044,806)**
Repayment	(200,177)	(82,024)	(5,109)	(53)	(378,788)	(478,939)	(208)	(361)	**(1,145,659)**
Impaired L&As written-off	(10,369)	(147,410)	(40,430)	(1,998)	(360,045)	(593,693)	-	-	**(1,153,945)**
Reclassification of impaired loans	179	(279)	9	-	6,517	(6,426)	-	-	**0**
Derecognition of impaired loans	(3,006)	(2,333)	(48)	-	-	(41,757)	-	-	**(47,144)**
Derecognition of disposed companies' impaired loans	-	-	-	(1,286)	-	(23,135)	-	-	**(24,421)**
Foreign exchange differences and other movements	3,259	(36,693)	8	2	(11,953)	13,980	-	1	**(31,395)**
Gross balance as at 31.12.2016	**4,188,347**	**2,556,840**	**644,044**	**2,250**	**6,689,740**	**14,204,971**	**10,829**	**0**	**28,297,021**
Impairment allowance	(1,447,177)	(1,562,578)	(502,932)	(619)	(4,137,080)	(7,999,346)	(1,079)	0	(15,650,810)
Net balance as at 31.12.2016	**2,741,170**	**994,262**	**141,111**	**1,631**	**2,552,661**	**6,205,625**	**9,750**	**0**	**12,646,211**

Amounts in thousand euros (Unless otherwise stated)

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

Amounts in thousand euros (Unless otherwise stated)

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

31/12/2016	Retail lending				Corporate lending		Public sector		Total
	Mortgages	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
Not past due	10,856	21,827	5	-	1,074,600	1,048,309	2,856	-	**2,158,453**
1-29 days	3,666	13,738	-	2	145,159	207,650	-	-	**370,214**
30-59 days	2,464	8,036	-	24	116,749	97,967	-	-	**225,240**
60-89 days	2,349	17,675	-	88	54,933	158,006	-	-	**233,050**
90-179 days	120,326	49,076	2,831	34	54,191	407,128	-	-	**633,586**
180-360 days	100,265	57,542	2,940	9	30,651	233,322	-	-	**424,728**
>360 days	329,021	137,195	13,611	377	610,403	1,287,955	716	-	**2,379,277**
Denounced	2,172,223	689,173	121,726	1,098	465,976	2,765,288	6,178	-	**6,221,662**
Total net amount	**2,741,171**	**994,262**	**141,112**	**1,631**	**2,552,661**	**6,205,624**	**9,750**	**0**	**12,646,211**
Value of collateral	2,773,255	494,971	14	275	1,705,784	5,924,909	1,159	-	**10,900,367**

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

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

Amounts in thousand euros (Unless otherwise stated)

3.2.5 Loan-to-value ratio (LTV) of mortgage lending

Loan to value is the relationship between the loan and the appraised value of the mortgaged property held as collateral.

31/12/2016	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	3,109,894	357,635
50%-70%	2,362,754	195,864
71%-80%	1,267,389	183,348
81%-90%	1,203,439	77,517
91%-100%	1,278,437	137,095
101%-120%	2,117,791	289,038
121%-150%	2,111,911	256,617
Greater than 150%	2,709,955	1,599,113
Total exposure	**16,161,570**	**3,096,228**
Average LTV	93%	216%

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

Amounts in thousand euros (Unless otherwise stated)

3.2.6 Repossessed collaterals

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

31/12/2016	Gross amount	Of which: added this year	Accumulated impairment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**993,042**	**235,563**	**(189,639)**	**(27,166)**	**803,403**	**56,139**	**325**
-Residential	545,076	99,982	(89,852)	(20,347)	455,224	25,944	2,582
-Commercial	447,966	135,580	(99,787)	(6,819)	348,179	30,195	(2,256)
Other collateral	**26,845**	**1,145**	**(18,972)**	**(3)**	**7,872**	**2,371**	**60**
Financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Apart from the property above, within 2016 the Group acquired under the same scope property of total amount € 30.9 million (2015: € 26.4 million), but due to their different characteristics classified, according to the IFRS, as "Investment Property".

31/12/2015	Gross amount	Of which: added this year	Accumulated impairment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**882,276**	**206,569**	**(174,372)**	**(81,498)**	**707,904**	**38,041**	**(9,467)**
-Residential	494,018	112,812	(82,348)	(58,054)	411,670	26,892	(4,943)
-Commercial	388,257	93,757	(92,024)	(23,444)	296,233	11,150	(4,523)
Other collateral	**31,727**	**2,246**	**(21,543)**	**(5,788)**	**10,185**	**6,105**	**89**
Financial assets	**85,310**	**85,310**	**-**	**-**	**85,310**	**-**	**-**

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

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

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

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

Amounts in thousand euros (Unless otherwise stated)

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

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

3.2.7. Breakdown of collaterals and guarantees

31/12/2016	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	13,388,801	234,267	138,234	13,761,302	3,541
Corporate Lending	15,724,184	1,153,146	2,250,880	19,128,210	11,051,977
Public Sector	1,294	4,061	1,935,469	1,940,824	1,377
Total	**29,114,279**	**1,391,474**	**4,324,582**	**34,830,335**	**11,056,894**

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

The value of guarantees includes mainly personal or corporate guarantees.

Amounts in thousand euros (Unless otherwise stated)

3.3 Impairment provisioning

3.3.1. Reconciliation of impairment allowance by product line (including adjustments)

	Mortgages	Consumer/ personal and other retail loans	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2016	**1,703,644**	**2,078,057**	**589,115**	**4,370,816**	**13,106,305**	**2,686**	**17,479,807**
Charge for the year	210,557	92,036	8,205	310,797	704,165	(343)	1,014,620
Amounts written off	(15,895)	(167,159)	(79,845)	(262,899)	(964,035)	(552)	(1,227,487)
Provision of derecognised loans	(2,906)	(2,200)	(48)	(5,154)	(39,280)	-	(44,434)
Unwinding	(72,526)	(66,338)	(8,614)	(147,478)	(202,480)	(199)	(350,157)
Provision of disposed companies	-	(1,282)	-	(1,282)	(21,839)	-	(23,120)
Foreign exchange differences and other movements	3,470	(23,101)	251	(19,381)	111,052	(58)	91,613
Closing balance as at 31.12.2016	**1,826,343**	**1,910,013**	**509,063**	**4,245,420**	**12,693,888**	**1,535**	**16,940,842**

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

Amounts in thousand euros (Unless otherwise stated)

3.3.2 Loans and advances to customers, impaired loans and impairment allowance by product line, industry and geographical region

31.12.2016	Greece			Rest of Europe		
	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance
Retail Lending	**21,496,477**	**7,171,971**	**(4,128,708)**	**938,832**	**219,511**	**(116,713)**
Mortgages	15,706,723	4,113,595	(1,792,758)	454,847	74,753	(33,586)
Consumer	4,568,083	2,414,731	(1,829,189)	462,808	142,109	(80,205)
Credit cards	1,219,055	641,893	(506,526)	20,306	2,151	(2,537)
Other	2,617	1,752	(234)	871	498	(385)
Corporate Lending	**38,993,902**	**19,177,828**	**(11,898,566)**	**3,153,092**	**1,716,882**	**(795,322)**
Agriculture	1,181,595	373,733	(265,207)	101,031	49,120	(15,668)
Manufacturing	6,605,527	3,234,505	(1,793,577)	455,743	263,793	(127,922)
Energy	930,595	65,368	(36,589)	73,023	28,919	(16,175)
Commerce and services	6,079,732	3,342,926	(2,039,632)	606,858	300,988	(156,334)
Shipping	2,702,285	659,272	(361,292)	-	-	-
Coastline/ Ferries Companies	290,414	121,227	(48,250)	-	-	-
Construction	4,514,414	3,073,637	(1,858,191)	461,622	321,739	(169,164)
Transport & Logistics	1,232,817	664,384	(520,629)	156,452	88,774	(45,409)
Tourism	3,102,285	1,022,755	(446,896)	43,426	27,806	(8,622)
Financial Sector	2,584,575	1,793,715	(1,289,657)	108,978	75,236	(19,302)
Real Estate Companies	2,451,513	1,527,176	(902,550)	641,248	280,208	(97,900)
Project Finance	1,911,653	273,482	(215,362)	149,862	98,780	(68,726)
Other	5,406,495	3,025,651	(2,120,734)	354,848	181,519	(70,100)
Public Sector	**2,062,565**	**10,829**	**(1,534)**	**3,581**	**0**	**0**
Total	**62,552,944**	**26,360,629**	**(16,028,807)**	**4,095,505**	**1,936,393**	**(912,034)**

Amounts in thousand euros (Unless otherwise stated)

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

Amounts in thousand euros (Unless otherwise stated)

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

2016	Interest income on non-impaired L&As	Interest income on impaired L&As	Total interest income
Retail lending	546,869	216,527	763,396
Corporate lending	1,007,002	510,495	1,517,497
Public sector	20,758	327	21,085
Total interest income	**1,574,628**	**727,349**	**2,301,978**

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

3.4 Forbearance

Relevant to the restructuring policy is note 3.1.11.

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

Forbearance measures	Forborne L&As (net amounts)	
	31/12/2016	31/12/2015
Interest only schedule	-	277,286
Reduced payment schedule	2,602,886	2,806,663
Payment moratorium/ Holidays	584,213	680,934
Term extension	2,447,843	1,030,447
Arrears capitalization	919,254	886,967
Hybrid (i.e. combination of measures)	4,823,183	3,896,575
Other	211,593	742,521
Total net amount	**11,588,972**	**10,321,393**

3.4.2. Credit quality of forborne loans and advances to customers

31/12/2016	Total amount of L&As	Total amount of forborne L&As	% of forborne L&As
Neither past due nor impaired	30,677,448	6,174,080	20.13%
Past due but not impaired	7,673,979	3,137,967	40.89%
Impaired	28,297,022	6,280,400	22.19%
Total gross amount	**66,648,449**	**15,592,447**	**23.40%**
Individual impairment allowance	(11,036,345)	(2,908,411)	26.35%
Collective impairment allowance	(5,904,496)	(1,095,064)	18.55%
Total net amount	**49,707,608**	**11,588,972**	**23.31%**
Collateral received	34,830,335	8,125,835	23.33%
Total net amount less collateral value	**14,877,272**	**3,463,137**	**23.28%**

Amounts in thousand euros (Unless otherwise stated)

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

3.4.3. Reconciliation of Forborne Loans and Advances to Customers

	31/12/2016	31/12/2015
Opening balance	**10,321,393**	**9,900,531**
Opening balance of discontinued operations	-	(101,286)
Forbearance measures during the year	4,456,950	4,553,713
Repayment of loans (partial or total)	(729,869)	(759,135)
L&As that exited forbearance status during the year	(2,447,743)	(2,676,263)
Derecognition of forborne loans due to disposed companies	(5,004)	-
Impairment loss	(41,512)	(744,110)
Foreign exchange differences and other movements	34,758	147,944
Closing balance	**11,588,972**	**10,321,393**

3.4.4. Forborne loans and advances to customers by product line

	31/12/2016	31/12/2015
Retail Lending	**4,184,130**	**3,111,074**
Mortgages	3,432,913	2,459,114
Consumer	745,445	651,865
Credit cards	5,739	70
Other	33	24
Corporate Lending	**7,395,724**	**7,208,319**
Large	3,405,345	3,116,011
SMEs	3,990,379	4,092,307
Public Sector	**9,118**	**2,001**
Greece	9,118	2,001
Total net amount	**11,588,972**	**10,321,393**

3.4.5. Forborne loans and advances to customers by geographical region

	31/12/2016	31/12/2015
Greece	11,315,174	9,814,980
Rest of Europe	273,798	506,413
Total net amount	**11,588,972**	**10,321,393**

3.4.6. Debt to equity transactions

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

Debt to equity transactions that took place during 2016 and 2015 are as follows:

2016				
S/N	**Company**	**% Holding**	**Date of acquisition**	**Cost of acquisition (€ million)**
1	EUROAK S.A. REAL ESTATE	20.18%	1/9/2016	7.07
2	EUROTERRA S.A.	3.16%	1/9/2016	0.73

2015				
S/N	**Company**	**% Holding**	**Date of acquisition**	**Cost of acquisition (€ million)**
1	SELONDA AQUACULTURE S.A.	33.85%	31/3/2015	20.73
2	NIREUS AQUACULTURE S.A.	33.10%	7/10/2015	25.72
3	ATTICA HOLDINGS S.A.	1.00%	18/2/2015	1.17
4	TRASTOR REAL ESTATE INVESTMENT COMPANY	37.08%	23/3/2015	28.55

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

The Bank acquired 11,911,041 shares in the share capital increase of "Selonda Aquaculture S.A." on 25/7/2016. The shares were acquired under a restructuring agreement of DIAS AQUACULTURE S.A. with its creditors banks, other creditors and the Bank's associated company SELONDA S.A. The total assets of DIAS AQUACULTURE S.A. as well as the obligations not converted to shares, were transferred in kind to the Bank's associated company SELONDA S.A. The Bank's holding in the associated company SELONDA S.A. changed from 33.16% on 31/12/2015 to 32.43% on 31/12/2016.

The capitalization of loans of subsidiaries and associates is presented in Note 46.

Amounts in thousand euros (Unless otherwise stated)

3.5 Debt securities and other eligible bills

The tables below present an analysis of bonds and treasury bills at fair value through profit or loss, bonds and treasury bills of investment portfolio, as well as debt securities - receivables by rating as at 31 December 2016, based on Standard & Poor's ratings or their equivalent:

31 December 2016	Bonds and Treasury Bills at fair value through profit or loss	Debt securities - receivables	Bonds and treasury bills of investment portfolio	Total
AAA	-	-	2,929	2,929
AA- to AA+	-	13,218,918	46,836	13,265,754
BBB- to BBB+	141,574	-	137,252	278,826
BB- to BB+	33,629	-	61,666	95,295
Lower than BB-	8,428	-	2,193,859	2,202,287
Unrated	-	27,339	6,634	33,973
Total	**183,631**	**13,246,257**	**2,449,175**	**15,879,064**

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

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

Amounts in thousand euros (Unless otherwise stated)

3.6 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the carrying amounts of financial assets, which are exposed to credit risk. The credit risk exposure is based on the country of domicile of the Group's companies.

	Greece	Rest of Europe	Other Countries	Total
Loans and advances to credit institutions	35,549	83,310	-	118,859
Derivative financial instruments - assets	445,070	575	-	445,645
Bonds and Treasury Bills at fair value through profit or loss	8,428	175,203	-	183,631
Loans and advances to customers (net of provisions)	46,524,137	3,183,471	-	49,707,608
Loans to individuals	17,367,770	822,120	-	18,189,890
- Mortgages	13,913,965	421,261	-	14,335,226
- Consumer - personal loans	2,741,276	383,089	-	3,124,365
- Credit cards	712,528	17,769	-	730,298
Loans to corporate entities/ Public sector	29,156,367	2,361,351	-	31,517,718
Debt securities - receivables	13,246,054	203	-	13,246,257
Bonds & Treasury Bills of investment portfolio	2,084,394	364,782	-	2,449,175
Reverse repos with customers	29,076	929	-	30,005
Other assets	2,367,615	53,014	438	2,421,067
As at 31 December 2016	**64,740,323**	**3,861,487**	**438**	**68,602,248**
As at 31 December 2015	**68,617,131**	**4,230,689**	**886**	**72,848,706**

Amounts in thousand euros (Unless otherwise stated)

b) Industry sectors

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

	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Loans and advances to credit institutions	118,859	-	-	-	-	-	-	-	-	-	-	-	-	**118,859**
Derivative financial instruments - assets	8,090	529	-	-	60,626	22	341,796	1,155	-	-	13,224	20,204	-	**445,645**
Bonds and Treasury Bills at fair value through profit or loss	-	-	-	-	-	-	183,631	-	-	-	-	-	-	**183,631**
Loans and advances to customers (net of provisions)	1,384,594	5,139,771	2,948,680	2,092,311	1,777,428	4,490,625	2,064,612	2,583,157	2,690,194	1,001,752	1,774,085	3,570,509	18,189,890	**49,707,608**
Loans to individuals (retail customers)	-	-	-	-	-	-	-	-	-	-	-	-	18,189,890	**18,189,890**
Loans to corporate entities and public sector loans	1,384,594	5,139,771	2,948,680	2,092,311	1,777,428	4,490,625	2,064,612	2,583,157	2,690,194	1,001,752	1,774,085	3,570,509	-	**31,517,718**
Debt securities-receivables	5,012	203	-	-	-	-	13,218,918	-	-	-	-	22,124	-	**13,246,257**
Reverse repos with customers	265	-	-	-	-	-	-	-	-	-	-	1,286	28,454	**30,005**
Bonds, treasury bills and other variable income securities of Investment portfolio	-	-	30	10	-	280	2,457,351	-	-	-	-	-	-	**2,457,671**
Other assets	89,422	29,937	4,408	8,215	13	43,251	803,723	1,105	178	75	853	1,219,843	220,043	**2,421,067**
Balance at 31st December 2016	**1,606,242**	**5,170,441**	**2,953,119**	**2,100,536**	**1,838,067**	**4,534,177**	**19,070,031**	**2,585,417**	**2,690,372**	**1,001,827**	**1,788,163**	**4,833,966**	**18,438,387**	**68,610,744**
Balance at 31st December 2015	**1,820,401**	**5,382,670**	**3,248,345**	**2,232,458**	**1,326,114**	**4,569,453**	**22,418,356**	**2,690,410**	**2,715,463**	**1,070,076**	**1,864,438**	**4,538,374**	**19,390,431**	**73,266,989**

The loans to public sector (€ 2.1 billion) at 31/12/2016 include the seasonal loan to OPEKEPE (€ 1.9 billion) and at 31.12.2015 (€ 1 billion). In line "Bonds, treasury bills and other variable income securities of Investment portfolio" of the above table, other variable income securities are also included.

Off Balance Sheet Items - Industry sectors	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Letters of Guarantee	588,494	369,102	1,094,577	21,579	150,944	211,728	4,044	-	77,585	10,295	98,448	196,820	302	**2,823,918**
Letters of Credit	35	19,541	878	-	-	10,943	-	-	-	-	-	11,689	-	**43,086**
Undrawn committed credit facilities	5,868	72,654	23,166	15,088	7,103	42,636	-	500	14,408	5,090	4,589	49,755	101,698	**342,554**
Balance at 31st December 2016	**594,397**	**461,297**	**1,118,621**	**36,667**	**158,047**	**265,307**	**4,044**	**500**	**91,993**	**15,385**	**103,037**	**258,264**	**102,000**	**3,209,558**
Letters of Guarantee	519,017	411,235	1,112,000	23,096	166,216	213,248	2,173	-	100,583	15,105	112,153	289,361	243	**2,964,431**
Letters of Credit	6	12,589	-	-	-	6,624	-	-	-	30	-	11,067	-	**30,316**
Undrawn committed credit facilities	25,778	36,680	12,547	11,898	12,803	55,846	-	-	15,636	5,730	45,864	40,008	105,274	**368,064**
Balance at 31st December 2015	**544,801**	**460,504**	**1,124,548**	**34,994**	**179,019**	**275,718**	**2,173**	**0**	**116,219**	**20,866**	**158,017**	**340,436**	**105,516**	**3,362,810**

3.7 Offseting of financial assets and liabilities

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

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

The Group has not offset any financial assets or liabilities on 31/12/2016 and 31/12/2015, given that the netting criteria mentioned in the first case (i) are not fulfilled.

The following tables, present the recognized on 31/12/2016 and 31/12/2015 financial instruments, for which ISDA and similar master netting agreements [case (ii)] exist, as well as the net effect on the statement of financial position of the Group from the exercise of netting rights (“net amount”). These tables include mainly the following financial instruments: a) interest rate swap contracts (IRSs) and cross currency interest rate swap contracts, for which there are ISDA contracts and b) interbank repos covered by Global Master Repurchase Agreement (GMRA).

Amounts in thousand euros (Unless otherwise stated)

31/12/2016	Recognized financial assets (amounts to be offset)	Financial liabilities (offset amounts)	Net amount of financial assets	Related amounts not offset in the Statement of Financial Position		
				Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	439,100	-	439,100	336,292	-	102,808
Total	**439,100**	**0**	**439,100**	**336,292**	**0**	**102,808**

31/12/2016	Recognized financial liabilities (amounts to be offset)	Financial assets (offset amounts)	Net amount of financial liabilities	Related amounts not offset in the Statement of Financial Position		
				Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	461,096	-	461,096	-	461,096	0
Repurchase agreements	5,889,618	-	5,889,618	-	3,764	5,885,853
Total	**6,350,714**	**0**	**6,350,714**	**0**	**464,861**	**5,885,853**

31/12/2015	Recognized financial assets (amounts to be offset)	Financial liabilities (offset amounts)	Net amount of financial assets	Related amounts not offset in the Statement of Financial Position		
				Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	434,328	-	434,328	236,289	-	198,039
Total	**434,328**	**0**	**434,328**	**236,289**	**0**	**198,039**

31/12/2015	Recognized financial liabilities (amounts to be offset)	Financial assets (offset amounts)	Net amount of financial liabilities	Related amounts not offset in the Statement of Financial Position		
				Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	450,660	-	450,660	-	444,667	5,993
Repurchase agreements	1,705,549	-	1,705,549	-	1,428	1,704,121
Total	**2,156,209**	**0**	**2,156,209**	**0**	**446,095**	**1,710,114**

3.8 Market risk

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

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

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

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

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

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

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

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

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

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

The Value-at-Risk estimate for the Group’s Trading Book at 31/12/2016, was € 0.81 million. This estimate consists of € 0.37 million for interest rate risk and € 0.82 million for foreign exchange risk. There is a reduction in the Value-at-Risk estimate of € 0.38 million due to the diversification effect in the portfolio.

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

Amounts in thousand euros (Unless otherwise stated)

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

The above are summarized as follows :

million €	Piraeus Bank Trading Book Group - Total VaR	VaR Interest Rate Risk	VaR Equity Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
2016	0.81	0.37	0	0.82	0	-0.38
2015	3.81	2.81	0	2.68	0	-1.68

3.9 Currency risk

The Group is exposed to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Management sets limits on the level of exposure by currency, which are monitored daily.The table below summarises the Group's exposure to foreign currency exchange risk as at 31/12/2016. The table includes, the Group's assets and liabilities at carrying amounts categorised by currency and the positions in derivatives which reduce significantly the undertaken risk:

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2016	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with central Banks	2,483,948	94,460	29,246	7,736	31,619	424,779	3,071,788
Loans and advances to credit institutions	25,462	53,130	3,262	-	35,537	1,468	118,859
Derivative financial instruments - assets	434,760	1,125	-	-	9,184	576	445,645
Financial instruments at fair value through profit or loss	49,077	1,636	-	-	-	143,148	193,861
Reverse repos with customers	29,076	-	-	-	-	929	30,005
Loans and advances to customers (net of provisions)	43,937,710	2,819,580	50,800	91,298	2,071,910	736,311	49,707,608
Debt securities - receivables	13,246,054	203	-	-	-	-	13,246,257
Investment securities	2,559,618	47,568	-	-	-	139,693	2,746,880
Other assets	2,350,034	41,823	57	81	27	29,045	2,421,067
Assets from discontinued operations	2,025	-	-	-	23	431	2,479
Total financial assets	**65,117,765**	**3,059,525**	**83,365**	**99,115**	**2,148,299**	**1,476,380**	**71,984,448**
Foreign exchange risk of liabilities							
Due to credit institutions	26,927,777	46,825	378	-	13,878	32,081	27,020,940
Liabilities at fair value through profit or loss	-	-	-	-	-	-	0
Derivative financial instruments - liabilities	433,259	27,945	-	-	-	471	461,676
Due to customers	38,896,212	1,535,499	109,889	933	19,338	1,802,958	42,364,829
Debt securities in issue	69,515	-	-	-	-	-	69,515
Other liabilities	1,042,798	3,892	562	-	63,590	292,025	1,402,867
Liabilities from discontinued operations	249	-	-	-	-	618	866
Total financial liabilities	**67,369,809**	**1,614,161**	**110,829**	**933**	**96,807**	**2,128,152**	**71,320,692**
Net on-balance sheet financial position	**(2,252,044)**	**1,445,364**	**(27,465)**	**98,182**	**2,051,493**	**(651,773)**	**663,756**
Net position of non financial assets - liabilities	**(1,038,718)**	**26,820**	**0**	**0**	**(9,188)**	**588,493**	**(432,593)**
Net Off balance sheet items	**3,302,487**	**(1,452,172)**	**25,314**	**(98,023)**	**(2,114,147)**	**114,397**	**(222,144)**
Currency position	**11,725**	**20,012**	**(2,151)**	**159**	**(71,842)**	**51,117**	**9,020**

At 31 December 2015	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	71,486,036	3,211,769	119,579	114,720	2,414,762	1,368,652	78,715,518
Total financial liabiities	72,808,507	1,681,372	139,976	3,798	113,785	2,205,172	76,952,610
Net on-balance sheet financial position	**(1,322,471)**	**1,530,397**	**(20,398)**	**110,922**	**2,300,977**	**(836,520)**	**1,762,908**
Net position of non financial assets - liabilities	**(2,181,686)**	**33,561**	**723**	**0**	**(14,327)**	**779,189**	**(1,382,540)**
Net Off balance sheet items	**3,414,127**	**(1,555,204)**	**19,002**	**(110,465)**	**(2,203,290)**	**60,926**	**(374,904)**
Currency position	**(90,030)**	**8,754**	**(673)**	**457**	**83,360**	**3,596**	**5,464**

Amounts in thousand euros (Unless otherwise stated)

3.10 Interest rate risk

Interest rate risk is the risk of a negative impact on the Group's financial condition due to its exposure to interest rates. Accepting this risk is a normal part of banking and can be an important source of profitability and shareholder value.
Changes in interest rates affect the Group's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses.

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

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

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

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

In the table, assets and liabilities in foreign currency are converted into € using the FX rates as of 31/12/2016.

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Assets							
Cash and balances with central banks	2,843,982	61	68	75,880	224	151,574	3,071,788
Loans and advances to credit institutions	81,244	35,522	82	-	-	2,012	118,859
Reverse repos with customers	2,080	26,172	1,742	-	-	11	30,005
Financial instruments at fair value through profit or loss	31,934	763	12,969	131,228	6,738	10,229	193,861
Loans and advances to customers (net of provisions)	36,538,167	6,425,443	4,446,465	1,540,255	757,277	-	49,707,608
Debt securities - receivables	203	813,512	813,414	7,868,129	3,751,000	-	13,246,257
Investment securities	7,388	1,011,067	786,604	330,899	313,218	297,704	2,746,880
Other assets	8,695	166	5,855	-	-	2,406,352	2,421,067
Total financial assets	**39,513,692**	**8,312,705**	**6,067,198**	**9,946,390**	**4,828,457**	**2,867,881**	**71,536,324**
Liabilities							
Due to credit institutions	22,920,878	41,122	53,948	4,004,992	-	-	27,020,940
Due to customers	32,030,084	5,055,569	4,979,384	190,567	190	109,035	42,364,829
Debt securities in issue	30,444	39,071	-	-	-	-	69,515
Other liabilities	174	380	12,393	49,165	294,511	1,046,243	1,402,867
Total financial liabilities	**54,981,580**	**5,136,142**	**5,045,725**	**4,244,724**	**294,701**	**1,155,279**	**70,858,150**
Net notional amount of derivative financial instruments	**(27,179)**	**(142,109)**	**(189,897)**	**(1,678)**	**0**	**0**	**(360,862)**
Total interest rate gap	**(15,495,067)**	**3,034,455**	**831,576**	**5,699,989**	**4,533,756**	**1,712,603**	**317,312**

Amounts in thousand euros (Unless otherwise stated)

Figures of the comparative year are presented below:

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	42,723,242	7,640,213	4,340,030	11,284,449	7,878,801	2,977,781	76,844,516
Total financial liabiities	62,827,316	5,003,038	3,219,668	2,916,092	279,828	1,278,292	75,524,233
Net notional amount of derivative financial instruments	(85,505)	(338,921)	(85,410)	-	-	-	(509,836)
Total interest rate gap	**(20,189,579)**	**2,298,254**	**1,034,952**	**8,368,357**	**7,598,973**	**1,699,489**	**810,447**

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

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

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

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

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

3.11 Liquidity risk

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

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

For the effective management of liquidity risk, all Groups’ units have applied a uniform Liquidity Risk Management Policy. This policy is consistent with the internationally applied practices and supervisory regulations, and adapted to the individual activities and organizational structures of Piraeus Bank Group.

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

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

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Since November 2014, Piraeus Bank Group is supervised by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB), in collaboration with the Bank of Greece and submits a wide range of regulatory reporting on a regular and periodic basis

Piraeus Bank Group calculates the Liquidity Coverage Ratio and Net Stable Funding Ratio, on a monthly and quarterly basis respectively, according to Regulation (EU) No. 575/2013). According to European Regulation, the Liquidity Coverage Ratio (LCR) limit of 70% was introduced in 1/1/2016. However, the Liquidity Coverage Ratio is not an appropriate liquidity risk ratio for credit institutions receiving funding through the emergency liquidity assistance mechanism (ELA).

Under the European Directive 2013/36 credit institutions are required to have comprehensive policies, procedures, policies and systems to ensure adequate monitoring of liquidity risk. In accordance with the said directive on April 2016, Piraeus Bank's market and liquidity risk management division submitted to SSM, the Report on the Internal Liquidity Adequacy Assessment Process (ILAAP), which contains the rules governing the management of liquidity risk and the main results of current and future bank liquidity position evaluation. Within the framework of the ICAAP and ILAAP procedures, the Bank examined stress test scenarios (Stress Testing) and assessed their impact on the liquidity position and on the mandatory liquidity ratios.

Piraeus Bank Group's deposits increased during 2016 by € 2,998 million, reaching a total balance of € 42,365 million at 31/12/2016, in comparison to € 38,952 million at 2015. As of July 2016, a gradual ease of the capital controls was effected by the government, especially regarding the transfer of funds.

In addition, the Group increased its funding through the interbank repo market, reaching the amount of € 5,890 million in repo transactions (€ 1,706 million at 2015).

The Bank's overall liquidity from central banks (ECB and ELA) recorded a decrease of € 11,780 million, reaching the amount of € 20,900 million at 31/12/2016, in comparison to € 32,680 million at 2015. In particular, emergency liquidity mechanism (ELA) funding reached the amount of € 11,900 million (€ 16,700 million at 2015) and European Central Bank (ECB) funding reached the amount of € 9,000 million (€ 15,980 million at 2015). The central bank funding decrease was possible due to the aforementioned increase in deposits, the increase of funding raised through interbank Repos and the sale of € 3,709 million EFSF bonds, part of the repurchase program of securities issued by European supranational euro-area agencies (PSPP).

Finally, the long-term funding from ECB (TLTRO) increased by € 1,300 million compared to the end of 2015, reaching the amount of € 4,000 million (€ 2,700 million at 2015).

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Amounts in thousand euros (Unless otherwise stated)

a) Non derivative cash flows

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

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	22,914,152	8,165	7,066	4,051,691	52,056	27,033,129
Due to customers	32,109,856	4,974,347	5,043,317	304,460	265	42,432,244
Debt securities in issue	122	-	50	450	74,509	75,132
Other liabilities	48,471	70,964	86,939	93,379	1,116,517	1,416,270
Total liabilities (contractual maturity dates)	**55,072,601**	**5,053,475**	**5,137,372**	**4,449,980**	**1,243,346**	**70,956,774**
Total assets (expected maturity dates)	**6,086,740**	**1,733,917**	**8,491,095**	**30,172,426**	**35,338,005**	**81,822,183**

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

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	31,734,086	6,926	3,669	2,753,329	18,729	34,516,737
Due to customers	31,082,676	4,833,889	3,231,656	182,936	103,626	39,434,783
Liabilities at fair value through profit or loss	-	-	-	2,499	-	2,499
Debt securities in issue	53	140	725	102,338	-	103,257
Other liabilities	1,046,856	82,543	63,842	97,223	281,834	1,572,298
Total liabilities (contractual maturity dates)	**63,863,671**	**4,923,498**	**3,299,891**	**3,138,325**	**404,189**	**75,629,574**
Total assets (expected maturity dates)	**5,624,500**	**2,938,240**	**5,445,539**	**31,184,545**	**37,765,113**	**82,957,937**

Amounts in thousand euros (Unless otherwise stated)

b) Derivative cash flows

bi) Derivatives settled on a net basis

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

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

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	(307)	286	253	8,562	4,793	13,586
Total	**(307)**	**286**	**253**	**8,562**	**4,793**	**13,586**

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	250	1,473	(228)	8,516	7,147	17,158
-Other derivatives	-	-	2	-	-	2
Total	**250**	**1,473**	**(226)**	**8,516**	**7,147**	**17,160**

Amounts in thousand euros (Unless otherwise stated)

bii) Derivatives settled on a gross basis

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

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

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(974,044)	(882,527)	(1,309,373)	(922,162)	(49,329)	(4,137,436)
Inflow	967,294	845,104	1,231,633	806,276	39,448	3,889,755

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(823,466)	(514,018)	(2,098,203)	(1,222,021)	(144,887)	(4,802,595)
Inflow	813,895	502,448	1,924,215	1,055,583	119,116	4,415,258

biii) Off Balance Sheet Items

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	62,694	99,741	555,309	2,100,523	5,651	**2,823,918**
Letters of Credit	21,727	10,406	10,953	-	-	**43,086**
Undrawn committed credit facilities	33,989	16,882	129,459	94,960	67,265	**342,554**

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

Amounts in thousand euros (Unless otherwise stated)

3.12 Transfers of financial assets

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

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

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

	Transferred assets			Associated liabilities		
31/12/2016	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**
Financial assets at fair value through profit or loss	8,102	-	-	5,666	-	-
Available-for-sale financial assets	1,261,056	-	-	871,283	-	-
Loans and advances to customers (gross amounts)	33,639,604	5,808,236	-	12,751,076	1,493,447	-
Debt securities	13,198,918	-	5,975,989	13,322,241	-	5,979,924
Total	**48,107,680**	**5,808,236**	**5,975,989**	**26,950,265**	**1,493,447**	**5,979,924**

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

Securitisation

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

Raising funding through the Eurosystem and repurchase agreements

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

Amounts in thousand euros (Unless otherwise stated)

3.13 Fair values of assets and liabilities

a) Assets and liabilities not measured at fair value

The following table summarises the fair values and the carrying amounts of those assets and liabilities not presented in the Group's balance sheet at fair value.

	Carrying Value		Fair Value	
Assets	**31 December 2016**	**31 December 2015**	**31 December 2016**	**31 December 2015**
Loans and advances to credit institutions	118,859	179,523	118,859	179,523
Loans and advances to customers (net of provisions)	49,707,608	50,591,193	48,668,273	48,749,756
-Loans to individuals	18,189,890	19,175,313	17,963,574	18,108,320
-Loans to corporate entities	29,453,106	30,037,930	28,640,070	29,280,616
-Loans to public sector	2,064,612	1,377,950	2,064,628	1,360,820
Debt securities - receivables	13,246,257	16,985,336	13,471,242	17,286,346
Reverse repos with customers	30,005	641	30,005	641
Held to maturity securities	6,634	182	6,634	182

	Carrying Value		Fair Value	
Liabilities	**31 December 2016**	**31 December 2015**	**31 December 2016**	**31 December 2015**
Due to credit institutions	27,020,940	34,490,583	27,020,940	34,490,583
Due to customers	42,364,829	39,357,642	42,364,829	39,357,642
Debt securities in issue	69,515	102,314	56,520	75,354
Obligations under finance leases	356,400	347,702	355,902	347,702

The fair values as at 31/12/2016 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 investment securities and debt securities – receivables is estimated using quoted market prices. Where this information is not available, fair value has been estimated using the prices of securities with similar credit, maturity and yield characteristics, or by discounting cash flows.

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

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

Amounts in thousand euros (Unless otherwise stated)

Classification of assets and liabilities measured at amortized cost, according to the fair value hierarchy levels of IFRS 13 as at 31/12/2016 and 31/12/2015, is presented in the tables below:

Analysis of fair values in levels as at 31/12/2016	Level 2	Level 3	Total
Assets			
Loans and advances to customers (net of provisions)	-	48,668,273	**48,668,273**
-Loans to individuals	-	17,963,574	**17,963,574**
-Loans to corporate entities	-	28,640,070	**28,640,070**
-Loans to public sector	-	2,064,628	**2,064,628**
Debt securities-receivables	13,471,242	-	**13,471,242**
Liabilities			
Debt Securities in Issue	56,520	-	**56,520**

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

b) Assets and liabilities measured at fair value

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

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

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

<u>Level 1</u>

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

<u>Level 2</u>

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

Amounts in thousand euros (Unless otherwise stated)

Level 3

The valuation of assets and liabilities is carried out by introducing variables that are not based on observable market data. Level 3 includes shares categorized in the available for sale portfolio, derivative financial instruments and investment property. Shares, derivative financial instruments and investment property within level 3 are not traded in an active market or there are no available prices from external traders in order to determine their fair value.

Shares categorized in the available for sale portfolio

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

Derivative financial instruments

The embedded derivatives of the convertible bonds are included in level 3 of derivative financial assets.

The aforementioned derivatives are accounted at fair value. The fair value of the embedded derivatives are determined according to valuation techniques following basic parameters: a) the relevant share price, b) the volatility of the relevant share price, c) the interest rates and d) the credit spreads.

Investment property

For the determination of the fair value of investment property, generally accepted valuation models are used by valuers that are presented in note 2.18 “Investment property” of the Group’s accounting policies. The Group did not conduct a sensitivity analysis for the investment property due to the significant number of property as well as their different characteristics. The movement of investment property within level 3 is presented in note 29.

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

Assets & Liabilities measured at fair value as at 31/12/2016	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	439,644	6,001	**445,645**
Financial instruments at fair value through profit or loss				
- Bonds	8,428	146,260	-	**154,688**
- Treasury bills	28,943	-	-	**28,943**
- Shares & other variable income securities	10,229	-	-	**10,229**
Available for Sale Securities				
- Bonds	459,995	260,494	-	**720,489**
- Shares & other variable income securities	108,779	3,096	185,829	**297,704**
- Treasury bills	1,684,750	37,303	-	**1,722,053**
Liabilities				
Derivative financial instruments - liabilities	-	461,676	-	**461,676**

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	2	435,480	2,197	**437,678**
Financial instruments at fair value through profit or loss				
- Bonds	50,462	159,278	-	**209,740**
- Treasury bills	24,611	-	-	**24,611**
- Shares & other variable income securities	6,046	1	-	**6,047**
Available for Sale Securities				
- Bonds	468,420	224,960	-	**693,380**
- Shares & other variable income securities	142,863	3,044	230,951	**376,857**
- Treasury bills	1,621,695	47,754	-	**1,669,449**
Liabilities				
Derivative financial instruments - liabilities	-	445,819	-	**445,819**
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 31/12/2016 and 31/12/2015, no transfer from level 1 to level 2 and vice versa occurred during 2016 and 2015.

The following tables present the movement of derivative financial instruments - assets and shares of the available for sale portfolio within level 3 as at 31/12/2016 and 31/12/2015:

Reconciliation of level 3 items (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 year	3,804	-
Other comprehensive income	-	1,734
Purchases	-	23,142
Impairment	-	(2,900)
Disposals/ Settlements	-	(72,509)
Transfer into level 3	-	9,263
FX differences and other movements	-	(3,851)
Closing balance 31/12/2016	**6,001**	**185,829**

"Disposals" mainly includes the sale of Visa Europe shares that is mentioned at note 10.

Reconciliation of level 3 items (2015)	**Derivative financial instruments - assets**	**Available for sale shares & other variable income securities**
Opening balance 1/1/2015	18,488	184,772
Opening balance of new companies	-	311
Opening balance of discontinued companies	-	(16,370)
Profit/ (loss) for the year	(17,549)	-
Other comprehensive income	-	69,452
Purchases	1,258	5,107
Impairment	-	(12,062)
Disposals/ Settlements	-	(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)	**31/12/2016**	
	Favourable changes	**Unfavourable changes**
Income Statement		
Available for sale shares & other variable income securities	-	(27)
Derivative financial instruments - assets	7	(5)
Equity Statement		
Available for sale shares & other variable income securities	18	(3)

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 31/12/2016, will range between about +113% in the scenarios of favourable changes and -83% 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.

3.14 Fiduciary activities

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

3.15 Capital adequacy

From January 2014 onwards Piraeus Bank Group applies the new regulatory framework CRDIV (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU and Regulation (EU) No. 575/2013. For the transposition of Directive 2013/36/EU, Greece adopted L.4261/2014.

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

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

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

Further to the conclusion of the SREP (Supervisory Review and Evaluation Process) for year 2016, the ECB informed Piraeus Group of its total capital requirement, valid from January 1st 2017.

According to the decision, Piraeus Bank has to maintain, on a consolidated basis, an overall capital requirement ratio of 13.0%, which includes: (a) the minimum Pillar I total capital requirements as per article 92(1) of Regulation 575/2013/EU; (b) the additional Pillar II capital requirement as per article 16(2) of Regulation 1024/2013/EU; and (c) the transitional capital conservation buffer of Regulation 575/2013/EU, which for 2017 is set at 1.25%.

Amounts in thousand euros (Unless otherwise stated)

The main Piraeus Bank's Group objectives related to the capital adequacy management are the following:

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

As of 31st December 2016, the Group's capital adequacy ratio amounted to 17.0%, significantly exceeding the regulatory requirements.

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

	31 December 2016	31 December 2015
Ordinary shares	2,619,955	2,619,955
Share premium	13,074,688	13,074,688
Contingent Convertible bonds	2,040,000	2,040,000
Less: treasury shares	(842)	(460)
Available for sale reserve	(7,877)	43,779
Legal reserve and other reserves	(57,968)	(29,683)
Retained earnings	(8,004,333)	(7,840,635)
Minority Interest	160,115	112,882
Less: intangible assets	(282,036)	(275,031)
Total regulatory adjustments on Core Tier I capital	(510,561)	(296,039)
Common Equity Tier 1 Capital	**9,031,142**	**9,449,455**
Hybrid capital	-	-
Total regulatory adjustments on Tier I capital	-	-
Tier 1 Capital (A)	**9,031,142**	**9,449,455**
Subordinated debt	-	-
Total regulatory adjustments on Tier II capital	-	-
Total Tier II Capital (B)	**0**	**0**
Total regulatory capital (A) + (B)	**9,031,142**	**9,449,455**
Total risk weighted assets (on and off- balance sheet items)	**53,266,104**	**54,441,459**
CET1 Capital ratio	**17.0%**	**17.4%**
T1 Capital ratio	**17.0%**	**17.4%**
Total capital ratio	**17.0%**	**17.4%**

On 31/12/2015 the total risk weighted assets and capital adequacy ratios have been restated by taking into consideration note 48.

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

The calculation of the capital adequacy ratios of the Group, takes into account the deferred tax assets which have been recognized on the basis of the relevant provisions of the IFRS´s. On 31.12.2016, the deferred tax asset of the Group amounted to € 5.3 billion approximately (31.12.2015: € 5.1 billion).

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

Under the current directive about the capital adequacy (“CRD IV”), deferred tax assets which are recognized according to the IFRS´s and are based on the future profitability of the Group, are deducted from the Common Equity Tier 1 capital (“CET1”) if they exceed specific limits. However, according to Article 27A of Law 4172/2013, as added with par. 1 of article 23 of Law 4302/2014 and replaced by then in force with article 4 of Law 4340/2015, concerning deferred tax assets, it is allowed under conditions to credit institutions, from 2017 onwards, to transform deferred tax assets, that have been recognized due to losses from the Private Sector Involvement “PSI” and accumulated provisions due to credit risk in relation to existing receivables as of 30 June 2015, into directly enforceable claims (tax credits) against the Greek State. The aforementioned Law provisions shall be amended by the submitted preliminary Law “Incorporation to the Hellenic legislation of Directive 2014/92 / EU of the European Parliament and of the Council of 23rd July 2014 on the comparability of fees connected with payment accounts, change of payment accounts and access to payment accounts with basic features and other provisions”, which was validated at 29th March 2017 by the Hellenic Parliament and is expected to be published on Gazette, in order to regulate the accounting and supervisory treatment of the deferred tax assets that have been already recognized (may under certain conditions, be converted into directly enforceable claims) by financial or credit institutions which are supervised by the Bank of Greece or the SSM, in a consistent manner with write-offs or restructuring loans regarding their debtors. More specifically, under the amended provisions of article 27A clarifies that, in addition to the deferred tax asset relating to the amount of accumulated provisions and other general losses due to credit risk and the remaining (unamortized) amount of the debit difference of PSI, the deferred tax assets relating to accounting write-offs and final losses due to permanently write-offs or restructuring of debts under certain conditions, can also be converted into directly enforceable claims against Greek State, and thus is being added to regulatory capital. The amended provisions are effective from 01.01.2016.In this case, these tax credits are not deducted from the CET1, but are included in the risk weighted assets of the Group based on the current weights.

On 31.12.2016, the deferred tax assets of the Group, which met the above conditions, amounted to € 4.1 billion, of which € 1.4 billion relates to the remaining unamortized amount of debit difference from the participation of the Private Sector Involvement program PSI and € 2.7 billion relates to the differences between the IFRS accumulated provisions for loan impairments and the respective tax provisions.

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

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

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

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

4.1. Impairment losses on loans and other receivables

The Group examines, at every reporting period, whether trigger for impairment exists for its loans or loan portfolios. If such triggers exist, the recoverable amount of the loan portfolio is calculated and the relevant provision for this impairment is raised. The provision is recorded in the income statement. The estimates, methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual losses. Relevant to the adjustment in the estimates for the impairment test of loans, performed by the Group in 2016, is note 23 of the consolidated financial statements.

4.2. Impairment of available for sale portfolio, associate companies and joint ventures

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 and joint ventures

The Group tests for impairment the investments in associate companies and joint ventures, 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 or the joint venture. The amount of the permanent impairment of the investment, which may arise from the assessment, is recorded to the income statement.

4.3. 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, as described in note 2.18 of the consolidated financial statements, 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 31/12/2016, the subsidiary companies of the Group applied the procedures of the Bank regarding the valuation of their real estate property, adjusted to the specific conditions of every company.

4.4. 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)

4.5. 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.

Relative to the provisions of Law 4172/2013 for deferred tax assets is note 15 of the consolidated financial statements.

4.6. Greek public sector

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

As at 31 December 2016, the total carrying value of the Group’s receivables from Greek Public Sector is as follows:

	2016	2015
Derivative financial instruments - assets	341,796	347,370
Bonds and treasury bills at fair value through profit or loss	8,428	50,351
Loans to corporate entities/ Public sector	2,061,031	1,.373,825
Bonds, treasury bills and other variable income securities of investment portfolio	2,084,465	2,034,992
Other Assets	793,384	741,828
Total	**5,289,105**	**4,548,366**

The loans to public sector (€ 2.1 billion) at 31/12/2016 include the seasonal loan to OPEKEPE (€ 1.9 billion) and at 31.12.2015 (€ 1.0 billion).

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

5 Segment analysis

a) By business segment

Piraeus Bank Group has defined the following business segments:

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

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

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

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

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

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

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

Amounts in thousand euros (Unless otherwise stated)

1/1-31/12/2016	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	1,412,107	549,353	749	39,642	(191,137)	**1,810,713**
Net fee and commision income	270,043	33,542	5,960	11,830	4,368	**325,742**
Other income	117,706	2,753	2,818	99,586	6,732	**229,596**
Net Income	**1,799,856**	**585,648**	**9,527**	**151,058**	**(180,038)**	**2,366,052**
Depreciation and amortisation	(34,177)	(2,645)	(300)	(2,559)	(70,929)	**(110,611)**
Other operating expenses	(978,711)	(90,139)	(11,665)	(55,582)	(75,360)	**(1,211,456)**
Results before provisions, impairment and income tax	**786,968**	**492,864**	**(2,438)**	**92,917**	**(326,327)**	**1,043,985**
Impairment losses on loans	(864,783)	(144,225)	-	-	(5,612)	**(1,014,620)**
Impairment losses on other assets	(17,452)	(457)	(381)	(24)	(101,367)	**(119,681)**
Impairment losses on other debt securities - receivables	-	-	-	-	(5,118)	**(5,118)**
Impairment on participations and investment securities	-	-	-	-	(28,125)	**(28,125)**
Impairment of tangible and intangible assets	(12,419)	(141)	-	-	(2,699)	**(15,259)**
Impairment on assets held for sale	-	-	-	-	(1,646)	**(1,646)**
Other provisions	(3,820)	(1,732)	-	-	(3,596)	**(9,148)**
Share of profit of associates and joint ventures	-	-	-	-	(18,169)	**(18,169)**
Results before tax	**(111,506)**	**346,308**	**(2,819)**	**92,893**	**(492,658)**	**(167,781)**
Income tax						158,966
Results after tax from continuing operations						**(8,816)**
Results after income tax from discontinued operations						(31,327)
Results after tax						**(40,143)**
As at 31 December 2016						
Total assets	40,586,877	12,749,635	53,094	16,767,332	11,343,596	**81,500,534**
Total liabilities	39,511,810	2,041,176	41,477	27,772,366	2,309,967	**71,676,796**
Capital expenditure	212,424	14,369	72	2,163	145,552	**374,580**

Amounts in thousand euros (Unless otherwise stated)

1/1-31/12/2015	**Retail Banking**	**Corporate Banking**	**Investment Banking**	**Asset Management & Treasury**	**Other business segments**	**Group**
Net interest income	1,491,306	619,472	764	116,143	(350,465)	**1,877,220**
Net fee and commision income	251,897	35,737	3,116	11,394	3,515	**305,659**
Other income	81,271	3,462	3,669	54,033	67,794	**210,229**
Net Income	**1,824,474**	**658,672**	**7,549**	**181,569**	**(279,156)**	**2,393,107**
Depreciation and amortisation	(39,436)	(2,986)	(344)	(2,762)	(66,250)	**(111,778)**
Other operating expenses	(1,113,591)	(96,839)	(10,660)	(64,222)	(75,591)	**(1,360,903)**
Results before provisions, impairment and income tax	**671,447**	**558,848**	**(3,455)**	**114,585**	**(420,998)**	**920,426**
Impairment losses on loans	(2,557,116)	(929,691)	-	-	-	**(3,486,807)**
Impairment losses on other assets	(45,390)	(647)	(488)	-	(110,990)	**(157,515)**
Impairment on participations and investment securities	-	-	-	-	(27,180)	**(27,180)**
Impairment of tangible and intangible assets	(14,630)	-	-	-	(105,669)	**(120,299)**
Impairment on assets held for sale	-	-	-	-	(9,342)	**(9,342)**
Other provisions	(6,247)	(3,154)	(345)	-	(26,724)	**(36,470)**
Share of profit of associates	-	-	-	-	(12,766)	**(12,766)**
Results before tax	**(1,951,936)**	**(374,645)**	**(4,288)**	**114,585**	**(713,669)**	**(2,929,953)**
Income tax						1,068,562
Results after tax from continuing operations						**(1,861,390)**
Results after income tax from discontinued operations						(34,606)
Results after tax						**(1,895,996)**
As at 31 December 2015						
Total assets	42,188,993	12,780,445	62,519	21,168,524	11,733,496	**87,933,978**
Total liabilities	38,280,576	1,613,651	36,393	35,642,757	2,340,075	**77,913,452**
Capital expenditure	175,066	22,148	244	1,802	113,577	**312,837**

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.

31 December 2016	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	20,810,171	(10,261,519)	10,548,652
Mortgages	4,699,633	(1,435,289)	3,264,344
Consumer	3,040,319	(1,984,844)	1,055,475
Total	**28,550,123**	**(13,681,652)**	**14,868,471**

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

Total liabilities include deposits of customers of RBU of amount € 379,024 thousand (31/12/2015: € 426,154 thousand).

6 Net interest income

	1/1-31/12/2016	1/1-31/12/2015
Interest income		
Interest on fixed income securities	125,509	168,430
Interest on loans and advances to customers and repos	2,302,034	2,673,824
Interest on loans and advances to credit institutions	92,363	110,928
Other interest income	22,873	14,295
Total interest income	**2,542,779**	**2,967,477**
Interest expense		
Interest on customer deposits and reverse repos	(248,311)	(430,684)
Interest on debt securities in issue and on other borrowed funds	(330)	(23,929)
Interest on due to credit institutions	(332,360)	(482,077)
Contribution of Law 128	(143,788)	(151,154)
Other interest expense	(7,276)	(2,413)
Total interest expense	**(732,066)**	**(1,090,257)**
Net interest income	**1,810,713**	**1,877,220**

Group's net interest income for the year 2016 amounted to € 1.8 billion slightly decreased in relation to the comparative period of 2015, which is due to the improvement of funding cost, that was hedged from the additional deleveraging of loan portfolio, the minor decrease of average loan margin and the decrease of Euribor, which is the based pricing of the most financial assets.

Amounts in thousand euros (Unless otherwise stated)

7 Net fee and commission income

	1/1-31/12/2016	1/1-31/12/2015
Fee and commission income		
Commercial banking	342,378	309,286
Investment banking	13,075	13,715
Asset management	15,129	22,167
Total fee and commission income	**370,582**	**345,167**
Fee and commission expense		
Commercial banking	(42,003)	(36,142)
Investment banking	(2,347)	(2,140)
Asset management	(490)	(1,226)
Total fee and commission expense	**(44,840)**	**(39,509)**
Net fee and commission income	**325,742**	**305,659**

8 Dividend income

	1/1-31/12/2016	1/1-31/12/2015
Dividend from AFS securities	8,581	8,117
Dividend from trading securities	211	83
	8,792	**8,200**

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

	1/1-31/12/2016	1/1-31/12/2015
Gains less losses on FX	13,048	8,425
Gains less losses on shares and mutual funds	147	179
Gains less losses on derivatives	(20,993)	18,643
Gains less losses on bonds and treasury bills	5,995	44,544
Gains less losses on liabilities designated at fair value through profit or loss	100	(429)
Net trading income (A)	**(1,704)**	**71,362**
Net income from other financial instruments designated at fair value through profit or loss (B)	**0**	**0**
Total (A) + (B)	**(1,704)**	**71,362**

During the year 2016, "Gains less losses on derivatives" include losses of € 9.5 million mainly arising from interest rate swaps and losses of € 10.0 million primarily due to revaluation of currency swaps. Additionally, "Gains less losses on bonds and treasury bills" include gains of € 4.3 million mainly from repurchases of securitisation of mortgages bonds (ESTIA I, ESTIA II) and gains of € 1.1 million from the revaluation of bonds and Foreign Government Treasury Bills.

Amounts in thousand euros (Unless otherwise stated)

10 Results from investment securities

	1/1-31/12/2016	1/1-31/12/2015
Gains less losses on AFS - shares and mutual funds (note 42)	81,495	27
Gains less losses on AFS - bonds (note 42)	(10,559)	(20)
Gains less losses on sale of EFSF bonds	105,880	-
Gains less losses on sale of subsidiaries and associates	(13,130)	38,062
Total	**163,687**	**38,068**

"Results from investment securities" for the year 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 € 106 million from the sale of EFSF bonds of face value € 3.7 billion within the framework of the ECB´s Quantitative Easing (QE) program, c) a gain of approximately € 4 million on the sale of listed in the Athens Stock Exchange shares, in the framework of the Bank's Restructuring Plan and d) a loss of € 13 million on the sale of the total holding in the subsidiary company Piraeus Leasing Bulgaria and the associate company European Reliance General Insurance Co. SA, in the framework of the Bank's Restructuring Plan.

Impairment of investment securities is included in "Impairment on investment securities" in the consolidated income statement. Relevant reference is provided in note 24 and note 42.

11 Other results

	1/1-31/12/2016	1/1-31/12/2015
Other results from real estate (rental income and result from the valuation of investment property) (note 29)	(28,124)	(16,151)
Other results from real estate and industrial areas	4,730	676
Other results from operating leasing	46,978	41,210
Other results from health sector operations	21,119	15,468
Gains from the capitalization of liabilities following the Liability Management Exercise	-	17,629
Other	14,118	33,767
Total	**58,821**	**92,599**

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2016	31 December 2015
Up to 1 year	48,897	32,234
From 1 to 5 years	152,925	129,168
More than 5 years	1,473,628	1,587,211
	1,675,450	**1,748,613**

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

Amounts in thousand euros (Unless otherwise stated)

12 Staff costs

	1/1-31/12/2016	1/1-31/12/2015
Wages & salaries	(467,836)	(492,347)
Social insurance contributions	(119,767)	(123,031)
Other staff costs	(25,404)	(23,339)
Voluntary Redundancy Costs	-	(7,724)
Retirement benefit charges (note 39)	(14,505)	(15,466)
Estimated cost of voluntary exit scheme	-	(110,000)
Total	**(627,511)**	**(771,908)**

The number of staff employed by the Group as at 31/12/2016 was 18,995 (2015: 20,719), of which 14 people refer to discontinued operations (ATE Insurance Romania S.A.).

13 Administrative expenses

	1/1-31/12/2016	1/1-31/12/2015
Rental expense	(53,203)	(60,852)
Taxes and duties	(93,687)	(93,803)
Promotion and advertising expenses	(46,919)	(44,402)
Servicing - promotion of banking products	(43,607)	(43,267)
Fees and third parties expenses	(117,832)	(103,200)
Security and maintenance of fixed assets	(48,359)	(46,113)
Telecommunication and electricity expenses	(27,861)	(31,376)
Contribution expense in state controlled deposit guarantee scheme	(77,051)	(90,264)
Other administrative expenses	(75,427)	(75,718)
Total	**(583,945)**	**(588,995)**

The decrease of the line "Contribution expense in state controlled deposit guarantee scheme" in 2016, is due to the fact that there are no extraordinary contributions compared to 2015.

The available financial means of the Resolution Scheme (RS) of HDIGF, as Resolution Fund for credit institutions, come from regular ex-ante contributions, extraordinary ex-post contributions and alternative financial means under Law No. 4335/2015 as amended and in force by Law No. 4370/2016. Participating credit institutions when granting loans to the RS pay contributions, with which the RS repays its loan obligations for resolution purposes.

In year 2016, the total amount of contributions of € 77.1 million concerns a) annual contribution to the Resolution Scheme (RS) amounting to approximately € 42.8 million, b) regular ex-ante contribution to European Resolution Mechanism for year 2016 of approximately € 24.5 million, c) participation fee to cover the operating and investment costs € 0.2 thousand and d) an amount of € 9.6 million relating to the contributions of foreign subsidiary companies. Under the provisions of Law 4370/2016 on assets, which Hellenic Deposit & Investment Guarantee Fund (HDIGF) placed at the disposal of Deposit Guarantee Scheme, no annual fee was incurred in the year 2016 as in previous year 2015.

Amounts in thousand euros (Unless otherwise stated)

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

In the year 2016 are included the results of ATE Insurance Romania S.A., Piraeus Bank Cyprus LTD group of companies until the day of its disposal (28/12/2016) and ATE Insurance S.A. until the day of its disposal (1/8/2016). Additionally are included, a loss of € 27.6 million from the disposal of the company ATE Insurance S.A., based on the agreed sale price, which is subject to the standard adjustments and a loss of € 17.4 million from the disposal of Piraeus Bank Cyprus LTD group of companies. In the year 2015 are included the results of the aforementioned companies and Piraeus Bank Egypt S.A.E. group of companies until the date of their disposal (10/11/2015).

	1/1-31/12/2016	1/1-31/12/2015
Net interest income	24,671	64,118
Net fee and commission income	7,509	16,298
Dividend Income	868	918
Net income from financial instruments designated at fair value through profit or loss	37,991	1,471
Results from investment securities	(45,064)	505
Other results	14,604	41,695
Total net income	**40,580**	**125,005**
Staff costs	(23,246)	(50,018)
Administrative expenses	(11,253)	(26,983)
Depreciation and amortization	(1,314)	(7,114)
Total operating expenses before provisions	**(35,814)**	**(84,116)**
Other provisions and impairment	(19,764)	(69,178)
Share of profit of associates	-	(162)
Profit/ (loss) before income tax	**(14,997)**	**(28,451)**
Income tax	(16,330)	(6,155)
Profit/ (loss) after income tax from discontinued operations	**(31,327)**	**(34,606)**

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

	31 December 2016	31 December 2015
ASSETS		
Cash and balances with Central Banks	12	211,043
Loans and advances to credit institutions	1,981	10,143
Derivative financial instruments	-	5
Financial instruments at fair value through profit or loss	-	6,589
Loans and advances to customers	-	632,547
Available for sale securities	-	407,951
Held to maturity	-	23,877
Debt securities - receivables	-	36,518
Investment property	-	21,199
Property, plant and equipment	11	65,497
Intangible assets	72	872
Deferred tax assets	-	73,523
Other assets	486	104,649
Total Assets	**2,562**	**1,594,414**

Amounts in thousand euros (Unless otherwise stated)

	31 December 2016	31 December 2015
LIABILITIES		
Due to credit institutions	-	1,785
Due to customers	-	950,150
Deferred tax liabilities	17	16
Current income tax liabilities	-	6,393
Retirement benefit obligations	-	4,226
Other provisions	600	491,691
Other liabilities	866	30,622
Total Liabilities	**1,483**	**1,484,883**

15 Income tax

	1/1-31/12/2016	1/1-31/12/2015
Current Tax	(26,724)	(29,306)
Deferred tax (Note 38)	183,649	1,098,629
Provisions for tax differences	2,041	(760)
Total	**158,966**	**1,068,562**

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).

The income tax revenue for 2016 amounting to € 159.0 million, was mainly affected from the recognition of deferred tax asset on the participations recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes. Relevant reference is provided in note 38.

The Group has recognized deferred tax assets amounting to € 5.3 billion, based on the appropriate estimates of the Management for the future evolution of the Group's tax results, taking into account the revised approved restructuring plan by the European Commission on November 29th 2015, and assessing the recoverability of other relevant factors (such as the nature of the temporary tax differences, the time limitations for offsetting losses, etc).

The measures that have already been implemented, as well as those included in the existing restructuring plan of the Bank, are reliably expected to enforce the Bank's future profitability and to allow the Bank to overcome the effects of the extended Greek recession.

Under the provisions of Law 4172/2013, Article 27A, as added with par. 1 of Article 23 of Law 4302/2014 and replaced by then in force with Law 4340/2015, deferred tax assets of Greek financial institutions that have been recognized due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing receivables as of 30 June 2015, will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the after tax accounting result from the fiscal year 2016 onwards, is a loss. This claim will be offset against the relevant amount of income tax. When the amount of income tax is insufficient to offset the above claim, any remaining claim will give rise to a direct refund right against the Greek State. In this case, a special reserve equal to 100% of the above claim will be created exclusively for a share capital increase and the issuance of capital conversion rights (warrants) without consideration in favor of the Greek State. The above rights will be convertible into ordinary shares. Existing shareholders will have a call option right. The above-mentioned reserve will be capitalized and new ordinary shares will be issued in favor of the Greek State.

The aforementioned Law provisions shall be amended by the submitted preliminary Law "Incorporation to the Hellenic legislation of Directive 2014/92 / EU of the European Parliament and of the Council of 23rd July 2014 on the comparability of fees connected with payment accounts, change of payment accounts and access to payment accounts with basic features and other provisions" which was validated at 29th March 2017 by the Hellenic Parliament and is expected to be published on Gazette, in order to regulate the accounting and supervisory treatment of the deferred tax assets that have been already recognized (may under certain conditions, be converted into directly enforceable claims) by financial or credit Institutions which are supervised by the Bank of Greece or the SSM, in a consistent manner with write-offs or restructuring loans regarding their debtors.

More specifically, under the amended provisions of article 27A clarifies that, in addition to the deferred tax asset relating to the amount of accumulated provisions and other general losses due to credit risk, and the remaining (unamortized) amount of the debit difference of PSI, the deferred tax assets relating to accounting write-offs and final losses due to permanently write-offs or restructuring of debts under certain conditions, can also be converted into directly enforceable claims against Greek State, and thus is being added to regulatory capital. The amended provisions are effective from 01.01.2016.

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 31.12.2016, 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 tax provisions respectively.

Amounts in thousand euros (Unless otherwise stated)

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

	2016	2015
Results before tax	(167,781)	(2,929,953)
Tax calculated	48,657	849,686
Income not subject to tax (corresponding tax)	21,014	32,648
Corresponding tax of impairment on investments from previous year (note 38)	211,763	-
Non deductible expenses and provisions (corresponding tax)	(120,669)	(301,122)
Effect of different tax rates applied abroad	1,335	4,656
Impact on deferred tax from the legally approved change of tax rate	-	451,052
Effect of results of investment in associates	(5,269)	(3,702)
Use of tax losses for which no deferred tax asset has been recognized	94	36,104
Provisions for tax differences	2,041	(760)
Income Tax	**158,965**	**1,068,562**

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 SocieteAnonyme 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 years 2014 and 2015, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non-qualified "Tax Compliance Report" has been issued. For the fiscal year of 2016, the tax audit is being performed by PricewaterhouseCoopers S.A.

Amounts in thousand euros (Unless otherwise stated)

Namely to the subsidiaries, associates and joint ventures 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 2015 has been completed and the relevant Tax Compliance Reports have been issued.

For the fiscal year of 2016, the tax audit is being performed by their statutory auditors.

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

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

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

16 Earnings/(losses) per share

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

Basic and diluted earnings/ (losses) per share from continuing operations	1/1-31/12/2016	1/1-31/12/2015
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	(3,664)	(1,858,220)
Weighted average number of ordinary shares in issue	8,732,514,159	2,220,348,109
Basic and diluted earnings/ (losses) per share (in €) from continuing operations	(0.0004)	(0.8369)

Basic and diluted earnings/ (losses) per share from discontinued operations	1/1-31/12/2016	1/1-31/12/2015
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	(31,322)	(34,628)
Weighted average number of ordinary shares in issue	8,732,514,159	2,220,348,109
Basic and diluted earnings/ (losses) per share (in €) from discontinued operations	(0.0036)	(0.0156)

17 Analysis of other comprehensive income

A. Continuing operations

1/1-31/12/2016	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(40,912)	10,946	(29,966)
Change in currency translation reserve	(16,448)	-	(16,448)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(25,762)	7,300	(18,463)
Other comprehensive income from continuing operations	**(83,123)**	**18,246**	**(64,877)**

Amounts in thousand euros (Unless otherwise stated)

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

B. Discontinued operations

1/1-31/12/2016	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(21,681)	-	(21,681)
Change in currency translation reserve	(2)	-	(2)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	67	-	67
Other comprehensive income from discontinued operations	**(21,616)**	**0**	**(21,616)**

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

18 Cash and balances with central banks

	31 December 2016	31 December 2015
Cash in hand	662,266	620,512
Nostros and sight accounts with other banks	475,124	665,366
Balances with Central Bank	518,721	544,068
Cheques clearing system - central banks	47,774	74,580
Included in cash and cash equivalents less than 90 days (note 44)	**1,703,885**	**1,904,526**
Blocked deposits	1,069,647	1,172,785
Mandatory reserves with central banks	298,255	567,510
Total	**3,071,788**	**3,644,821**

The interest rates for nostros and sight accounts are floating. The amount of blocked deposits mainly contains guarantees granted and margin accounts to credit institutions and they are not available for everyday use by the Group.

Amounts in thousand euros (Unless otherwise stated)

19 Loans and advances to credit institutions

	31 December 2016	31 December 2015
Placements with banks	81,301	140,189
Cheques receivables	7	56
Included in cash and cash equivalents less than 90 days (note 44)	**81,308**	**140,246**
Placements with banks	37,551	39,278
Loans and advances to credit institutions over 90 days	**37,551**	**39,278**
Total loans and advances to credit institutions	**118,859**	**179,523**

	31 December 2016	31 December 2015
Current loans and advances to credit institutions (up to 1 year)	83,648	140,879
Non current loans and advances to credit institutions (more than 1 year)	35,212	38,644
	118,859	**179,523**

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

20 Derivative financial instruments

Derivative financial instruments held by the group include currency forwards, interest rate futures, interest rate or/and currency swaps, call /put options on interest or/and currency or/and shares.

The notional amounts and fair values of derivative instruments held as at 2016 and 2015 are set out below:

At 31 December 2016	Notional amount	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Interest rate swaps	3,430,982	433,617	433,774
Currency swaps	1,654,332	120	20
FX forwards	136,447	15	563
Options and other derivative instruments	88,056	530	588
Cross Currency Interest Rate Swaps	2,073,759	5,362	26,454
		439,644	**461,399**
Embedded equity derivatives			
Customer deposits/ loans linked to options	8,201	-	277
Other embedded equity derivatives	201,863	6,001	-
Total recognised derivative assets/ liabilities		**445,645**	**461,676**

At 31 December 2016	Fair values	
	Assets	**Liabilities**
Current	4,796	2,346
Non-current	440,849	459,330
	445,645	**461,676**

Amounts in thousand euros (Unless otherwise stated)

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

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

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

21 Financial assets at fair value through profit or loss

	31 December 2016	31 December 2015
Foreign government bonds	802	1,278
Foreign government treasury bills	28,943	24,611
Included in cash and cash equivalents less than 90 days (note 44)	**29,745**	**25,889**
Greek government bonds	8,428	50,351
Foreign government bonds	145,458	158,055
Bank bonds	-	56
Total over 90 days	**153,886**	**208,462**
Athens stock exchange listed shares	10,228	6,034
Foreign stock exchanges listed shares	1	12
Mutual funds	-	1
Total	**10,229**	**6,047**
Total financial assets at fair value through profit or loss	**193,861**	**240,398**

From the above mentioned trading securities as at 31/12/2016, amount of € 183 million relates to fixed income securities (2015: € 234 million), and there are no floating rate securities (2015: € 0 million) and zero coupon bonds (2015: € 0 million).

Securities pledged are presented in note 40.

Amounts in thousand euros (Unless otherwise stated)

22 Reverse repos with customers

	31 December 2016	31 December 2015
Reverse repos with customers - individuals	28,454	641
Reverse repos with customers - corporate entities	1,551	-
Total reverse repos with customers	**30,005**	**641**

23 Loans and advances to customers

	31 December 2016	31 December 2015
Mortgages	15,720,176	16,298,876
Consumer/ personal and other loans	3,872,001	4,266,710
Credit cards	889,588	1,027,000
Loans to individuals	**20,481,766**	**21,592,586**
Loans to corporate entities and Public sector	**38,045,998**	**38,357,729**
Total loans and advances to customers (before allowance for losses)	**58,527,764**	**59,950,315**
Less: Allowance for impairment on loans and advances to customers	(8,820,157)	(9,359,122)
Total loans and advances to customers (net of provisions)	**49,707,608**	**50,591,193**

	31 December 2016	31 December 2015
Current loans and advances to customers (up to 1 year)	6,888,142	6,353,396
Non current loans and advances to customers (more than 1 year)	42,819,465	44,237,797
	49,707,608	**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	(20,092)	(29,619)	(2,029)	**(51,739)**	(175,439)	**(227,178)**
Opening balance of new companies	24	-	-	**24**	14,106	**14,130**
Charge for the year	620,564	192,859	25,745	**839,167**	2,647,640	**3,486,807**
Loans written-off	(22,564)	(184,089)	(36,670)	**(243,324)**	(636,894)	**(880,217)**
Provision of derecognised loans	-	(354)	(29)	**(383)**	(702,389)	**(702,772)**
Unwinding	(78,171)	(60,415)	(9,988)	**(148,573)**	(179,620)	**(328,194)**
Foreign exchange differences and other movements	18,317	35,581	86	**53,984**	111,465	**165,449**
Balance at 31/12/2015	**1,262,251**	**915,680**	**239,342**	**2,417,273**	**6,941,849**	**9,359,122**
Opening balance at 1/1/2016	**1,262,251**	**915,680**	**239,342**	**2,417,273**	**6,941,849**	**9,359,122**
Charge for the year	210,557	92,036	8,205	**310,797**	703,822	**1,014,620**
Loans written-off	(15,895)	(167,159)	(79,845)	**(262,899)**	(964,587)	**(1,227,487)**
Provision of derecognised loans	(2,906)	(2,200)	(48)	**(5,154)**	(39,280)	**(44,434)**
Unwinding	(72,526)	(66,338)	(8,614)	**(147,478)**	(202,679)	**(350,157)**
Provision of disposed companies	-	(1,282)	-	**(1,282)**	(21,839)	**(23,120)**
Foreign exchange differences and other movements	3,470	(23,101)	251	**(19,381)**	110,994	**91,613**
Balance at 31/12/2016	**1,384,950**	**747,636**	**159,290**	**2,291,876**	**6,528,281**	**8,820,157**

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	31 December 2016	31 December 2015
Up to 1 year	456,991	453,620
From 1 to 5 years	285,258	363,321
More than 5 years	1,735,832	1,976,385
	2,478,081	**2,793,325**
Unearned future finance income	(314,578)	(387,925)
Net investments in finance leases	**2,163,502**	**2,405,400**

Net investments in finance leases are analysed as follows:

	31 December 2016	31 December 2015
Up to 1 year	426,245	417,465
From 1 to 5 years	208,116	260,569
More than 5 years	1,529,142	1,727,365
	2,163,502	**2,405,400**

24 Investment securities

a) Available for sale portfolio

	31 December 2016	31 December 2015
Greek government bonds	401,524	400,776
Foreign government bonds	318,965	287,864
Bank bonds	-	4,740
Greek government treasury bills	1,668,133	1,621,695
Foreign government treasury bills	53,921	47,754
Total bonds and other fixed income securities (A)	**2,442,542**	**2,362,830**
Athens stock exchange listed shares	6,369	63,639
Foreign stock exchange listed shares	1,464	1,802
Unlisted shares	192,461	233,269
Mutual funds	88,915	65,626
Other variable income securities	8,496	12,521
Total shares and other variable income securities (B)	**297,704**	**376,857**
Total available for sale securities (A) + (B)	**2,740,246**	**2,739,687**

As at 31/12/2016, amount of € 774 million relates to investment portfolio bonds and treasury bills with fixed rates (2015: € 741 million), amount of € 1,668 million relates to zero coupon bonds (2015: € 1,622 million) but no amount relates to floating rate bonds (2015: € 0 million).

Amounts in thousand euros (Unless otherwise stated)

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

	31 December 2016	31 December 2015
Opening balance	2,739,687	2,533,587
Opening balance of discontinued operations	-	(201,436)
Opening balance of new companies and banking operations acquired	-	2,814
Additions	7,064,821	8,556,969
Disposals/ maturities	(7,086,398)	(8,249,460)
Changes in fair value	15,449	95,486
Transfers to associates (note 26)	-	(1,000)
Transfers to subsidiaries (note 26)	9,263	-
Transfers from subsidiaries (note 26)	(5,000)	-
Foreign exchange differences	2,425	2,727
Closing balance	**2,740,246**	**2,739,687**

b) Held to maturity portfolio

	31 December 2016	31 December 2015
Corporate entities bonds	320	182
Greek government bonds	6,313	-
Total held to maturity	**6,634**	**182**

As at 31/12/2016, held to maturity securities relates to floating rates with an amount of € 0.3 million (2015: € 0.2 million) and to fixed rates with an amount of € 6 million (2015: € 0 million).

Movement of the held to maturity securities	31 December 2016	31 December 2015
Opening balance	182	27,180
Additions	6,531	76
Maturity of securities	(68)	(27,637)
Coupons receipts	(12)	-
Foreign exchange differences	-	564
Closing balance	**6,634**	**182**

During 2016 and 2015, “Maturity of securities” mainly includes maturity of securities of Group's subsidiaries.

	31 December 2016	31 December 2015
Current investments securities (up to 1 year)	1,806,308	1,717,768
Non current investments securities (more than 1 year)	642,868	645,243
Total of investments securities	**2,449,175**	**2,363,012**

Amounts in thousand euros (Unless otherwise stated)

25 Debt securities - receivables

	31 December 2016	31 December 2015
Corporate entities debt securities - receivables	27,816	16,282
Bank debt securities - receivables	5,012	28,858
EFSF bonds - receivables	10,507,342	14,244,680
ESM bonds - receivables	2,711,576	2,719,362
Total debt securities - receivables	**13,251,746**	**17,009,181**
Less: Allowance for impairment on debt securities - receivables	(5,489)	(23,846)
Total debt securities - receivables (less allowances for losses)	**13,246,257**	**16,985,336**

	31 December 2016	31 December 2015
Current debt securities - receivables (up to 1 year)	1,627,129	-
Non current debt securities - receivables (more than 1 year)	11,619,128	16,985,336
	13,246,257	**16,985,336**

The balance of the EFSF bonds has decreased due to sale of securities of face value € 3.7 billion, under the Bank's participation in the ECB's quantitative easing program. The result arised from the sale ιs mentioned at note 10.

Amounts in thousand euros (Unless otherwise stated)

26 Investments in consolidated companies

The investments of Piraeus Bank Group in consolidated companies 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.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2013-2016
2.	Cyprus Leasing S.A.	Finance leases	100.00%	Greece	2008-2010, 2013-2016
3.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases- Rent-a-Car and long term rental of vehicles	94.00%	Greece	2010,2013-2016
4.	Geniki Financial & Consulting Services S.A.	Financial & consulting services	100.00%	Greece	2010-2016
5.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2010,2013-2016
6.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010,2013-2016
7.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010,2013-2016
8.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of venture capital fund	100.00%	Greece	2013-2016
9.	Hellenic Fund for Sustainable Development	Close End Venture Capital Fund	65.00%	Greece	-
10.	ETVA Fund Management S.A.	Management of venture capital mutual funds	65.00%	Greece	2014-2016
11.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010,2013-2016
12.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010,2013-2016
13.	Piraeus Insurance Agency S.A.	Insurance - agency	100.00%	Greece	2010,2013-2016
14.	Geniki Information S.A.	Assessment and collection of commercial debts	100.00%	Greece	2010-2016
15.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010,2013-2016
16.	ETVA Development S.A.	Investment and development activities, in accordance with the principles of sustainable development	65.00%	Greece	2014-2016
17.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece	2010,2013-2016
18.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2013-2016
19.	Abies S.A.	Property management	61.65%	Greece	2010-2016
20.	Achaia Clauss Estate S.A.	Property management	75.27%	Greece	2010,2013-2016
21.	Euroterra S.A.	Property management	62.90%	Greece	2010-2016
22.	Kosmopolis A' Shopping Centers S.A.	Shopping center’s management	100.00%	Greece	2010,2013-2016
23.	Linklife Food & Entertainment Hall S.A.	Operation of food and entertainment Halls	100.00%	Greece	2014-2016
24.	ND Development S.A.	Property management	100.00%	Greece	2010,2013-2016
25.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2008-2010,2013-2016

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
26.	Picar S.A.	City Link areas management	100.00%	Greece	2010,2013-2016
27.	Property Horizon S.A.	Property management	100.00%	Greece	2010,2013-2016
28.	Rebikat S.A.	Property management	61.92%	Greece	2010-2016
29.	Rembo S.A.	Real estate investment company	57.91%	Greece	2010,2013-2016
30.	Trastor Real Estate Investment Company	Real estate investment property	57.91%	Greece	2010,2013-2016
31.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece	2010,2013-2016
32.	Entropia Ktimatiki S.A.	Property management	66.70%	Greece	2010-2016
33.	Euroak S.A. Real Estate	Real estate investment	53.60%	Greece	2010-2016
34.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010,2013-2016
35.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2016
36.	Piraeus Development S.A.	Property management	100.00%	Greece	2010,2013-2016
37.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2013-2016
38.	Pleiades Estate S.A.	Property management	100.00%	Greece	2010,2013-2016
39.	A.C.T. B.A.S. S.A.	Counseling services for payroll and labour affairs	100.00%	Greece	2011-2016
40.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	80.00%	Greece	2013-2016
41.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece	2010,2013-2016
42.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2016
43.	Special Business Services S.A.	Advising, consultancy, organizational and training services	100.00%	Greece	2010,2013-2016
44.	Special Financial Solutions S.A.	Advising, consultancy, organizational and training services	100.00%	Greece	2010-2016
45.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	83.00%	Greece	2013-2016
46.	IMITHEA S.A.	Organization, operation and management of hospital units	100.00%	Greece	2010,2013-2016
47.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	100.00%	Greece	2010,2013-2016
48.	Piraeus ACT Services S.A.	Accounting and tax consulting	100.00%	Greece	2013-2016
49.	Pireaus Direct Services S.A.	Call center services	100.00%	Greece	2010,2013-2016
50.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	-
51.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania	2014-2016
52.	Tirana Leasing Sh.A.	Finance leases	100.00%	Albania	2016
53.	Cielo Concultancy Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2016
54.	Edificio Enterprise Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2016
55.	Tierra Projects Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2016
56.	Piraeus Real Estate Tirana Sh.P.K.	Real estate development	100.00%	Albania	2014-2016
57.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2016

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
58.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2016
59.	Beta Asset Management EOOD	Rent and management of real estate	99.98%	Bulgaria	2013-2016
60.	Bulfina E.A.D.	Property management	100.00%	Bulgaria	2008-2016
61.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2016
62.	Delta Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	2015-2016
63.	Gama Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	-
64.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2016
65.	Varna Asset Management EOOD	Real estate development	99.98%	Bulgaria	2014-2016
66.	Asset Management Bulgaria EOOD	Travel - rental services and property management	99.98%	Bulgaria	2012-2016
67.	Besticar Bulgaria EOOD	Collects receivables	99.98%	Bulgaria	2012-2016
68.	Besticar EOOD	Collects receivables from problematic clients	99.98%	Bulgaria	2012-2016
69.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2016
70.	Arigeo Energy Holdings Ltd	Holding company in renewable energy	100.00%	Cyprus	2012-2016
71.	Besticar Limited	Holding Company	99.98%	Cyprus	-
72.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	90.85%	Cyprus	2006-2016
73.	Piraeus Clean Energy Holdings Ltd	Holding Company	100.00%	Cyprus	2010-2016
74.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus	2011-2016
75.	Piraeus Renewable Investments Limited	Holding company	100.00%	Cyprus	2016
76.	PRI WIND I Limited	Holding company	100.00%	Cyprus	2016
77.	PRI WIND II Limited	Holding company	100.00%	Cyprus	2016
78.	PRI WIND III Limited	Holding company	100.00%	Cyprus	2016
79.	R.E. Anodus Two Ltd	Holding and investment company	99.09%	Cyprus	2013-2016
80.	Tellurion Ltd	Holding company	100.00%	Cyprus	2013-2016
81.	Tellurion Two Ltd	Holding company	99.09%	Cyprus	2013-2016
82.	Trieris Two Real Estate LTD	Holding, Investment and Real Estate Portfolio Management	100.00%	Cyprus	2007-2016
83.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011-2016
84.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2016
85.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	100.00%	Cyprus	2009-2016
86.	Lakkos Mikelli Real Estate Ltd	Property management	50.66%	Cyprus	2009-2016
87.	Philoktimatiki Public Ltd	Land and property development	53.29%	Cyprus	2015-2016
88.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2009-2016
89.	Piraeus Equity Advisors Ltd	Investment advise	100.00%	Cyprus	2009-2016

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
90.	Sunholdings Properties Company Ltd	Land and property development	26.65%	Cyprus	2008-2016
91.	Philoktimatiki Ergoliptiki Ltd	Construction company	53.29%	Cyprus	2015-2016
92.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2015-2016
93.	Akinita Ukraine LLC	Real estate development	99.09%	Ukraine	2014-2016
94.	Sinitem LLC	Sale and purchase of real estate	99.94%	Ukraine	2013-2016
95.	Solum Enterprise LLC	Property management	99.94%	Ukraine	2012-2016
96.	Solum Limited Liability Company	Property management	99.94%	Ukraine	2009-2016
97.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2016
98.	Piraeus Leasing Romania IFN S.A.	Finance leases	100.00%	Romania	2003-2016
99.	Alecsandri Estates SRL	Real Estate Development	74.32%	Romania	2009-2016
100.	Daphne Real Estate Consultancy SRL	Real estate development	99.09%	Romania	2014-2016
101.	Priam Business Consultancy SRL	Real estate development	99.18%	Romania	2014-2016
102.	Proiect Season Residence SRL	Real estate development	100.00%	Romania	2012-2016
103.	R.E. Anodus SRL	Real Estate development	99.09%	Romania	2013-2016
104.	Rhesus Development Projects SRL	Real estate development	99.09%	Romania	2014-2016
105.	General Business Management Investitii SRL	Development of building projects	100.00%	Romania	2013-2016
106.	Piraeus Real Estate Consultants SRL	Construction company	100.00%	Romania	2007-2016
107.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2013-2016
108.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2016
109.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2016
110.	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2007-2016
111.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
112.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
113.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
114.	Marathon 1 Greenvale Rd LLC	Real estate development	99.95%	U.S.A.	2012-2016
115.	Piraeus Group Capital Ltd	Debt securities issue	100.00%	United Kingdom	2016
116.	Piraeus Group Finance PLC	Debt securities issue	100.00%	United Kingdom	2016
117.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2016
118.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
119.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
120.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
121.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
122.	Estia Mortgage Finance II 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]
123. Kion CLO Finance No.1 PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
124. Kion Mortgage Finance No.3 PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
125. Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
126. Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
127. Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
128. Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
129. Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
130. Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
131. Vitria Investments S.A.	Investment company	100.00%	Panama	-

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 118 - 128 are special purpose vehicles for securitization of loans and issuance of debt securities. Company numbered 90 although presenting less than 50% holding percentage, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Also, as at 31/12/2016 the companies numbered 35, 42, 129, 130 and 123-124 were under liquidation. The financial results of the companies numbered 123 and 124 are included in the Financial Statements of the Bank. The financial results of the company numbered 2 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)

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

The effect of the change in the ownership interest in subsidiary companies, which did not result in loss of control during the financial years 2016 and 2015, is presented in the following tables:

31/12/2016	Changes in the interest	Carrying value of acquired third party interests	Consideration paid	Equity attributable to the shareholders of the Bank
Trastor Real Estate Investment Company=	-33.80%	(22,593)	14,452	(8,141)
Rembo S.A.	-33.80%	(340)	1,551	1,211
Euroak S.A. Real Estate	0.61%	75	(144)	(69)
Rebikat S.A.	0.72%	50	(26)	24
Abies S.A.	0.45%	22	(12)	10
Euroterra S.A.	0.43%	327	(117)	210
Euroinvestment & Finance Public Ltd=	-0.04%	(3)	3	1
Lakkos Mikelli Real Estate Ltd=	0.00%	(2)	1	(2)
Philoktimatiki Public Ltd	-0.02%	(1)	1	0
Solum Limited Liability Company	0.94%	(372)	0	(372)
Sinitem Llc	1.93%	(19)	(0)	(19)
ATE Insurance Romania S.A.	0.05%	2	(20)	(19)
Total		**(22,855)**	**15,690**	**(7,165)**

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

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

Amounts in thousand euros (Unless otherwise stated)

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

The most significant cases of loss of control of subsidiary companies due to disposal, in the financial years 2016 and 2015, are the following:

1/1 - 31/12/2016	Consideration	Group's gain/ (loss) from the disposal
Piraeus Bank Cyprus Ltd	3,239	(17,446)
ATE Insurance S.A.	90,100	(27,618)
Piraeus Leasing Bulgaria EAD	-	(4,526)

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

The results from the sale of ownership interests that resulted in loss of control, for Piraeus Bank Cyprus LTD and ATE Insurance S.A. are recorded in the line "Profit/ (loss) after income tax from discontinued operations" in the Consolidated Income Statement, where as for Piraeus Leasing Bulgaria EAD are recorded in the line "Results from investment securities".

Significant restrictions of subsidiary companies

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

Namely to the foreign bank subsidiaries, there is a prohibition by local Central Banks in all types of placements to the Group due to the condition of the Greek economy. Moreover, the early repayment of subordinated loans requires the prior approval of each local Central Bank. The total consolidated assets and liabilities of the foreign bank subsidiaries on 31/12/2016 were € 3.6 billion (31/12/2015: € 3.9 billion) and € 3.0 billion (31/12/2015: € 2.8 billion) respectively.

In general, there are restrictions concerning dividend distribution, by foreign subsidiary bank, while there are no restrictions in the repayment of their loans that have been granted by another company of the Group, even before their maturity. As an exception, there are restrictions in the transfer of funds or the early repayment of loans of subsidiary companies of the Group in Ukraine (except for Banks) that have been granted by non-resident companies, as required by a resolution of the Central Bank of Ukraine. The above mentioned decision of the Central Bank of Ukraine does not define a deadline for the abovementioned restrictions.

Additionally, for the subsidiary companies ATE Insurance Romania S.A., which is being held for sale on 31/12/2016, there are restrictions in place for dividend or capital distributions to the shareholder and for the transfer of assets within the Group.

Amounts in thousand euros (Unless otherwise stated)

Significant non-controlling interests

There are significant non-controlling interests in the subsidiary companies ETVA Industrial Parks S.A., Lakkos Mikelli Real Estate LTD, Trastor Real Estate Investment Company and Euroterra S.A.. The ownership interest of non-controlling investors in these companies is equivalent to the respective percentage of voting rights. The percentage of non-controlling interests and the respective carrying value on 31/12/2016, as well as the profit or loss attributed to non-controlling interests for the financial year 2016 and the comparative year 2015 for the above mentioned subsidiary companies, are the following:

Company name	% non-controlling interests		Carrying value of non-controlling interests		Losses attributed to non-controlling interests	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	2016	2015
ETVA Industrial Parks S.A.	35.00%	35.00%	76,238	76,804	(562)	826
Lakkos Mikelli Real Estate Ltd	49.34%	49.34%	29,683	30,215	(474)	(1,368)
Trastor Real Estate Investment Company	42.09%	8.29%	27,024	5,479	(931)	(548)
Euroterra S.A.	37.10%	0.00%	20,835	-	(633)	-

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

Condensed total comprehensive income	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate Ltd	
	2016	2015	2016	2015
Profit/ (loss) after tax for the year	(1,604)	2,361	(962)	(2,773)
Other comprehensive income, net of tax	(14)	25	-	-
Total comprehensive income for the year, net of tax	**(1,618)**	**2,386**	**(962)**	**(2,773)**

Condensed total comprehensive income	Trastor Real Estate Investment Company		Euroterra S.A.	
	2016	2015	2016	2015
Profit/ (loss) after tax for the year	(2,701)	(10,882)	(1,707)	(12,148)
Other comprehensive income, net of tax	0	6	-	-
Total comprehensive income for the year, net of tax	**(2,701)**	**(10,876)**	**(1,707)**	**(12,148)**

Condensed financial position	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate Ltd	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Current assets	60,490	64,743	5,929	5,824
Non current assets	175,540	172,938	67,307	68,378
Total Assets	**236,030**	**237,681**	**73,236**	**74,202**
Current liabilities	651	3,557	3,156	2,907
Non current liabiliies	17,557	14,683	6,066	6,200
Total liabilities	**18,207**	**18,241**	**9,222**	**9,107**

Amounts in thousand euros (Unless otherwise stated)

Condensed financial position	Trastor Real Estate Investment Company		Euroterra S.A.
	31/12/2016	31/12/2015	31/12/2016
Current assets	5,063	3,456	876
Non current assets	55,294	59,681	110,115
Total Assets	**60,357**	**63,137**	**110,991**
Current liabilities	700	533	583
Non current liabiliies	37	4	35,906
Total liabilities	**737**	**537**	**36,488**

Condensed cash flow statement	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate LTD	
	2016	2015	2016	2015
Net cash inflow/ (outflow) from operating activities	(1,991)	(148)	82	(18)
Net cash inflow/ (outflow) from investing activities	(3,960)	(5,501)	-	-
Net cash inflow/ (outflow) from financing activities	-	-	-	-
Net increase/ (decrease) in cash and cash equivalents	**(5,951)**	**(5,649)**	**82**	**(18)**
Cash and cash equivalents at the beginning of the year	**63,221**	**68,870**	**0**	**18**
Cash and cash equivalents at the end of the year	**57,269**	**63,221**	**82**	**0**

Condensed cash flow statement	Trastor Real Estate Investment Company		Euroterra S.A.
	2016	2015	2016
Net cash inflow/ (outflow) from operating activities	1,776	1,203	(392)
Net cash inflow/ (outflow) from investing activities	500	(2,236)	-
Net cash inflow/ (outflow) from financing activities	(280)	-	892
Net increase/ (decrease) in cash and cash equivalents	**1,996**	**(1,033)**	**500**
Cash and cash equivalents at the beginning of the year	**2,625**	**3,658**	**108**
Cash and cash equivalents at the end of the year	**4,621**	**2,625**	**608**

The subsidiary company Lakkos Mikelli Real Estate Ltd within the financial year 2016 distributed dividends to non-controlling investors of € 0.1 million (2015: € 0.1 million).

Amounts in thousand euros (Unless otherwise stated)

Consolidated structured entities

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

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

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

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

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

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

Company name	Carrying value of held bonds	
	31/12/2016	31/12/2015
Axia Finance PLC	1,750,688	1,751,521
Axia Finance III PLC	2,352,310	2,352,329
Praxis I Finance PLC	290,065	342,010
Praxis II Finance PLC	370,070	370,052
Estia Mortgage Finance PLC	103,902	106,538
Estia Mortgage Finance II PLC	609,189	633,014
Kion Mortgage Finance PLC	35,295	43,417
Total	**5,511,519**	**5,598,881**

Amounts in thousand euros (Unless otherwise stated)

B) Subsidiaries from discontinued operations

Piraeus Bank Group subsidiary company ATE Insurance Romania S.A. that is included in discontinued operations, is analyzed below:

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years (1)
1.	ATE Insurance Romania S.A.	Insurance	99.54%	Romania	2007-2016

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

C) Associate companies and Joint ventures (equity accounting method) from continuing operations

1. Associate companies

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years (1)
1.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	50.01%	Greece	-
2.	PJ Tech Catalyst Fund	Close end Venture capital fund	30.00%	Greece	-
3.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding company	27.80%	Greece	2010,2013-2016
4.	Marfin Investment Group Holdings S.A.	Holding company	31.42%	Greece	2013-2016
5.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010,2013-2016
6.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	27.80%	Greece	2010,2013-2016
7.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece	2010,2013-2016
8.	Olganos Real Estate S.A.	Property management/electricity production from hydropower stations	32.27%	Greece	2014-2016
9.	Pyrrichos S.A.	Property management	50.77%	Greece	2012-2016
10.	Exodus S.A.	Information technology & software	49.90%	Greece	2010,2013-2016
11.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	40.44%	Greece	2013-2016
12.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2016
13.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2016
14.	Gaia S.A.	Software services	26.00%	Greece	2015-2016
15.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece	2010-2016
16.	Selonda Aquaculture S.A.	Fish farming	32.43%	Greece	2008-2016
17.	Nireus Aquaculture S.A.	Fish farming	32.51%	Greece	2009-2010, 2013-2016
18.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%	Greece	2010,2013-2016
19.	Litus Advisory S.A.	Consulting in the fields of European Programmes, Communication Strategy and International Affairs	50.00%	Belgium	2015-2016
20.	Trieris Real Estate Ltd	Property management	32.37%	British Virgin Islands	-

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
21.	Exus Software Ltd	IT products retailer	49.90%	United Kingdom	2016

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

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

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

The company numbered 1 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 9 and 19 are included in the associate companies portfolio as Piraeus Bank Group exercises significant influence and not control.

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The associate company "Evrytania S.A. Agricultural Development Company" has been excluded from the consolidation under the equity method of accounting, since it is under idle status. The consolidation of this company does not have significant effect to the financial position and results of the Group.

Interests in significant associate companies

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

Interests in non-significant associate companies

The total carrying value of interests in associates for the financial year 2016 amounts to approximately € 233 million (2015: € 298 million).

The following table presents in total the proportion of the Group in the after tax results and in total comprehensive income for the year, of its associate companies as at 31/12/2016 and 31/12/2015. The data is that reported by the associate companies for consolidation purposes, prepared in accordance with IFRS and adjusted in order to comply with the accounting principles of the Group.

Amounts in thousand euros (Unless otherwise stated)

Condensed financial information	2016	2015
Profit/ (loss) after tax from continuing operations	(18,169)	(12,766)
Profit/ (loss) after tax from discontinued operations	-	(162)
Other comprehensive income from continuing operations	413	4,908
Other comprehensive income from discontinued operations	-	277
Total comprehensive income	**(17,756)**	**(7,743)**

2. Joint ventures

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [(1)]
1	AEP ELAIONA S.A.	Property management	50.00%	Greece	2012-2016

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, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Law 3842/2010, Article 80.

Other information for associate companies and joint ventures

The Group discontinues recognizing its share of further losses in associate companies, when its share of losses equals or exceeds its interest in the associate. The cumulative amount of unrecognized losses from associate companies on 31/12/2016 amounted to approximately € 3.5 million (2015: € 4.9 million).

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

There are no unrecognized commitments of the Group related to its participation in joint ventures that could result in future outflow of cash or other resources.

There are no significant restrictions in the ability of associates or joint ventures to transfer equity to the company in the form of dividends or to pay loans that have been granted by the Group, apart from the in use restrictions imposed on their framework and the applicable law.

Movement on investment in associates and Joint Ventures

	31 December 2016	31 December 2015
Opening balance	297,738	298,672
Additions	30,950	89,104
Disposals	(18,867)	(38,638)
Share of profit/ (loss) after tax	(18,169)	(12,766)
Transfers from available for sale portfolio (note 24)	-	1,000
Tranfers to subsidiary companies	(51,465)	(25,183)
Impairment	(11,531)	(15,756)
Foreign exchange differences and other adjustments	3,980	1,305
Closing balance	**232,637**	**297,738**

Amounts in thousand euros (Unless otherwise stated)

Basic Financial data of Associates and Joint Ventures

			31 December 2016				
s/n	Name of Company	Country	Participation %	Profit/ (loss) before tax	Total revenues	Total assets	Total liabilities
1.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Greece	30.45%	(12)	60	165	9
2.	Evros' Development Company S.A.	Greece	30.00%	(23)	41	689	678
3.	Project on Line S.A.	Greece	40.00%	857	874	0	0
4.	APE Commercial Property Real Estate Tourist and Development S.A.	Greece	27.80%	(3,259)	108	52,459	17
5.	APE Fixed Assets Real Estate Tourist and Development S.A.	Greece	27.80%	(2,617)	10	47,509	4,180
6.	Trieris Real Estate LTD	British Virgin Islands	32.37%	(897)	77	28,794	8,933
7.	APE Investment Property S.A.	Greece	27.20%	(4,758)	0	156,405	149,631
8.	Sciens International Investments & Holding S.A.	Greece	28.10%	(38,905)	(28,356)	193,488	131,850
9.	Exodus S.A.	Greece	49.90%	104	7,224	11,859	9,747
10.	Piraeus - TANEO Capital Fund	Greece	50.01%	(419)	0	3,771	200
11.	Teiresias S.A.	Greece	23.53%	(93)	11,225	5,648	4,525
12.	PJ Tech Catalyst Fund	Greece	30.00%	(343)	0	10,660	2,243
13.	Pyrrichos S.A.	Greece	50.77%	(92)	162	9,241	18,173
14.	Hellenic Seaways Maritime S.A.	Greece	40.44%	5,628	135,041	284,545	203,928
15.	Gaia S.A.	Greece	26.00%	1,395	35,853	7,497	3,288
16.	Olganos S.A.	Greece	32.27%	(267)	106	11,577	10,483
17.	Exus Software Ltd	United Kingdom	49.90%	108	2,749	9,433	9,006
18.	Marfin Investment Group Holding S.A.	Greece	31.42%	*	*	*	*
19.	Litus Advisory S.A.	Belgium	50.00%	(248)	513	69	44
20.	Selonda Aquaculture S.A.	Greece	32.43%	*	*	*	*
21.	Nireus Aquaculture S.A.	Greece	32.51%	7,859	200,328	374,375	242,252
22.	AEP ELAIONA S.A.	Greece	50.00%	(4,993)	0	105,236	101,948

(*) At the date of approval of the Bank’s consolidated financial statements, the listed associated companies Marfin Investment Group Holdings S.A. and Selonda Aquaculture S.A. had not published their annual financial statements for the year 2016. Therefore, it was not necessary to report balances of the statement of financial position and profit or loss account for these companies, as draft financial data were used for their consolidation under the equity method of accounting. According to stock market prices of 31/12/2016, the fair value of the Group's shareholding to associate listed companies is as follows: Marfin Investment Group Holdings S.A. € 44.0 million, Selonda Aquaculture S.A. € 13.2 million and Nireus Aquaculture S.A. € 15.7 million.

Amounts in thousand euros (Unless otherwise stated)

			31 December 2015				
s/n	Name of Company	Country	Participation %	Profit/ (loss) before tax	Total revenues	Total assets	Total liabilities
1.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Greece	30.45%	5	75	173	6
2.	Evros' Development Company S.A.	Greece	30.00%	(7)	43	654	621
3.	Project on Line S.A.	Greece	40.00%	(59)	670	21	878
4.	APE Commercial Property Real Estate Tourist and Development S.A.	Greece	27.80%	(2,119)	210	55,643	21
5.	APE Fixed Assets Real Estate Tourist and Development S.A.	Greece	27.80%	(18,298)	1	50,196	2,918
6.	Trieris Real Estate LTD	British Virgin Islands	22.94%	(187)	192	31,189	10,543
7.	European Reliance Gen. Insurance Co. S.A.	Greece	28.65%	16,357	184,913	355,592	275,753
8.	APE Investment Property S.A.	Greece	27.20%	(4,668)	0	156,534	145,002
9.	Sciens International Investments & Holding S.A.	Greece	28.10%	(22,358)	(12,828)	233,782	134,922
10.	Euroterra S.A.	Greece	39.22%	(12,148)	458	114,684	14,219
11.	Rebikat S.A.	Greece	40.00%	(87)	1	8,896	229
12.	Abies S.A.	Greece	40.00%	(982)	36	6,087	72
13.	Exodus S.A.	Greece	49.90%	315	7,500	13,612	11,574
14.	Piraeus - TANEO Capital Fund	Greece	50.01%	(8,411)	0	6,140	589
15.	Teiresias S.A.	Greece	23.53%	(1,437)	9,548	4,374	3,711
16.	PJ Tech Catalyst Fund	Greece	30.00%	(376)	0	6,229	1,455
17.	Pyrrichos S.A.	Greece	50.77%	(7,724)	138	7,130	18,163
18.	Hellenic Seaways Maritime S.A.	Greece	39.61%	5,903	132,999	280,434	208,841
19.	Euroak S.A. Real Estate	Greece	32.81%	(86)	585	17,610	12,220
20.	Gaia S.A.	Greece	26.00%	1,574	39,737	8,031	4,420
21.	Olganos S.A.	Greece	32.27%	1,745	171	11,867	10,041
22.	Exus Software Ltd	United Kingdom	49.90%	219	1,855	1,356	993
23.	Marfin Investment Group Holding S.A.	Greece	28.43%	(119,825)	1,177,575	2,824,150	2,315,750
24.	Litus Advisory S.A.	Belgium	50.00%	(27)	449	282	9
25.	Selonda Aquaculture S.A.	Greece	33.16%	(10,350)	148,957	207,131	203,525
26.	Nireus Aquaculture S.A.	Greece	32.71%	68,058	246,568	371,212	250,023

Amounts in thousand euros (Unless otherwise stated)

27 Intangible assets

2016	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2016	14,716	497,422	88,947	601,085
Opening balance of new subsidiaries and subsidiaries transferred from other portfolio	1	-	347	348
Additions	1	30,189	1,008	31,198
Transfers	-	31,519	(16)	31,503
Disposals	(1)	(3,113)	-	(3,114)
Write -offs	-	(9,987)	(649)	(10,636)
Impairment	-	(33)	(3)	(35)
Book value from disposed companies	-	(223)	-	(223)
Foreign exchange differences	-	(212)	56	(156)
Cost as at 31 December 2016	**14,717**	**545,562**	**89,692**	**649,970**

2016	Goodwill	Software	Other intangible	Total
Accumulated depreciation				
Opening balance as at 1 January 2016	0	(261,586)	(65,340)	(326,926)
Opening balance of subsidiaries transferred from other portfolio	-	-	(336)	(336)
Charge for the year	-	(47,110)	(5,208)	(52,318)
Transfers	-	6	-	6
Disposals	-	3,111	-	3,111
Write -offs	-	7,780	321	8,102
Accumulated depreciation from disposed companies	-	223	-	223
Foreign exchange differences	-	183	(49)	134
Accumulated depreciation as at 31 December 2016	**0**	**(297,393)**	**(70,612)**	**(368,005)**
Net book value as at 31 December 2016	**14,717**	**248,169**	**19,079**	**281,965**

During 2015, the Group made transfers of an amount of € 31.5 million from “assets under construction” to intangible assets due to commencement of operational use.

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

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

Amounts in thousand euros (Unless otherwise stated)

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

28 Property, plant and equipment

2016	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2016	945,479	393,469	103,222	398,674	265,040	2,105,883
Opening balance of subsidiaries transferred from other portfolio	-	95	-	20	-	115
Additions	40,669	32,502	51,195	102,218	16,234	242,819
Transfers	(9,823)	570	(33,814)	(44,538)	(1,216)	(88,822)
Disposals	(14,584)	(15,193)	(70)	(51,424)	(4,033)	(85,304)
Write - offs	(25)	(44,777)	(1,842)	(2,226)	(11,630)	(60,501)
Impairment	350	(2,327)	-	(122)	(12,211)	(14,309)
Book value from disposed companies	(876)	(149)	-	(2,166)	-	(3,191)
Foreign exchange differences and other movements	(268)	(481)	(173)	(22)	471	(473)
Cost as at 31 December 2016	**960,922**	**363,709**	**118,518**	**400,413**	**252,655**	**2,096,217**

2016	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Accumulated depreciation						
Opening balance as at 1 January 2016	(95,278)	(262,516)	0	(145,828)	(128,101)	(631,722)
Opening balance of subsidiaries transferred from other portfolio	-	(91)	-	(20)	-	(111)
Charge for the year	(13,948)	(31,678)	-	(46,058)	(11,640)	(103,324)
Transfers	605	(52)	-	26,906	319	27,779
Disposals	2,795	12,479	-	30,108	2,697	48,079
Write - offs	17	44,750	-	2,073	11,625	58,466
Accumulated depreciation from disposed companies	17	149	-	1,688	-	1,853
Foreign exchange differences and other movements	85	386	-	13	691	1,175
Accumulated depreciation as at 31 December 2016	**(105,706)**	**(236,572)**	**0**	**(131,118)**	**(124,409)**	**(597,805)**
Net book value as at 31 December 2016	**855,216**	**127,137**	**118,518**	**269,295**	**128,246**	**1,498,412**

Amounts in thousand euros (Unless otherwise stated)

The above total depreciation charge for the year 2016 (€ 103.3 million) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises S.A. of € 45 million which is included in "Other results" of the Consolidated Income Statement.

During 2016, the Group made transfers a) to “investment property” of € 14.4 million, b) to “intangible assets” of € 31.6 million due to commencement of operational use, c) tranfers to “Inventories" of € 20.8 million ,d) from "Investment Property" of amount € 2.9 million and e) from "Inventories" of € 2.8 million. Additionally it is noted that during 2016 the output of Impairment of tangible assets charged with an amount of € 12.2 million due to interruptions of Group's branches operations. From the line "write-offs" an amount of € 0.9 million is presented in "Other results" of the Income Statement.

The note 4.3 is related to the determination of the recoverable value of own occupied property in accordance with applicable of IFRS.

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

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

Amounts in thousand euros (Unless otherwise stated)

29 Investment property

	31 December 2016	31 December 2015
Opening balance	1,035,911	989,504
Opening balance of discontinued operations	-	(1,907)
Opening balance of operations / acquired subsidiary companies	-	42,059
Opening balance from subsidiaries transferred from another portfolio	126,645	-
Revaluation (note 11)	(28,124)	(16,151)
Additions from continuing operations	75,498	33,999
Transfers	29,046	8,758
Disposals	(3,502)	(11,106)
Write offs	(3)	(367)
Investment property from disposed companies	(7,071)	-
Fx differences and other adjustments	(19,753)	(8,878)
Closing balance	**1,208,648**	**1,035,911**

Rental income from investment property amounts to € 19,244 thousand (2015: € 16,192 thousand). Operating expenses of investment property that is rented to third parties equal to € 930 thousand (2015: € 1,765 thousand).

During 2016, the Group made transfers a) of € 33.2 million to “Inventories property” due to non-fulfillment of the criteria for classification under IAS 40, b) of € 2.9 million to owner occupied “Land and buildings”, c) € 14.4 million from owner occupied "Land and Buildings" and d) € 50.8 million from 'Inventories property' due to lease of the property.

The fair value of Investment Property amounting to € 1,208.6 million has been classified in Level 3. Further information with regard to the determination of fair value of investment property is provided in note 4.3.

30 Assets held for sale

	31 December 2016	31 December 2015
Opening balance	34,089	38,022
Opening balance of discontinued operations	-	(12,461)
Additions	4,121	12,270
Transfers	(10,567)	16,500
Disposals	(19,920)	(10,878)
Impairment	(1,646)	(9,342)
Assets held for sale from disposed companies	(3,512)	-
Currency translation differences	(71)	(22)
Closing Balance	**2,494**	**34,089**

During 2016, the gain from the sale of assets was € 461 thousand (2015: loss € 854 thousand) which was included in the profit and loss statement in line "Other results".

As at 31/12/2016, assets held for sale include mainly properties of subsidiaries in Serbia for which sale procedure is proceeding and it is expected to be finalised in 2017.

Amounts in thousand euros (Unless otherwise stated)

31 Other assets

	31 December 2016	31 December 2015
Inventories - property	955,029	847,386
Inventories - property (A)	**955,029**	**847,386**
Inventories - cars	10,499	10,332
Other inventories	7,972	8,824
Other inventories and Inventories - cars (B)	**18,472**	**19,156**
Prepaid expenses	73,715	72,677
Accrued income	77,921	53,248
Prepaid taxes and taxes withheld	51,325	55,267
Claims from tax authorities and the State	718,517	692,455
Credit cards	188,873	169,470
Receivables from third parties	92,727	61,218
Receivables from Deposit Guarantee and Investors Compensation Scheme	797,301	777,777
Other items	420,687	580,622
Other receivables (C)	**2,421,067**	**2,462,734**
Other assets (A)+(B)+(C)	**3,394,568**	**3,329,277**

	31 December 2016	31 December 2015
Current other assets (up to 1 year)	646,188	870,417
Non current other assets (more than 1 year)	1,774,879	1,592,317
	2,421,067	**2,462,734**

Inventories property as at 31/12/2016 include property of ETVA Industrial Parks S.A. of amount € 121 million (2015: € 121 million), and property acquired by the bank or by Group Subsidiaries through auctions of amount € 809 million (2015: € 707 million) as well as inventories property of real estate subsidiaries of total amount of € 26 million (2015: € 19 million).

The note 4.3 is related to the determination of the net realisable value of inventories property in accordance with applicable of IFRS.

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

During 2016, the Group’s results were burdened with an impairment loss of € 120 million , of which € 33 million relating to provisions for the impairment of property classified in inventories property and € 87 million relating to provisions of various receivables shown in Other assets (such as temporary account differences, amounts from taxes etc.) that were deemed partially or totally irrecoverable , as part of the annual examination of collectability by the Management of the Bank.

32 Due to credit institutions

	31 December 2016	31 December 2015
Amounts due to central banks	20,907,387	32,694,741
Deposits from other banks	122,457	36,369
Repurchase agreement - credit institutions	5,889,618	1,705,549
Other obligations to banks	101,477	53,924
	27,020,940	**34,490,583**

Amounts in thousand euros (Unless otherwise stated)

	31 December 2016	31 December 2015
Current due to banks (up to 1 year)	22,924,878	31,738,211
Non current due to banks (more than 1 year)	4,096,062	2,752,372
	27,020,940	**34,490,583**

Balances due to credit institutions bear floating rates.

“Due to credit institutions” as at 31/12/2016, includes refinancing operations through repo transactions within the eurosystem amounting to € 20.9 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 2016, the deposits increase, as well as the Bank´s participation in the ECB´s program of Quantitative Easing (QE) with the sale of EFSF bonds of amount € 3.7 billion, during the year 2016.

33 Liabilities at fair value through profit or loss

As at 31/12/2016, no open short selling positions are presented for Greek Government bonds and treasury bills. At 31/12/2015 "Liabilities at fair value through profit or loss" amounted to € 2.5 million and included amounts of a short term nature that result from the trading activity in the secondary market within the scope of managing the Group’s positions.

34 Due to customers

	31 December 2016	31 December 2015
Corporate		
Current and sight deposits	7,755,019	6,547,701
Term deposits	2,471,052	2,386,962
Blocked deposits, guarantee deposits and other accounts	234,042	207,150
Total (A)	**10,460,113**	**9,141,814**
Retail		
Current and sight deposits	3,089,333	2,686,930
Savings account	14,995,287	15,248,955
Term deposits	13,708,008	12,190,183
Blocked deposits, guarantee deposits and other accounts	39,020	16,872
Total (B)	**31,831,648**	**30,142,940**
Cheques payable and remittances (C)	**73,067**	**72,888**
Total Due to Customers (A)+(B)+(C)	**42,364,829**	**39,357,641**

Customer deposits (excluding cheques payable and repos) with floating rates are € 25,268 million (2015: € 24,131 million) and with fixed rate are € 17,023 million (2015: € 14,748 million).

Amounts in thousand euros (Unless otherwise stated)

	31 December 2016	31 December 2015
Current due to customers (up to 1 year)	42,074,737	39,092,917
Non current due to customers (more than 1 year)	290,093	264,724
	42,364,829	**39,357,642**

35 Debt securities in issue

A) Securitisation of mortgage loans

	Average Interest rate (%)	31 December 2016	31 December 2015
Issuance € 750 million floating rate notes due 2040	3M Euribor + 0,60 %	12,720	25,756
Issuance € 1,250 million floating rate notes due 2054	3M Euribor + 0,71 %	39,071	56,196
Issuance € 600 million floating rate notes due 2051	3M Euribor + 0,49 %	17,724	20,361
Total debt securities in issue		**69,515**	**102,314**

	31 December 2016	31 December 2015
Current debt securities in issue (up to 1 year)	70	245
Non current debt securities in issue (more than 1 year)	69,444	102,068
	69,515	**102,314**

From the above mentioned securitisations of mortgage loans issues, Piraeus Bank possesses as at 31/12/2016 bonds of nominal value amounting € 103.9 million from the issuance of € 750 million, € 609.1 million from the issuance of € 1,250 million and € 35.3 million from the issuance of € 600 million.

Piraeus Bank, during the period 1/1/2016 - 31/12/2016, proceeded with the buy back of bonds of securitised loans of total amount after amortization of € 25.4 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 31/12/2016 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 31/12/2016, a total amount of € 5 million covered bonds, issued by Piraeus Bank, are retained by Piraeus Bank. These covered bonds were issued under Piraeus Bank's global covered bond programme, with an original amount of € 1,250 million (Series 1), due February 2017. A total amount of € 5 million covered bonds which were issued and retained by Piraeus Bank, matured in December 2016. These covered bonds came from a seperate issue of € 750 million (Series 2), issued in December 2014. On July 3, 2015, Piraeus Bank had proceeded with the partial cancellation of € 1,990 million from the two series of covered bonds mentioned above (€ 1,245 million from Series 1 and € 745 million from Series 2) and the total outstanding covered bonds was then formed to € 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 year 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 year 2016.

36 Other liabilities

	31 December 2016	31 December 2015
Prepaid income	279,471	400,840
Accrued expenses	100,815	95,723
Obligations under finance leases	356,400	347,702
Transactions with Interbank Systems (DIAS)	214,312	190,480
Withholding taxes and contributions	73,610	92,100
Creditors	135,332	214,051
Liability from collections on behalf of Public sector and third parties	72,499	76,426
Other liability accounts	170,428	153,875
	1,402,867	**1,571,196**

	31 December 2016	31 December 2015
Current other liabilities (up to 1 year)	886,260	1,104,242
Non current other liabilities (more than 1 year)	516,607	466,954
	1,402,867	**1,571,196**

Other liability accounts include mainly credit balances that result from the daily transactions of the Group.

The liability arising from the finance lease of the Group is analyzed as follows:

Gross liabilities from finance leases	31 December 2016	31 December 2015
Up to 1 year	28,099	26,137
From 1 to 5 years	120,910	120,169
More than 5 years	2,026,553	2,058,482
	2,175,562	**2,204,788**
Finance expense	(1,819,162)	(1,857,086)
Net liabilities from finance leases	**356,400**	**347,702**

Amounts in thousand euros (Unless otherwise stated)

Net liabilities from finance leases may be analyzed as follows:

Net liabilities from finance leases	31 December 2016	31 December 2015
Up to 1 year	12,574	16,049
From 1 to 5 years	49,315	52,341
More than 5 years	294,511	279,312
	356,400	**347,702**

Obligations under finance leases mainly consist of the liability (€ 355.2 million) arising from the finance lease agreement for the Citylink building by the Group subsidiary Picar S.A., of total duration fifty two years.

37 Other provisions

"Other provisions" as at 31/12/2016 amount to € 67,211 thousand (31/12/2015: € 182,500 thousand) and are analysed into provisions for outstanding litigations amount to € 27,169 thousand (31/12/2015: € 19,251 thousand) and other provisions amount to € 40,042 thousand (31/12/2015: € 163,249 thousand). The analysis is as follows:

Provisions for outstanding litigations	31 December 2016	31 December 2015
Opening balance	19,251	14,600
Opening balance of discontinued operations	-	(1,102)
P&L charge for the year from continuing operations	5,580	6,341
Provisions used during the year	(121)	(489)
Transfer from other provisions	2,408	-
FX differences and other movement	51	(99)
Closing balance	**27,169**	**19,251**

Provisions for outstanding litigations	31 December 2016	31 December 2015
Current (up to 1 year)	17,995	11,150
Non-current (more than 1 year)	9,174	8,100
	27,169	**19,251**

Other provisions	31 December 2016	31 December 2015
Opening balance	163,249	28,133
Opening balance of discontinued operations	-	(2,044)
P&L charge for the year	3,568	30,129
Estimated cost of voluntary exit scheme	-	110,000
Provisions used due to voluntary exit scheme (note 39)	(98,942)	-
Provisions used during the year	(5,503)	(14,736)
Transfer from impairment of other assets	-	15,136
Transfer to impairment of other assets	(25,014)	-
Transfer to provisions for outstanding litigations	(2,408)	-
Transfer from other liabilities	5,263	-
FX differences and Other movements	(172)	(3,370)
Closing balance	**40,042**	**163,249**

Amounts in thousand euros (Unless otherwise stated)

Other provisions	31 December 2016	31 December 2015
Current (up to 1 year)	12,919	113,559
Non-current (more than 1 year)	27,123	49,690
	40,042	**163,249**

The line “Provisions used due to voluntary exit program” amounting to € 98.9 million (note 39) relates to the compensation payment in the context of exit program (voluntary departure) of the Bank’s staff, in the frame of Restructuring Plan’s commitments. In particular, in the program participated 1,171 employees.

Other provisions as at 31/12/2015 include mostly: a) the remaining amount of provisions under the approved by the European Commission Piraeus Bank’s revised Restructuring Plan, in which the Bank is committed to reduce the operating cost and the number of staff and they are related to the cost of the Bank's Voluntary Exit Scheme of € 11 million (note 12), b) provisions of approximately € 5.6 million from subsidiaries for estimated losses coverage, apart from their negative equity value, c) provisions for forfeiture of letters of guarantee of approximately € 2 million, d) provisions for other banking risks of € 13.6 million and e) provisions for tax purposes of € 1 million.

38 Deferred tax

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

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

	31 December 2016	31 December 2015
Deferred tax liabilities		
Pensions and other post retirement benefits	79	156
Loans and advances including impairment	(1,114)	(977)
Other provisions	(4,686)	(3,849)
Securities valuation	594	594
Investment property valuation	37,856	17,397
Depreciation of property, plant and equipment	12,678	16,099
Intangible assets	(20)	(21)
Recognition of tax losses	(24)	(24)
Participations	(61)	(61)
Deferred tax liability of purchase price allocation exercise	-	178
Other deferred tax items	1,759	2,006
	47,061	**31,499**

Amounts in thousand euros (Unless otherwise stated)

Deferred tax assets	31 December 2016	31 December 2015
Pensions and other post retirement benefits	53,108	47,435
Loans and advances including impairment	2,976,275	2,704,721
Other provisions	5,824	7,452
Securities valuation	(2,344)	(13,185)
Derivative financial instruments valuation	4,616	2,362
Investment property valuation	(4,353)	(3,995)
Depreciation of property, plant and equipment	(23,778)	(29,176)
Intangible assets	38,229	67,044
Recognition of tax losses	648,755	784,382
Impairment of Greek government bonds	1,380,851	1,436,019
Participations	220,463	-
Other deferred tax items	20,703	71,711
	5,318,348	**5,074,769**
Net deferred tax asset	**5,271,287**	**5,043,270**

Amounts related to loans and receivables that were previously recognized in categories "Recognition of commission and amortization of adjustments to FV according to effective interest ratecalculation (EIR)" and "Other deferred tax items", reclassified to category "Loans and receivables after impairments" in order to present a more accurate information. The relevant amounts of 2015 were also reclassified for comparison purposes.

The Bank has recognized deferred tax asset amounting approximately to € 212 million on the impairment of its investments in subsidiaries and associates during the previous year, in accordance with IAS 12 on "Income Tax" and its respective accounting policy, taking into account the following:

a) The estimation of the Management that the relevant temporary differences will be recovered in the foreseeable future according to Bank's commitment for disinvestments or liquidation undertaken under the restructuring plan.
b) Recent estimates of the Management regarding the utilization of temporary differences through sufficient taxable profits.
c) The amendment tax legislation regime regarding DTC as came into force on March 29, 2017.
d) The validation of Law 4446, as being enacted since December 2016, it is clarified that the foreign losses may be deducted from taxable income in the year they become realized.

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

	2016	2015
Net deferred tax asset as at 1 January	**5,043,270**	**3,980,973**
Opening balance of deferred tax asset from discontinued operations	-	(6,411)
Net deferred tax asset/(liability) due to changes in the portfolio of subsidiaries=	(25,140)	(5,049)
Effect of deferred tax on profit or loss	183,649	1,098,629
Available for sale portfolio securities	11,089	(28,760)
Deferred tax on actuarial gains/ (losses)	7,300	4,659
Payment to the holders of contingent convertible securities	48,117	-
Currency translation effect and other movements	3,002	(771)
Net deferred tax asset as at 31 December	**5,271,287**	**5,043,270**

Amounts in thousand euros (Unless otherwise stated)

Deferred tax amounts directly recognised in Group's equity during 2016 are as follows: a) deferred tax of amount € 11,089 thousand relating to valuation of the available for sale securities, recorded under the available for sale reserve according to the relevant IFRS regulations, b) amount of € 7,300 thousand relating to deferred tax asset of actuarial gains/ (losses) recorded under the reserve of defined benefit obligations and c) tax amount of € 48,117 million relates to paid interest on the contingent convertible securities amounted approximately to € 166 million.

Deferred tax assets due to tax losses are recognized only when it is probable that taxable profits will be available, against which these tax losses can be utilized.

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

Deferred tax (Income Statement)	1/1-31/12/2016	1/1-31/12/2015
Pensions and other post retirement benefits	(1,549)	(3,009)
Loans and advances including impairment	271,682	943,863
Other provisions	(791)	2,558
Securities valuation	(69)	(61)
Derivative financial instruments valuation	2,254	(10,495)
Investment property valuation	1,063	(10,715)
Depreciation of property, plant and equipment	8,780	20,772
Intangible assets	(28,815)	10,928
Recognition of tax losses	(135,439)	249,285
Impairment of Greek government bonds	(55,168)	99,093
Deferred tax of purchase price allocation exercise	178	238
Participations	220,463	6
Other deferred tax items	(98,940)	(203,832)
	183,649	**1,098,629**

Net deferred tax asset analysis:	31/12/2016	31/12/2015
Current	194,335	135,324
Non current	5,124,013	4,939,446
	5,318,348	**5,074,769**

Net deferred tax liability analysis:	31/12/2016	31/12/2015
Current	8,790	15,960
Non current	38,271	15,539
	47,061	**31,499**

Deferred tax additional information	31/12/2016	31/12/2015
Deductible temporary differences for which no deferred tax asset has been recognised in the balance sheet	18,471	-
Unused tax losses for which no deferred tax asset has been recognised in the balance sheet	300,063	136,374

At 31.12.2016, the cumulative tax losses for the Group amounted to € 2,987 million (2015: € 3,312 million) and were incurred in years from 2007 until 2016. The Management of the Bank and the subsidiaries´ have estimated that tax losses of € 2,687 million (2015: € 3,176 million) can be utilized and thus the Group has recognized Deferred Tax Asset (DTA) of € 649 million (2015: € 784 million). The unused tax losses for the Group amounted to € 300 million (2015: € 136 million).

Amounts in thousand euros (Unless otherwise stated)

The following table presents the tax losses of the Group and the year of expiration:

Tax year	31/12/2016
2017	314,954
2018	494,310
2019	1,102,233
2020	598,032
2021	2,981
Without time limit	474,494
Total tax losses	**2,987,004**

39 Retirement benefit obligations

The total liability of Piraeus Bank Group relating to retirement benefit obligations and the relevant charge in profit and loss for the years 2016 and 2015 are presented below:

	2016	2015
Retirement benefit obligations as at 1 January	192,780	211,944
Opening balance of acquired operations	-	170
Opening balance of discontinued operations	-	(6,778)
Voluntary Redundancy Costs (note 12)	-	7,724
Retirement benefit charges	113,488	15,466
Contributions paid and benefits paid directly by the employer	(135,200)	(14,264)
Reserve of defined benefit obligations	25,570	(21,205)
Currency translation differences and other movements	(4)	(278)
Retirement benefit obligations as at 31 December	**196,634**	**192,780**

The above mentioned amount of € 113.5 million includes the amount of € 14.5 million which has affected the income statement of 2016 (note 12), as well as the amount of € 98.9 million, which has decreased equally the line of other provisions (note 37).

1) Piraeus Bank

The defined benefit obligation is calculated based on actuary studied from independent actuary using the "projected unit credit method", according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The defined benefit obligation is determined by the present value of cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability.

Amounts in thousand euros (Unless otherwise stated)

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

The benefits paid for the years 2016 and 2015, according to the voluntary redundancy schemes are included in the disclosures for the non funded plans.

Amounts recognised in the balance sheet	31 December 2016	31 December 2015
Pension schemes - funded	95,163	86,685
Other post retirement benefits - not funded	89,456	94,212
Total	**184,619**	**180,897**

The amounts recognized in the income statement or led to charge of aggregate provisions are analyzed as follows:

	1/1-31/12/2016	1/1-31/12/2015
Pension schemes-funded	2,808	7,212
Other post retirement benefits - not funded	106,094	14,290
Total	**108,902**	**21,502**

A) Pension schemes - funded

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

	31 December 2016	31 December 2015
Present value of funded obligations	123,122	113,081
Fair value of plan assets	(27,958)	(26,396)
Liability in the balance sheet	**95,163**	**86,685**

In funded plans, the Bank follows the recommendations of the insurance company concerning the amount of contributions. The expected Bank's contributions to funded post-employment defined benefit plans for the year 2017, amounts to € 2.2 million. It shall also be noted, that there are no commitments arising from the law concerning the level of funding for post-employment defined benefit plans provided by the Bank.

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

	2016	2015
Opening balance	113,081	117,644
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	(197)
Current service cost	5,918	6,498
Interest cost	2,554	2,120
Contributions by plan participants	1,017	1,086
Benefits paid from the fund	(6,766)	(2,891)
Settlement/ Curtailment/ Termination loss/ (gain)	(7,337)	(1,011)
Past service costs	2,160	-
Actuarial (gains)/ losses	12,495	(10,166)
Closing balance	**123,122**	**113,081**

Amounts in thousand euros (Unless otherwise stated)

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

	2016	2015
Opening balance	26,396	26,843
Expected return on plan assets	564	464
Employer contributions	6,509	1,370
Employee contributions	1,017	1,086
Benefits paid from the fund	(6,766)	(2,891)
Expenses	(77)	(69)
Actuarial gains / (losses)	315	(406)
Closing balance	**27,958**	**26,396**
Return on plan assets	**879**	**58**

The plan assets are invested as follows:

	31 December 2016	31 December 2015
Money market	43.69%	55.03%
Bonds	39.13%	33.51%
Deposits	3.62%	11.33%
Shares	0.06%	0.00%
Mutual funds	13.51%	0.13%

The amounts recognized in the income statement or led to charge of aggregate provisions are analyzed as follows:

	1/1 - 31/12/2016	1/1 - 31/12/2015
Current service cost	5,918	6,498
Net interest cost	1,990	1,656
Expenses	77	69
Past service cost recognised	2,160	-
Settlement/ Curtailment/ Termination loss/ (gain)	(7,337)	(1,011)
Total	**2,808**	**7,212**

The amounts recognised in equity are analysed as follows:

	31/12/2016	31/12/2015
Liability gain /(loss) due to changes in assumptions	(12,187)	7,356
Liability experience gain/ (loss) arising during the year	(308)	2,811
Experience gain/ (loss) on plan assets arising during the year	315	(406)
Total amount recognised in equity	**(12,180)**	**9,760**

Amounts in thousand euros (Unless otherwise stated)

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

	2016	2015
Opening balance	86,685	90,800
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	(197)
Total expense recognised in the income statement	2,808	7,212
Employer contributions	(6,509)	(1,370)
Amount recognised in equity	12,180	(9,760)
Closing balance	**95,163**	**86,685**

B) Other post retirement benefits - not funded

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

	31 December 2016	31 December 2015
Present value of unfunded obligations	89,456	94,212
Liability in the balance sheet	**89,456**	**94,212**

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

	2016	2015
Opening balance	94,212	101,398
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	(230)
Current service cost	4,702	5,241
Interest cost	1,938	1,662
Benefits paid directly by the employer	(122,992)	(11,390)
Settlement/ Curtailment/ Termination loss/ (gain)	101,166	7,367
Past service cost	(1,711)	19
Actuarial gains / (losses)	12,141	(9,855)
Closing balance	**89,456**	**94,212**

The amounts recognized in the income statement or led to charge of aggregate provisions are analyzed as follows:

	1/1 - 31/12/2016	1/1 - 31/12/2015
Current service cost	4,702	5,241
Interest cost	1,938	1,662
Past servise cost recognised	(1,711)	19
Settlement/ Curtailment/ Termination loss/ (gain)	101,166	7,367
Total	**106,094**	**14,290**

Amounts in thousand euros (Unless otherwise stated)

The amounts recognised to equity are analysed as follows:

	31/12/2016	31/12/2015
Liability gain /(loss) due to changes in assumptions	(11,527)	7,020
Liability experience gain/ (loss) arising during the year	(614)	2,835
Total amount recognised in equity	**(12,141)**	**9,855**

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

	2016	2015
Opening balance	94,212	101,398
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	(230)
Total expense recognised in the income statement	106,094	14,290
Benefits paid by the employer	(122,992)	(11,390)
Amount recognised in equity	12,141	(9,855)
Closing balance	**89,456**	**94,212**

The expected weighted average duration of the defined benefit obligation is 15.6 years.

The main actuarial assumptions used are as follows:

	31/12/2016	31/12/2015
Discount rate	1.70%	2.50%
Expected return on plan assets	1.70%	2.50%
Future increase in salaries	1.75%	1.75%

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

Sensitivity analysis in defined benefit obligation

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

Main assumptions	Effect in realised defined benefit obligation		
	Change in the assumptions	Increase	Decrease
Discount rate	0.50%	-7.13%	7.90%
Pay increase	0.50%	7.38%	-6.79%
Voluntary withdrawal rate	decrease by 50%	0.00%	4.89%

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

Amounts in thousand euros (Unless otherwise stated)

2) Subsidiaries

For the estimation of the liability relating to defined benefit obligation plans of Group's subsidiaries an actuarial study has been carried out. The total amount of the liability from continuing operations related to the Group subsidiaries is € 12.0 million (2015: € 11.9 million). The total charge in profit and loss for the year 2016 resulting from the defined benefit obligation plans of the Bank, is € 10 million (2015: € 21.5 million) and the continuing operations of the Group subsidiaries is € 4.6 million (2015: € 1.7 million).

40 Contingent liabilities and commitments

A) Outstanding Litigations

As mentioned in note 37, the Group's provision for outstanding litigations as at 31/12/2016 amounts to € 27.2 million from continuing operation while there is no provision 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 31/12/2016 for which no provisions have been recorded, are not expected to have any significant impact on the financial statements of the Group.

A number of individual and class action lawsuits have been filed against the Bank concerning the validity of specific terms of the loan contracts granted by the Bank in Swiss Francs (CHF). At first instance, judgments have been issued only for individual lawsuits, the majority of which are in favor of the Bank, whereas for the class actions no judgments have been issued yet.

The Management of the Bank, under advisory of the Legal Department, is monitoring the developments of the cases mentioned above to determine the accounting implications, in accordance with the relevant requirements of IAS 37.

B) Credit commitments

As at 31/12/2016 the Group had undertaken the following commitments:

	31 December 2016	31 December 2015
Letters of guarantee	2,823,918	2,964,431
Letters of credit	43,086	30,316
Undrawn committed credit facilities	342,554	368,064
	3,209,558	**3,362,810**

C) Assets pledged

	31 December 2016	31 December 2015
Cash and balances with Central Bank	1,072,264	1,173,061
Financial instruments at fair value through profit or loss	14,063	41,790
Investment securities	1,285,581	1,223,063
Loans and advances to customers	27,831,368	24,766,404
Debt securities - receivables	7,242,929	15,252,624
Loans and advances to credit institutions	1,149	2,562
	37,447,354	**42,459,504**

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 € 4,994 million as at 31/12/2016 (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 € 5,929 million (31/12/2015: € 1,700 million) and debt securities of own issue of nominal value € 219 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 € 26,669 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:

	31 December 2016	31 December 2015
Up to 1 year	50,612	60,010
From 1 to 5 years	183,142	216,827
More than 5 years	285,910	330,706
	519,664	**607,544**

41 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/ sales 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	-	-	-	(381)	(381)
Balance at 31 December 2016	**2,619,955**	**13,074,687**	**2,040,000**	**(842)**	**17,733,801**

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**

Amounts in thousand euros (Unless otherwise stated)

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1 January 2016	**8,733,183,280**	**(1,678,630)**	**8,731,504,650**
Purchases of treasury shares	-	(36,312,237)	(36,312,237)
Sales of treasury shares	-	33,906,014	33,906,014
Balance at 31 December 2016	**8,733,183,280**	**(4,084,853)**	**8,729,098,427**

The share capital of the Bank on 31/12/2015, and 31/12/2016 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 31/12/2015 and 31/12/2016, 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.

The Annual Ordinary General Meeting of Shareholders, held on 26/5/2016, decided not to distribute dividend, according tothe provisions of article 10 of Law 3864/2010, as in force, applicable to the credit institutions that have received capital support from the HFSF.

On 28th July 2016, the Bank completed the sale of 46,737 common registered shares. The 46,737 shares resulted as fractional balances from the increase of the nominal value of each common share from € 0.30 to € 30.00 and the simultaneous reduction of the total number of the Bank's common shares from 6,101,979,715 to 61,019,798 (reverse split) and the consequent share capital increase of the Bank via capitalization of € 25.50 of the reserve of article 4 par 4a C.L.2190/1920 for the purposes of achieving an integral number of shares, as decided by the Extraordinary General Meeting of Shareholders held on 15.11.2015, resolutions of which were further specified by its Board of Directors' resolution dated 17.11.2015 and approved with the decision no. 121015/25.11.2015 of the Ministry of Finance, Development and Tourism.

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 Recommendation (ECB/2015/49) on dividend distribution policies for the fiscal year 2015 and the respective provisions of the Recommendation of the Bank of Greece on dividend distribution policies during the year 2016 for the fiscal year 2015 (Credit and Insurance Committee 184/25.4.2016) 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 ofthe Regulation (EU) No 575/2013 and those of the Directive 2013/36/EU, transposed in the national legislation order by theLaw 4261/2014.

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 2016, as well as the treasury shares owned as at 31/12/2016 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.

Amounts in thousand euros (Unless otherwise stated)

42 Other reserves and retained earnings

	31 December 2016	31 December 2015
Legal reserve	110,354	111,965
Extraodinary reserve	13,883	13,897
Available for sale reserve	(7,877)	43,779
Currency translation reserve	(204,373)	(187,886)
Other reserves	46,975	38,761
Reserve of defined benefit obligations	(24,806)	(6,422)
Total other reserves	(65,845)	14,096

Other reserves movement	31 December 2016	31 December 2015
Opening balance	14,096	(92,453)
Movement of available for sale reserve	(51,657)	82,164
Transfer from other reserves to retained earnings	6,767	27,581
Acquisitions, disposals, liquidations and movement in participating interest	(179)	(7,877)
Change in reserve of defined benefit obligations	(18,384)	27,320
Foreign exchange differences and other adjustments	(16,488)	(22,639)
Closing balance	**(65,845)**	**14,096**

Available for sale reserve movement	31 December 2016	31 December 2015
Opening balance	43,780	(56,808)
Opening balance of discontinued operations	-	18,423
Gains/(losses) from the valuation of bonds and Greek Government Treasury Bills	17,988	30,340
Gains/(losses) from the valuation of shares and mutual funds	(1,477)	66,684
Recycling to income statement of shares and mutual funds impairment	14,803	13,760
Recycling of the accumulated fair value adjustment of disposed securities	(70,936)	(513)
Deferred income taxes	10,308	(28,753)
Foreign exchange differences and adjustments	(480)	637
Available for sale reserve from disposed companies	(21,863)	10
Closing balance	**(7,877)**	**43,780**

The line “Recycling of the accumulated fair value adjustment of disposed securities” mainly comprises of the sale of the shares of Visa Europe, which is referenced in Note 10.

Retained earnings movement	31 December 2016	31 December 2015
Opening balance	(7,840,634)	(5,921,295)
Profit/ (loss) after tax attributable to the owners of the parent entity	(34,987)	(1,892,848)
Profit/ (loss) from sales of treasury shares	(142)	(1,412)
Payment to the holders of contingent convertible securities (net of tax)	(117,803)	-
Transfer between other reserves and retained earnings	(6,767)	(28,347)
Acquisitions, disposals and movements in participating interest	(4,000)	3,268
Closing balance	**(8,004,333)**	**(7,840,634)**

43 Dividend per share

According to article 10, par. 3 of Law 3864/2010 for the Establishment of the Hellenic Financial Stability Fund, as in force (which refers to article 1, par. 3 of Law 3723/2008) banks, for the period they participate in the capital support programs as described by the aforementioned Law, are not allowed to distribute dividends higher than the minimum percentage set by the provisions of article 3 par. 1, of Compulsory Law 148/1967 as valid.

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

Additional restrictions to the distribution of dividend were enacted from the provisions of the Cabinet Act 36/2015, issued under Law 3864/2010, as in force, according to which dividend's distribution is not allowed in case that the Bank does not pay in full, on the relevant interest payment date, any scheduled interest payment on the contingent convertible securities which were issued in the context of the Bank's recapitalization. It is noted that, on December 2016, the Bank paid the interest of the contingent convertible securities to the HFSF, amounting to € 166 million approximately. Relevant to the contingent convertible securities is note 41.

Additionally, until the earlier of i) 31.12.2017 or (ii) the repayment of the contingent convertible securities issued by the Bank, which were covered from HFSF in the context of capital enhancement the Bank is not allowed to distribute any dividends.

Finally, according to the Regulation (EU) No 1024/2013, credit institutions have to comply with the recommendations of the ECB (ECB/2016/44) on dividend distribution policies (implementation of conservative distribution policy during 2017 for the fiscal year 2016, in the context of the aim of strengthening the safety and soundness of the euro – area banking system), as well as to the respective provisions of the Regulation (EU) No 575/2013 and those of the Directive 2013/36/EU, transposed in the national legal order by the Law 4261/2014.

With reference to all the above mentioned reasons, although profit is being recognized for the year 2016, the Board of Directors of the Bank will propose the non – distribution of dividends for the fiscal year 2016 in the Annual General Meeting of Shareholders of 2017.

For the fiscal year 2015 there is no distributable profit or relevant amounts related to distributable reserves, according to the requirements of the Article of Association and the Law and according to the in use article 44a of Law 2190/1920 payment of dividends by cash or shares is not allowed. For this reason, on 26.05.2016 the Annual General Meeting of the Shareholders decided not to distribute dividends for the fiscal year 2015, according to the requirements in use (article 10 of Law 3864/2010) for credit institutions that have received capital enhancements by Hellenic Financial Stability Fund.

Amounts in thousand euros (Unless otherwise stated)

44 Cash and cash equivalents

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

	31 December 2016	31 December 2015
Cash and balances with central bank (note 18)	1,703,885	1,904,526
Loans and advances to credit institutions (note 19)	81,308	140,246
Trading securities (note 21)	29,745	25,889
	1,814,939	**2,070,660**

45 Related parties transactions

Related parties include: a) Members of the Bank Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel, c) Companies having transactions with Piraeus Bank, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20%, d) Bank's subsidiaries, e) Bank's associates, f) Bank's joint ventures and g) HFSF which helds ordinary shares in the share capital of the Bank benefits from the special rights stated in article 10 of Law 3864/2010, as amended and in force.

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 significant transactions with the HFSF in years 2016 and 2015.

	31/12/2016		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	13,422	21,968	22,148	41,898
Deposits	2,162	3,164	7,484	13,383
Letters of guarantee and letters of credit	-	2,964	-	3,474

	1/1-31/12/2016		1/1-31/12/2015	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	185	1,209	377	1,699
Expense	22	563	75	1,451

Amounts in thousand euros (Unless otherwise stated)

Members of the Board of Directors and key management personnel benefits	1/1-31/12/2016	1/1-31/12/2015
Short term benefits	6,758	7,936
Post employment benefits	(1,361)	667

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. The year 2016, has been positively affected by the reversal of a part of the aggregate provisions during 31/12/2015.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 9.0 million instead of € 26.5 million as at 31/12/2015. The full amount of the above provisions has been included in the retirement benefit obligations (note 39).

The transactions with associate companies are analysed as follows:

	Associates	
	31 December 2016	31 December 2015
Deposits and other liabilities	72,993	78,523
Loans and other receivables	1,077,491	1,105,488
Debt securities	-	10,771
Derivatives financial assets	3,283	2,197

The aggregate provisions on loans to associate companies as at 31/12/2016 amount to € 56.2 million instead of € 65.6 million as at 31/12/2015.

	Associates	
	1/1-31/12/2016	1/1-31/12/2015
Total expense and capital expenditure	(14,097)	(21,055)
Total income	66,138	60,637

Letters of guarantee to associates of the Group as at 31/12/2016 are € 10.5 million (31/12/2015: € 17.3 million).

The transactions with joint ventures are analysed as follows:

	Joint ventures	
	31 December 2016	31 December 2015
Loans and other receivables	50,495	-

The aggregate provisions on loans of joint ventures as at 31/12/2016 amount to € 0.2 million (31/12/2015: € 0 million).

	Joint ventures	
	1/1-31/12/2016	1/1-31/12/2015
Total income	355	-

46 Changes in the portfolio of subsidiaries and associates

During the year 2016, Piraeus Bank and its subsidiaries paid for the establishment and participation in share capital increases of subsidiaries a total amount of € 29.8 million. Additionally, Piraeus Bank and its subsidiaries paid for the aquisition, establishment and participation in share capital increases of associates and joint ventures, a total amount of € 14.9 million. The analysis of changes of the consolidated companies' 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.

On 29/7/2016, Trieris Two Real Estate LTD, 100% subsidiary company of Piraeus Bank, acquired 50% of the shares of the company AEP Elaiona S.A., of value € 11.9 million. The company was classified in the joint ventures' portfolio of the Group.

On 1/9/2016, Piraeus Bank fully paid the € 7.1 million share capital increase of its 32.81% associate company Euroak S.A. Real Estate, through assets capitalization, thus increasing its shareholding percentage in the company to 52.99%. As a result, the company was classified in the portfolio of subsidiary companies of the Group and consequently, its direct subsidiary companies Rebikat S.A, Abies S.A. and Euroterra S.A., were also classified in the portfolio of subsidiary companies of the Group.

b) Establishments:

On 14/7/2016, Piraeus Equity Partners Ltd, 100% subsidiary company of Piraeus Bank, established its 100% subsidiary company, Piraeus Renewable Investments Limited with € 1 thousand share capital. The company was classified in the portfolio of subsidiary companies of the Group.

On 19/7/2016, Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, established its 100% subsidiary companies PRI Wind Limited I, II and III, with € 1 thousand share capital each. The companies were classified in the portfolio of subsidiary companies of the Group.

c) 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 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.

From 5/7/2016, 125,162 new shares of Marfin Investment Group S.A., 28.430% associate company of Piraeus Bank, are traded due to bond conversion, owned by third parties, into shares. As a result, the shareholding percentage of the Bank in the company was decreased to 28.426%.

On 7/7/2016, Piraeus Bank acquired an additional 2.77% of its associate company Marfin Investment Group S.A. for the amount of € 3.1 million. As a result, Piraeus Bank owns 31.19% of the company.

On 19/7/2016, Piraeus Bank acquired an additional 9.43% of its associate company Trieris Real Estate LTD due to pledge exercise. As a result, the shareholding percentage in the company increased to 32.37%.

On 22/7/2016, ATE Insurance Romania S.A., 99.49% held for sale participation of Piraeus Bank, increased its share capital by € 505.9 thousand (RON 2.25 million), which was fully covered by Piraeus Bank. As a result, the Bank's shareholding percentage in the company increased to 99.54%.

On 25/7/2016, following the share capital increase of the associate company Selonda Aquaculture S.A., Piraeus Bank's shareholding percentage in the company decreased to 32.43%.

On 25/7/2016, Piraeus Bank paid to its associate company, Piraeus - TANEO Capital Fund, the amount of € 50.2 thousand, without altering its shareholding percentage in the company.

On 2/8/2016, Piraeus Equity Partners Ltd, 100% subsidiary company of Piraeus Bank, increased its share capital by € 28.0 million, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

On 2/8/2016, Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, increased its shareholding percentage by € 28.0 million, which was fully covered by Piraeus Equity Partners, 100% subsidiary company of Piraeus Bank, without altering its shareholding percentage in the company.

On 17/8/2016, PRI Wind I Limited, 100% subsidiary of the Group, increased its share capital by € 3.9 million, which was fully covered by Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, without altering its shareholding percentage in the company.

On 17/8/2016, PRI Wind II Limited, 100% subsidiary of the Group, increased its share capital by € 15.9 million, which was fully covered by Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, without altering its shareholding percentage in the company.

On 17/8/2016, PRI Wind III Limited, 100% subsidiary of the Group, increased its share capital by € 8.2 million, which was fully covered by Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, without altering its shareholding percentage in the company.

On 1/9/2016, Piraeus Bank fully paid the share capital increase of € 729.9 thousand of its 39.22% associate company Euroterra S.A., through assets capitalization, thus increasing its shareholding percentage in the company to 42.38%.

On 27/9/2016, APE Fixed Assets Real Estate Tourist and Development S.A., 27.8% associate company of Piraeus Bank, increased its share capital by € 100.0 thousand. Piraeus Bank fully covered its ratio by paying € 27.8 thousand, without altering its shareholding percentage in the company.

On 30/9/2016, ETVA Development S.A., 65.00% subsidiary company of the Group, increased its share capital by € 160 thousand, which was fully covered by ETVA Industrial Parks S.A., 65.00% subsidiary company of Piraeus Bank, without altering its shareholding percentage in the company.

During the 3rd quarter of 2016, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 3.9 million. As a result, Piraeus Equity Partners Ltd, 100% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 1.2 million, without altering its shareholding percentage in the company.

From 18/11/2016, 215,273 new shares of Group's associate company Nireus Aquaculture S.A. are traded, as a result of the share capital increase of the company, due to bond conversion (announcement General Commercial Registry 1/11/2016), owned by third parties, into shares. As a result, the Group's shareholding percentage in the company decreased to 32.61%.

On 15/12/2016, R.E Anodus Ltd, 100% subsidiary company of Piraeus Bank, paid the amount of € 56 thousand (UAH 1.68 million) for the share capital increase of Group's 99.00% subsidiary company, Solum Enterprise LLC. As a result, Group's shareholding percentage in the company increased to 99.94%.

On 15/12/2016, Solum Enterprise LLC, 99.94% subsidiary company of the Group, paid the amount of € 48.7 thousand (UAH 1.35 million) for the share capital increase of Group's 98.01% subsidiary company, Sinitem LLC. As a result, Group's shareholding percentage in the company increased to 99.94%.

Amounts in thousand euros (Unless otherwise stated)

On 19/12/2016, Trastor REIC, 57.91% subsidiary company of Piraeus Bank, proceeded to share capital decrease by € 34.6 million in order to create an equivalent extraordinary reserve, according to article 4 par. 4a of Codified Law 2190/1920. Due to the above mentioned decrease, Bank's shareholding percentage in the company did not alter.

On 20/12/2016, the Group paid its ratio, total amount € 72.1 thousand in the increase of share capital of its 61.20% subsidiary company Abies S.A. As a result, Group's shareholding percentage in the company increased to 61.65%.

On 20/12/2016, the Group paid its ratio, total amount € 361.6 thousand in the increase of share capital of its 62.47% subsidiary company Euroterra S.A. As a result, Group's shareholding percentage in the company increased to 62.90%.

On 20/12/2016, Piraeus Bank paid its ratio, total amount € 340.2 thousand in the share capital increase of its 52.99% subsidiary company, Euroak S.A. Real Estate. As a result, Bank's shareholding percentage in the company increased to 53.60%.

On 20/12/2016, the Group paid its ratio, total amount € 240.0 thousand in the share capital increase of its 61.20% subsidiary company, Rebikat S.A. As a result, Group's shareholding percentage in the company increased to 61.92%.

On 28/12/2016, the completion of the sale of a stake held in its subsidiary Piraeus Bank Cyprus Ltd to the company "Holding M.Sehnaoui SAL" ("HMS") took place, for the amount of € 3.2 million. Simultaneously, the share capital increase of € 40 million of Piraeus Bank Cyprus Ltd, was concluded, which was covered without the participation of Piraeus Bank. As a result of the aforementioned, Piraeus Bank's shareholding percentage in Piraeus Bank Cyprus Ltd has changed to 17.64% and Piraeus Bank Cyprus Ltd was classified in the portfolio of Available for sale assets. In addition, the Group of Piraeus Bank Cyprus Ltd is not included in the consolidated companies of the Group. Furthermore, the abovementioned actions resulted in the decrease of Group's shareholding percentage in subsidiary companies Euroinvestment & Finance Public Ltd to 90.85%, Philoktimatiki Public Ltd and Philoktimatiki Ergoliptiki Ltd to 53.29%, Sunholdings Properties Company Ltd to 26.65% as well as in the associate company Nireus Aquaculture S.A. to 32.51%.

During the 4th quarter of 2016, Piraeus - TANEO Capital Fund, 50.01% associate participation of Piraeus Bank, increased its assets by € 94.7 thousand. As a result, Piraeus Bank covered its ratio by paying in total € 47.4 thousand, without altering its shareholding percentage in the company.

During the 4th quarter of 2016, PJ Tech Catalyst Fund, 30% associate participation of the Group, increased its assets by € 62.5 thousand. As a result, Piraeus Equity Partners Ltd, 100% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 18.7 thousand, without altering its participation percentage.

Net outflow from shareholding percentage increase in subsidiaries and from acquisition of subsidiaries amounts to € 1 thousand and is presented below:

Acquisition of subsidiaries excluding cash and cash equivalents acquired	1/1-31/12/2016	1/1-31/12/2015
Acquisition of subsidiaries	1	44,893
Less: Cash and cash equivalents acquired	-	(989)
	1	**43,905**

Amounts in thousand euros (Unless otherwise stated)

d) Liquidation and disposal:

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. On 28/7/2016, the Group disposed its participation in its 100% subsidiary company Piraeus Leasing Bulgaria A.D. for the amount of € 0.1 thousand. The result from the above mentioned disposals is included in the account "Results from investment securities", for which further reference is provided in note 10.

On 1/8/2016, Piraeus Bank disposed its participation in its 100% subsidiary company ATE Insurance S.A. for the amount of € 90.1 million. Relevant reference is provided in note 14.

On 25/8/2016, Polytropon Properties Limited, 39.98% subsidiary company of the Group, was dissolved as a result of intended liquidation and was deleted from the relevant Company Registry.

According to the resolution of the Shareholders' General Meeting dated 31/10/2016, Tirana Leasing Sh.A., 100% subsidiary company of Piraeus Bank, was set under dissolution and liquidation.

According to the announcement of General Commercial Registry, dated 7/11/2016, Project on Line S.A., 40% associate company of Piraeus Bank, was set under dissolution and liquidation.

On 8/11/2016, Piraeus Clean Energy LP, 100% participation of the Group, was set under dissolution and liquidation.

On 12/11/2016, Besticar Limited, 99.98% subsidiary company of the Group, was set under liquidation.

Net outflow from disposal of subsidiaries amounts to € 289,879 thousand and is presented below:

Disposals of subsidiaries excluding cash and cash equivalents acquired	1/1-31/12/2016	1/1-31/12/2015
Disposal/ partial disposal of subsidiaries	157,382	95,155
Gains / (losses) from disposals	(49,591)	44,990
Less: Cash and cash equivalents acquired	(397,671)	(274,941)
	(289,879)	**(134,795)**

e) 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.

Amounts in thousand euros (Unless otherwise stated)

47 Independent Auditors' fees

The table below analyses, as stated in article 43a of codified law 2190/1920 and as amended by article 30 of Law 3756/2009, the total fees for the years ended 31 December 2016 and 2015 of the Bank's statutory auditor 'PricewaterhouseCoopers', for the Bank and the Group's subsidiaries, in which the aforementioned company is the statutory auditor.

	31 December 2016	31 December 2015
Statutory audit fees	2,530	3,275
Tax audit fees	586	651
Other audit related fees	209	681
Other non audit related fees	471	2,572
Total	**3,796**	**7,178**

48 Restatement of comparative year

The following restatements as at 31/12/2015 concern the term deposits of investment cover scheme and the additional deposit cover scheme of Hellenic Deposit and Investment Guarantee Fund (HDIGF), which in 2015 were reported as a deduction in "other assets" decreasing the value of HDIGF's investments, were also adjusted for comparative purposes to 31/12/2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1/1-31/12/2015		
	Published amounts	Restatements	Restated amounts
Other assets	2,923,515	405,762	3,329,277
TOTAL ASSETS	**87,528,216**	**405,762**	**87,933,978**
Due to customers	38,951,880	405,762	39,357,642
TOTAL LIABILITIES	**77,507,690**	**405,762**	**77,913,452**

CONSOLIDATED CASH FLOW STATEMENT	1/1-31/12/2015		
	Published amounts	Restatements	Restated amounts
Net (increase)/ decrease in other assets	(334,010)	(14,242)	(348,252)
Net increase/ (decrease) in amounts due to customers	(14,200,642)	14,242	(14,186,400)
Net cash inflow/ (outflow) from continuing operating activities	**(519,699)**	**0**	**(519,699)**

49 Disclosures of Law 4151/2013

In accordance with the provisions of Law 4151/2013, every financial banking institute operating in Greece, has the obligation for all dormant accounts for which a period of 20 years has passed, to remit the cash balances plus interest of these dormant accounts to the Greek State, until the end of April of each year. The Bank in 2016 remitted to the Greek State the amount of € 245,535.54.

50 Disclosures of Law 4261/2014

According to Law 4261/2014 article 81, which incorporated into the Greek legislation the article 89 of Directive 2013/36/EC, Piraeus Bank Group ("the Group") discloses information on a consolidated basis for each country it operates in.

Disclosed information includes: name of the subsidiary, nature of business, geographical location, turnover, number of employees on a full-time equivalent basis, profit or loss before tax, tax on profit or loss and public subsidies. Turnover, profit or loss before tax, as well as tax on profit or loss are prepared on the same basis as the relevant figures reported in the consolidated financial statements for the year ended 31 December 2016 and the year ended 31 December 2015, which are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the IASB and endorsed by the European Union.

Neither the Bank nor the Group subsidiaries have received any public subsidies. All other information is presented in the following tables:

A. Country specific information

Country	31/12/2016 (amounts in thousand euros)			
	Total net income [3]	Profit/ (loss) before tax	Income tax	Number of staff [4]
Greece [1]	2,266,955	(109,905)	(173,599)	15,432
Romania	72,551	(14,504)	13,901	1,337
Bulgaria	43,377	(36,225)	938	871
Egypt	845	829	311	1
Cyprus	(274)	(162)	(124)	6
Serbia	21,851	(180)	(112)	451
Albania	16,261	(4,156)	(69)	436
Ukraine	4,473	(3,331)	(212)	448
Other countries [2]	439	(149)	-	-
Intercompany amounts	(60,425)	-	-	-
Group	**2,366,052**	**(167,781)**	**(158,966)**	**18,981**

Notes:

(1) The amounts reported include the operations of Piraeus Bank branches operating in foreign countries and special purpose vehicles incorporated in the U.K.

(2) Other countries include U.K., Luxemburg, British Virgin Islands, U.S.A and Belgium.

(3) Total net income includes net interest income, net fee and commission income, results from investment and trading securities, dividend income and other results.

(4) The number of employees in Romania does not include 14 employees respectively relating to discontinued operations.

Country	31/12/2015			
	Total net income [3]	Profit/ (loss) before tax	Income tax	Number of staff [4]
	(amounts in thousand euros)			
Greece [1]	2,220,449	(2,706,794)	(1,065,603)	16,554
Romania	85,354	(85,801)	293	1,435
Bulgaria	45,695	(95,581)	(713)	885
Egypt	46,531	45,364	91	1
Cyprus	(1,467)	(1,829)	(439)	6
Serbia	25,529	(38,576)	46	452
Albania	14,262	(24,465)	(949)	429
Ukraine	10,891	(22,403)	(1,288)	438
Other countries [2]	894	132	-	-
Intercompany amounts	(55,031)	-	-	-
Group	**2,393,107**	**(2,929,953)**	**(1,068,562)**	**20,198**

Notes:

(1) The amounts reported include the operations of Piraeus Bank branches operating in foreign countries and special purpose vehicles incorporated in the U.K.

(2) Other countries include U.K., Luxemburg, Liberia, Panama, British Virgin Islands and U.S.A.

(3) Total net income includes net interest income, net fee and commission income, results from investment and trading securities, dividend income and other results.

(4) The number of employees in Greece, Romania and Cyprus does not include 168, 14 and 338 employees respectively relating to discontinued operations.

B. The Group's subsidiaries based on the nature of their business and their geographical location are presented:

The Group's subsidiaries based on the nature of their business and their geographical location are presented in note 26.

Law 4261/2014, article 82, which incorporated into Greek legislation the article 90 of Directive 2013/36/EU of the European Parliament and of the Council of June 26th, 2013, established the requirement to disclose the total return on assets ratio. This ratio for the Bank and the Group for the year ended 31 December 2016 amounted to 0.01% and -0.01% respectively (2015: -2.84% and -2.15% respectively).

51 Events subsequent to the end of the year

• On January 3, 2017, with regards to the exercise process of the titles representing share ownership rights ("Warrants"), the Bank announced that no Warrant on shares issued by the Bank and owned by the Hellenic Financial Stability Facility (HFSF) has been exercised.Consequently, the issued Warrants currently outstanding amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF.

• On January 26, 2017, the Bank announced that, following the agreement with Wert Red Sarl conducted in June 2016 regarding the sale of its equity stake in Trastor REIC, and the completion of the latter's share capital increase without Piraeus Bank's participation, the Bank's equity stake in Trastor reduced to 39.4% from 57.9%. Following the completion of the company's share capital increase, Wert Red is managing the company.

• During January 2017, within the framework of ECB's Quantitative Easing (QE) Program, Piraeus Bank sold bonds worth € 0.75 billion in nominal value. After January 23, 2017, Greek banks' participation in the program stopped, because of a binding letter of participation in the bond exchange program, within the framework of the short-term measures for the relief of Greek public debt.

• During February 2017, the exchange of floating rate EFSF and ESM notes held by Piraeus Bank with fixed rate ESM bonds initiated, within the framework of the short-term measures for the relief of Greek public debt. Up until March 30, 2017, notes with a nominal value of € 2.0 billion held by the Bank had been exchanged with new bonds.

• On February 16, 2017, within the framework of its Covered Bond program, Piraeus Bank issued € 1.0 billion through a new (3^{rd}) series of Covered Bonds, with Greek residential mortgages as a cover. The Covered Bonds are floating rate, bearing a coupon of 3M Euribor + 150 bps. The issue was retained by the Bank and it is planned to be used as a collateral for providing liquidity in the interbank repo market.

• On February 22, 2017, Piraeus Bank announced the resignation from its Board of Directors of Mr. Apostolos Tamvakakis, First Vice-Chairman, Independent Non-Executive Member, Mr. Stavros Lekkakos, Second Vice-Chairman, Non-Executive Member, and Ms. Charikleia Apalagaki, Authorized Executive Director, Executive Member. The BoD was reconstituted as a corporate body on February 22, 2017 electing Mr. Iakovos Georganas as First Vice Chairman of the Board, Non-Executive Member, and Mr. Karel De Boeck as a Second Vice-Chairman of the Board, Independent Non-Executive Member.

• Piraeus Bank announced that its Board of Directors on its meeting of March 8, 2017, unanimously elected Mr. Christos Megalou as the new CEO of the Bank.

Amounts in thousand euros (Unless otherwise stated)

•On March 29, 2017 the draft bill "Incorporation to the national legislation of Directive 2014/92/EU of the European Council of 23 July, 2014 regarding the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features and other provisions" was voted by the Greek Parliament - and is awaiting publication in the Government Gazette - which amends article 27A of the new Income Tax Code (L.4172/2013) and regulates the accounting and supervisory treatment of deferred tax assets that have already been recognized (and may under certain circumstances be converted to a definite and net receivable) from credit institutions and the entities which are supervised by the Bank of Greece, or where appropriate by the Single Supervisory Mechanism, in a manner compatible to the loan write-offs and loan restructuring of their borrowers. More specifically, in the provisions of article 27A under amendment, it is clearly stipulated that apart from the deferred tax receivables which relate to the accumulated impairments and other provisions due to credit losses as well as the remaining unamortized balance of PSI losses, the deferred tax receivables which relate to accounting write-offs and permanent losses due to definitive write-offs or sale of loans, may be converted under certain circumstances to a definite and net receivable against the State and through that way be counted in the credit institution's regulatory capital. The provisions under amendment are applicable from 1.1.2016.

Athens, March 30th, 2017

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

PIRAEUS BANK

PIRAEUS BANK S.A.

Financial Statements

31 December 2016

In accordance with the International Financial Reporting Standards

The attached financial statements have been approved by the Piraeus Bank S.A. Board of Directors on March 30th, 2017 and they are available on the web site of Piraeus Bank at www.piraeusbankgroup.com

These financial statements have 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.

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Notes to the Financial Statements:

Amounts in thousand euros (Unless otherwise stated)

INCOME STATEMENT	Note	Year ended 31 December 2016	Year ended 31 December 2015
Interest and similar income	6	2,398,360	2,768,755
Interest expense and similar charges	6	(716,542)	(1,057,321)
NET INTEREST INCOME		**1,681,817**	**1,711,435**
Fee and commission income	7	280,325	256,368
Fee and commission expense	7	(47,225)	(41,031)
NET FEE AND COMMISSION INCOME		**233,100**	**215,337**
Dividend income	8	21,923	100,163
Net income from financial instruments designated at fair value through profit or loss	9	(7,587)	60,919
Results from investment securities	10	208,948	16,251
Other results	11	7,192	49,780
TOTAL NET INCOME		**2,145,394**	**2,153,884**
Staff costs	12	(504,497)	(651,772)
Administrative expenses	13	(496,411)	(500,450)
Depreciation and amortisation	26,27	(84,682)	(83,958)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,085,590)**	**(1,236,181)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**1,059,804**	**917,703**
Impairment losses on loans	22	(961,129)	(3,240,220)
Impairment losses on other assets	30	(103,434)	(106,829)
Impairment losses on other debt securities - receivables		(5,118)	-
Impairment on participations and investment securities	25,41	(80,478)	(886,363)
Impairment of tangible and intangible assets	26,27	(15,218)	(63,249)
Impairment on assets held for sale		(26,046)	(2,677)
Other provisions	36	(43,278)	(98,151)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(174,897)**	**(3,479,786)**
Income tax	14	185,418	1,090,389
PROFIT/ (LOSS) AFTER TAX		**10,522**	**(2,389,397)**
Earnings/ (losses) per share (in €):			
- Basic and Diluted	15	0.0012	(1.0759)

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF TOTAL COMPREHENSIVE INCOME	**Note**	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Profit/ (loss) after tax (A)		**10,522**	**(2,389,397)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	16,41	(26,685)	75,420
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	16,41	(17,268)	24,391
Other comprehensive income, net of tax (B)		**(43,953)**	**99,811**
Total comprehensive income, net of tax (A)+(B)		**(33,431)**	**(2,289,586)**

Amounts in thousand euros (unless otherwise stated)

STATEMENT OF FINANCIAL POSITION	Note	31 December 2016	31 December 2015
ASSETS			
Cash and balances with Central Bank	17	2,152,115	2,444,752
Loans and advances to credit institutions	18	521,459	787,795
Financial assets at fair value through profit or loss	20	8,428	50,462
Derivative financial instruments - assets	19	445,070	437,028
Reverse repos with customers	21	29,076	-
Loans and advances to customers (net of provisions)	22	48,720,105	49,425,753
Available for sale securities	23	2,368,408	2,407,828
Debt securities - receivables	24	13,246,257	16,985,336
Assets held for sale	29	73,000	48,707
Investment property	28	362,851	317,980
Investments in subsidiaries	25	1,051,392	1,074,328
Investments in associated undertakings	25	201,961	279,597
Property, plant and equipment	27	852,450	852,644
Intangible assets	26	259,592	250,765
Deferred tax assets	37	5,264,510	5,012,800
Other assets	30	2,977,058	3,032,265
TOTAL ASSETS		**78,533,734**	**83,408,039**
LIABILITIES			
Due to credit institutions	31	27,392,700	34,591,752
Due to customers	33	39,765,301	36,970,850
Financial liabilities at fair value through profit or loss	32	-	2,499
Derivative financial instruments - liabilities	19	461,205	444,639
Debt securities in issue	34	69,515	102,314
Retirement benefit obligations	38	184,619	180,897
Other provisions	36	163,356	250,414
Other liabilities	35	1,040,257	1,256,659
TOTAL LIABILITIES		**69,076,953**	**73,800,024**
EQUITY			
Share capital (ordinary shares)	40	2,619,955	2,619,955
Share premium	40	13,074,688	13,074,688
Contigent convertible securities	40	2,040,000	2,040,000
Other reserves	41	75,164	119,116
Retained earnings	41	(8,353,025)	(8,245,744)
TOTAL EQUITY		**9,456,781**	**9,608,016**
TOTAL LIABILITIES AND EQUITY		**78,533,734**	**83,408,039**

Amounts in thousand euros (unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY	Note	Share capital	Share premium	Contigent convertible securities	Other reserves	Retained earnings	TOTAL
Opening balance as at 1st January 2015		**1,830,594**	**11,393,315**	**0**	**(7,449)**	**(5,829,593)**	**7,386,867**
Other comprehensive income, net of tax	16				99,811		99,811
Results after tax	41					(2,389,397)	(2,389,397)
Total recognised income for the year 2015		**0**	**0**	**0**	**99,811**	**(2,389,397)**	**(2,289,586)**
Increase of share capital	40	2,601,649		2,040,000			4,641,649
Share capital increase expenses	40		(130,915)				(130,915)
Decrease of the nominal value of ordinary shares	40	(1,812,288)	1,812,288				0
Transfer between other reserves and retained earnings	41				26,754	(26,754)	0
Balance as at 31st December 2015		**2,619,955**	**13,074,688**	**2,040,000**	**119,116**	**(8,245,744)**	**9,608,016**
Opening balance as at 1st January 2016		**2,619,955**	**13,074,688**	**2,040,000**	**119,116**	**(8,245,744)**	**9,608,016**
Other comprehensive income for the year, net of tax	16,41				(43,953)		(43,953)
Results after tax	41					10,522	10,522
Total recognised income for the year 2016		**0**	**0**	**0**	**(43,953)**	**10,522**	**(33,431)**
Payment to the holders of contingent convertible securities (net of tax)	41					(117,803)	(117,803)
Balance as at 31st December 2016		**2,619,955**	**13,074,688**	**2,040,000**	**75,164**	**(8,353,025)**	**9,456,781**

Amounts in thousand euros (unless otherwise stated)

CASH FLOW STATEMENT	**Note**	**Year ended**	
		31 December 2016	**31 December 2015**
Cash flows from operating activities			
Profit / (loss) before tax		(174,897)	(3,479,786)
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		1,234,700	4,397,490
Add: depreciation and amortisation charge	26,27	84,682	83,958
Add: retirement benefits and estimated cost of volunatry exit scheme	12	9,923	131,502
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		27,289	91,580
(Gains)/ losses from investing activities		(112,846)	(122,592)
Cash flows from operating activities before changes in operating assets and liabilities		1,068,852	1,102,152
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		114,110	(141,768)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		41,873	76,135
Net (increase)/ decrease in loans and advances to credit Institutions		263,781	44,133
Net (increase)/ decrease in loans and advances to customers		(331,069)	511,769
Net (increase)/ decrease in debt securities - receivables		3,757,435	8,599
Net (increase)/ decrease in reverse repos with customers		(29,076)	63,632
Net (increase)/ decrease in other assets		(114,982)	(86,433)
Net increase/ (decrease) in amounts due to credit institutions		(7,199,051)	9,936,379
Net increase/ (decrease) in liabilities at fair value through profit or loss		(2,514)	513
Net increase/ (decrease) in amounts due to customers		2,794,451	(13,926,417)
Net increase/ (decrease) in other liabilities		(370,774)	1,199,655
Net cash flow from operating activities before income tax payment		(6,964)	(1,211,652)
Income tax paid		(1,064)	(347)
Net cash inflow/ (outflow) from operating activities		**(8,028)**	**(1,211,998)**
Cash flows from investing activities			
Purchases of property, plant and equipment	27,28	(128,425)	(117,030)
Sales of property, plant and equipment		18,908	12,532
Purchases of intangible assets	26	(27,006)	(31,916)
Purchases of assets held for sale		(506)	(6,222)
Purchases of investment securities	23	(6,867,048)	(8,249,248)
Disposals/ maturity of investment securities	23	6,928,726	7,996,067
Acquisition of subsidiaries and participation in share capital increases		(28,688)	(157,462)
Sales of subsidiaries		107,792	140,124
Acquisition of associates and participation in share capital increases		(1,407)	(57,985)
Sales of associates		11,436	34,623
Dividends received from subsidiaries		13,540	92,500
Dividends received from available for sale securities	8	8,335	7,567
Net cash inflow/ (outflow) from investing activities		**35,657**	**(336,450)**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(47,273)	(346,134)
Increase of share capital		-	1,340,000
Share capital increase expenses	40	-	(130,915)
Payment to the holders of contingent convertible securities	42	(165,920)	-
Net cash inflow/ (outflow) from financing activities		**(213,193)**	**862,951**
Effect of exchange rate changes on cash and cash equivalents		4,482	20,079
Net increase/ (decrease) in cash and cash equivalents of the year (A)		**(181,083)**	**(665,418)**
Cash and cash equivalents at the beginning of the year (B)		**1,264,024**	**1,926,139**
Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank (C)		**-**	**3,303**
Cash and cash equivalents at the end of the year (A) + (B) + (C)	43	**1,082,941**	**1,264,024**

1. General Information about the Bank

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 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 13,264 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, FTSE4Good Emerging), MSCI (Emerging Markets, EM EMEA, Greece), Stoxx (TMI, All Europe, Greece TM) and S&P (Global, Greece BMI).

2. General accounting policies of the Bank

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

2.1 Basis of preparation of the Bank´s financial statements

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

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

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

Going concern basis

The annual financial statements have been prepared on a going concern basis, which was deemed appropriate from Piraeus Bank's Management assessing the following:

Macroeconomic environment

In mid-2016, the completion of the 1st review of the 3rd economic adjustment program, was a positive development for the Greek economy. Furthermore, capital controls were further eased and the ECB reinstated the waiver affecting the eligibility of Greek bonds used as collateral in Eurosystem monetary policy operations. Despite the positive impact on limited uncertainty and on economic climate improvement, growth restoration of the Greek economy is delayed.

In August 2015, in an intensely volatile macroeconomic and financial environment, the government proceeded 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 would be up to € 86 billion. The disbursement of funds is linked to progress in implementing the policy conditions, agreed in the MoU. By the end of 2015, Greece through ESM received € 21.4 billion, of which € 16 billion related to funds in order to cover financing needs and € 5.4 billion to the recapitalisation of the banking system which was completed on December 2015, following the announcement of the results of the Comprehensive Assessment conducted by ECB on 31/10/2015.

Following the Eurogroup of 25 May 2016 and the signing of the supplemental memorandum of understanding (SMoU), the first review of the programme was completed successfully. The disbursement of the ESM trance of € 10.3 billion in individual sub-tranches was approved on 17/6/2016. The first sub-tranche of € 7.5 billion was disbursed on 21st June 2016, in order to cover the financing needs (€ 5.7 billion) and arrears clearance (€ 1.8 billion). On 25th October 2016 - after the Greek Parliament adopted the prior action measures - ESM approved the disbursement of the second sub-tranche of € 2.8 billion, which took place on 26th October 2016, in order to cover financing needs (€ 1.1 billion) and to allow the further arrears clearance (€ 1.7 billion). The Eurogroup held at December 2016 decided the implementation of short-term relief measures (smoothening of the EFSF repayment profile, reduction of interest rate risk and the waiver of the step-up interest rate margin on the EFSF loan of € 11.3 billion from the second program).

In 2016, according to the seasonally adjusted data, and the Greek real GDP declined marginally by - 0.1%, versus a decline of -0.3% in 2015. Moreover, the economic sentiment indicator improved to 91.8 points against 89.7 points in 2015, however the increased uncertainty in the beginning of 2017 reflects a decline of the ESI in February 2017. In 2016 inflation stood at -0.8% (2015: -1.7%). However, in December 2016, after a 45-months period of deflation the consumer price index remained unchanged on an annual basis (0.0%) and returned to a positive trajectory in the period of Jan.-Feb. of 2017. The unemployment rate, in 2016 fell to 23.5% from 24.9% in 2015. Moreover, in 2016 the current account balance showed a deficit of € -1.1 billion (-0.6% of GDP), compared with a surplus of € 206 million (0.1% of GDP) in 2015. In 2016, travel receipts fell by -6.4% compared to 2015, due to an 11.3% decline in average expenditure per trip, as inbound traveler flows rose by 5.1%.

In 2016, on a modified cash basis, the state budget primary balance amounted to a surplus of € 4.4 billion. According to the 2017 Budget introductory report, in 2016 the general government primary surplus, based on the economic adjustment program methodology, is expected to exceed the target of 0.5% of GDP and reach 1.1% of GDP.

Critical to the performance of the economy in 2017, at macroeconomic and public finance level, is the completion of the second review and the timely disbursement of remaining tranches to cover the financing needs and the clearance of general government arrears as well as the implementation of further fiscal adjustment measures.

The economic and political situation in Greece remains the prime risk factor also for the domestic banking sector in general and for Piraeus Bank in particular. To this end, prolonged and adverse developments regarding the completion of the 2nd review of the country's economic adjustment program would potentially have negative effect on the Bank's liquidity (i.e. stop attracting or loosing deposits, reducing repo interbank transactions with third parties, downgrading of securities and guarantees of the Greek State that are used for liquidity purposes from the Eurosystem, increasing funding through ELA mechanism) and on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio, any negative assessment of the credit risk of the Greek State in which the Greek banks have significant direct and indirect exposure).

The completion of the review, 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 growth, 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

The Comprehensive Assessment ("CA" i.e. Asset Quality Review and Stress Tests) which was carried out by ECB/ Single Supervisory Mechanism (SSM) in the second half of 2015 in order to quantify the capital shortfalls after the legal framework was 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.

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 during the first half 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 has been completed with insignificant impact on the Bank's capital adequacy ratios. SSM's recommendations are being addressed by Bank's management through the enhancement of the internal control functions.

Liquidity

During 2016, domestic market deposits (private and public sector, on a comparative basis adjusted for Consignments and Loans Fund deposits) increased (+4%) and amounted to € 139.1 billion. The exposure of all Greek banks in the Eurosystem reduced from € 108 billion at the end of December 2015 to € 67 billion at the end of December 2016, of which about € 44 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 year 2016, Piraeus Bank's exposure to the Eurosystem reduced by € 11.8 billion to € 20.9 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, as well as the Bank´s participation in the ECB´s program of Quantitative Easing ("QE") with the sale of EFSF bonds of notional value of € 3.7 billion during the year 2016. Piraeus Bank's financing through the ELA was reduced by € 4.8 billion during the year 2016 and amounted to € 11.9 billion at the end of December 2016. It is noted that during 2016, the deposits of Piraeus Bank Group increased by € 3.0 billion or 7 %.

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 December 31, 2016 Piraeus Bank has sold, in the context of the QE program, EFSF bonds of notional value of € 3.7 billion.

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 € 0.9 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 at the same time the € 2.7 billion of TLTRO I to TLTRO II.

Going Concern Assessment

Piraeus Bank's management, after taking into account the above mentioned factors regarding the capital adequacy and the Bank’s liquidity and in spite of the uncertainties associated with completion of the 2nd assessment of the current economic adjustment program, is of the opinion that the financial statements of the Bank have been prepared on a going concern basis.

New accounting standards, interpretations and amendments

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

(A) The following interpretation as well as the improvements to IFRS have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and they are effective from 1.1.2016:

- **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 IFRS 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.

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

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.

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

(B) The following new IFRSs and amendments have been issued by the International Accounting Standards Board and have been endorsed by the E.U. up to December 2016. They are not effective in 2016 and they have not been early adopted by the Bank:

- **IFRS 9, "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)**. IFRS 9 "Financial instruments" includes the provisions concerning the classification and measurement of financial assets and financial liabilities, as well as the revised expected credit losses model that replaces the incurred loss impairment model used today. In addition to this, the standard includes the revised provisions relating to hedge accounting that align the accounting treatment of hedging relations with risk management activities.

  Piraeus Bank Group has started an IFRS 9 implementation program. In the context of the program's governance, Committees, Project Management Office, and project teams with participants from several Bank's divisions, have been established. Senior management participates actively in the process, ensuring efficient, accurate and timely implementation of the program. Given the complexity and the size of the program, the Bank has entered special consultants very early in the process for the implementation of IFRS 9 and it has invested in a new IT system.

  The Board of Directors and its Sub - Committees (Audit Committee and Risk Management Committee), as well as the Group's Executive Committee, monitor closely the program's implementation and participate actively in the decision making process, which decisions are key decisions either for the IFRS 9 required basic assumptions or for its timely and smooth completion.

Classification and measurement

For the classification of financial assets, according to IFRS 9's provisions, the Bank will define business models and will evaluate the cash flow characteristics of securities and loans (SPPI test). The above mentioned evaluation will permit the financial assets classification and their measurement depending on the business model identified. In order to identify the business models, the Bank's business plan, the frequency, the volume and the reason for making sales in prior periods, how the performance of the portfolio is measured, the risks of the portfolio, the existence of any regulatory or other restrictions in the way the portfolio is managed, as well as any other factor could influence the way the Bank operates and makes decisions, are evaluated. In the context of SPPI test on loans the cash flow characteristics of loans will be assessed and the test will be performed either per contract/product in case of non standardized loans or in groups of loans with common characteristics in case of standardized products. Additionally, IFRS 9 permits, at initial recognition, the investment in equity instruments to be classified at fair value through other comprehensive income with direct effect in equity. In such case, the investment shall not be held for trading purposes.

Impairment of financial assets

IFRS 9 introduces an expected credit loss model that will apply to all financial instruments that are subject to impairment and replaces the incurred loss model in IAS 39. The new standard's requirements eliminate the limit in IAS 39, according to which credit losses were recognized only with the occurrence of a credit event. The new standard uses a "three stage" approach (stage1, stage2, stage3) that will reflect changes in credit quality since initial recognition. At each reporting date, an impairment loss equal to 12-month expected credit losses (stage 1) will be recognized for all financial assets for which there is no significant increase in credit risk since initial recognition. For financial assets for which there is a significant increase in credit risk since initial recognition (stage 2) as well as purchased or originated credit impaired financial assets (stage 3), an impairment loss equal to lifetime expected credit losses will be recognized. The Bank is in the process of evaluating the parameters of credit risk for the calculation of lifetime expected credit losses on financial assets under examination and also of defining the criteria for the identification of the financial assets whose credit risk since initial recognition has significantly increased, according to IFRS 9 requirements. Furthermore, the Bank is in the process of implementing relevant structures and processes for the calculation of impairment on financial instruments according to IFRS 9 requirements.

The Bank will fully implement IFRS 9 as at 1/1/2018, without restating the relevant comparatives and with all required transitional disclosures. A detailed analysis is taking place in order to determine the impact from the IFRS 9 implementation and the Bank has the intention to quantify the impact of the new standard when it is practically possible to provide reliable estimates.

- **IFRS 15, "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).** This standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments. According to the new standard, an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration. A new revenue recognition model is introduced, by applying five basic steps, which include: identification of the contract, identification of the performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the performance obligations in the contract and the revenue recognition. The performance obligation notion is new and substantially represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Bank has not applied this standard and is evaluating the impact of IFRS 15 to its financial statements, however the adoption of the standard is not expected to have a material effect.

- **IFRS 15 (Amendment) “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2018).** The amendment clarifies specific guidance on identifying performance obligations, the principal versus agent assessment and accounting for licenses of intellectual property.

(C) The following new IFRSs, amendments, improvements and interpretations to IFRSs have been issued by the International Accounting Standards Board but they have not been endorsed by the E.U. up to December 2016 and they have not been adopted by the Bank:

- **IFRS 4 (Amendments) “Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts” (effective for annual periods beginning on or after 1 January 2018).** The amendments introduce two approaches. The amended standard will give a) all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued, and b) companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The amendments have not yet been endorsed by the EU.

- **IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019).** IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors disclose information in a manner that faithfully represents those transactions, as well as introduces a single lessee accounting model that requires recognizing the right-of-use of assets and liabilities of lessee with a term of more than 12 months, unless the underlying asset is of low value. Lessors continue to classify leases as operating or finance, with leases accounting approach for lessors substantially unchanged in relation to IAS 17. Accounting treatment for the lessees predicts that, upon a lease commencement the lessee recognizes a right-of-use asset and a relevant lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs. Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment, except for the cases for which the asset is measured at fair value. Respectively, the lease liability is measured at the present value of the lease payments payable.

  The Bank has not applied this standard and will evaluate the impact of IFRS 16 on its financial statements. The standard has not yet been endorsed by the EU.

- **IAS 40 (Amendments) “Transfers of Investment Property” (effective for annual periods beginning on or after 1 January 2018).** The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendments have not yet been endorsed by the EU.

- **IFRS 2 (Amendments) “Classification and measurement of Shared-based Payment transactions” (effective for annual periods beginning on or after 1 January 2018).** The amendment clarifies the measurement basis for cash-settled, share-based payments and also the accounting for modifications that change an award from cash-settled to equity-settled. Also an exception to the principles in IFRS 2 is introduced, that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.

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

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

- **IFRIC 22 "Foreign currency transactions and advance consideration" (effective for annual periods beginning on or after 1 January 2018).** The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.

Annual Improvements to IFRSs 2014-2016 (December 2016)

- **IFRS 12 "Disclosures of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2017).** The amendment clarifies the disclosures requirements of IFRS 12 to interest in entities classified as held for sale.

- **IAS 28 "Investments in associates and Joint ventures" (effective for annual periods beginning on or after 1 January 2018).** The amendments clarify that when venture capital organisations, mutual funds, unit trusts and similar entities elect to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

2.2 Foreign Currencies

(a) Functional and presentation currency

The financial statements are presented in euro, which is the Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.3 Derivative financial instruments and hedge accounting

The Bank holds derivative financial instruments both for profit-making within the approved limits set by its competent units, hedging purposes as well as the service of its clients' needs. Derivative financial instruments, in which Piraeus Bank is involved, mainly include swaps, forwards, futures and options.

Swaps are contractual agreements between two parties (over the counter) to exchange cash flows due to movements in interest rates, foreign exchange, equity indices, commodity prices. In the case of credit default swaps, it is agreed to exchange payments based on the nominal value of credit instruments (i.e. bonds or loans), that are the underlying instruments of the agreements in this category, when defined credit events take place.

FX forwards are contractual agreements between two parties (over the counter) to purchase a currency against another. Interest rate swaps are contractual agreements to exchange interest rate cash flows at a specified price and date in the future.

Futures are contractual obligations to receive or pay a net amount based on changes in the price or the rate of the underlying financial instrument. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margin requirements.

Options are contractual agreements that convey the right but not the obligation for the purchaser to buy or sell a specified amount of a financial instrument or a currency, at a fixed price or rate, at a future date. Options can be either exchange traded or over the counter (OTC).

The notional amounts of derivative financial instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the underlying instruments and therefore do not necessarily indicate the Bank's exposure to credit, market or liquidity risk. The notional amount is the amount of the derivative's underlying instrument and is the basis for the measurement of derivative fair values. Fair value changes are determined by fluctuations in the price or the rate of the underlying instrument and reflect the amount to be paid (liability) or received (asset).

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into (trade date) and are subsequently remeasured at fair values on a daily basis. At initiation, the fair value is usually small or nil. Fair values are obtained from quoted market prices in active markets and option pricing models, where market prices are not available.

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

Changes in the fair values of derivative financial instruments are included in "Net income from financial instruments designated at fair value through profit or loss". Derivatives are presented in assets when fair value is positive and in liabilities when fair value is negative.

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

Hedge accounting

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

- The hedge should be effective at initiation.

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

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

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Bank designates certain derivatives as either: a) hedges of the fair value of recognised assets or liabilities or, b) hedges of highly probable future cash flows attributable to a recognised asset or liability. Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of such derivative instruments are recognised immediately in the income statement.

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

The hedging transactions are classified to the following categories:

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

2.4 Recognition of deferred day one profit and loss

The best evidence of fair value at initial recognition of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received as determined in accordance with IFRS 13), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions for the same instrument or based on a valuation technique whose variables include only data from observable markets.

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

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

2.5 Interest income and expense

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

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

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

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

2.6 Fees and commission income and expense

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

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

2.7 Dividend income

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

2.8 Financial assets at fair value through profit or loss

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

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

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

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

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

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

Purchases and sales of financial assets at fair value through profit or loss are recognized on a trade date basis, which is the date on which the Bank is committed to the purchase or sale of those assets. Interest income from the maintenance of trading securities is recorded to “Interest and similar income”. Dividends received are included in "Dividend Income".

2.9 Sale and repurchase agreements and securities lending

Securities sold subject to repurchase agreements (repos) are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in amounts “Due to credit institutions” or “Due to customers”, as appropriate.

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

The difference between sale and purchase price of the aforementioned securities is treated as interest and accrued over the life of the agreements using the effective interest method.
Securities transferred to counterparties by the Bank are presented in the Bank's financial statements as assets, in the case that the Bank retains substantially all the risks and rewards of ownership of these securities.

Securities transferred to the Bank by counterparties are not recognized in the Bank's financial statements, except in the case of counterparty's bankruptcy. If the securities are sold to a third party, the Bank recognises the consideration received as well as the corresponding obligation to return the securities, at fair value in the financial statements.

2.10 Investment portfolio

The Bank's responsible units categorize securities at the various portfolios upon their acquisition.

A. Held to maturity portfolio

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

The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's initial effective interest rate. Impairment losses are recognised in the Income Statement. The objective evidence that a held to maturity investment has been impaired or it is non collectable is stated in section 2.12.

If part of the held to maturity portfolio is sold or reclassified before maturity date, then the entire held to maturity portfolio must be reclassified to the available for sale portfolio.

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

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

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

Under regular circumstances, purchases and sales of held to maturity securities are recognised on the transaction date, which is the date that the Bank commits to purchase or sale the asset.

B. Available for sale portfolio

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

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

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

The Bank reviews at each reporting date whether there is an indication of permanent impairment (significant or prolonged decreases in fair value compared to acquisition cost) for the available for sale securities based on several pricing models. Significant or prolonged decline of the fair value is defined as:

a) the decline in fair value below the cost of the investment for more than 40% or

b) the twelve month period decline in fair value for more than 25% of acquisition cost.

For the shares of the available for sale portfolio, the models used include the Price-to-Book Value ratio (P/BV), the Price-to-Earnings per share ratio (P/E) or the deviation from market value for listed shares with similar characteristics.

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

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

2.11 Reclassification of financial assets

Reclassification of financial assets out of the “Available for sale securities” category to “Loans and receivables to customers” category is permitted, provided that the financial assets meet the definition of the category to which they are transferred at the date of reclassification and the Bank has the intention and ability to hold the financial assets for the foreseeable future or until maturity. The Bank has established the following conditions that should be met, in order to prove intention and ability to hold the financial assets for the foreseeable future or until maturity:

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

For financial assets reclassified as described above, out of the "Available for sale securities" category to "Loans and receivables to customers" category, the fair value at the date of reclassification is considered the new amortized cost at that date. Any gain or loss from revaluation recognised in profit or loss or the available-for-sale reserve until the date of reclassification shall not be reversed. The new effective interest rate of the financial assets reclassified to "Loans and receivables to customers" category and "Held to maturity" category is calculated based on the expected cash flows at the date of reclassification.

Reclassification of financial assets from the "Available for sale securities" category to the "Held to maturity" category is permitted, provided that the financial assets meet the definition of this category at the date of reclassification and the Bank has the intention and ability to hold the financial assets until maturity.

2.12 Loans and advances to customers

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

i. financial assets which are classified as "Financial instruments at fair value through profit or loss", and those designated upon initial recognition as at fair value through profit or loss;
ii. financial assets that the Bank upon initial recognition designates as available for sale;
iii. financial assets for which the initial investment may not be recovered substantially, for reasons other than because of credit deterioration.

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

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

A loan is subject to impairment when its carrying amount is greater than the expected recoverable amount.

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

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

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

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

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

For the purpose of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (i.e. arrears bucket, industry sector, customer segment, collateral type, the currency in which the loan is denominated and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. It should be noted that collectively assessed loan provisions calculated also for performing loans (no days past due).

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

Estimates of changes in future cash flows for groups of loans reflect and are directionally consistent with changes in related data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses for the group and their magnitude).

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank.

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

Forborne loans are loans to which a conversion of the original contractual terms and conditions or refinancing of the borrower´s debt on more favorable terms due to current or expected financial difficulties has been done and are not applicable to borrowers of similar risk profile.
Interest on forborne loans is included in “Interest and similar income” of the income statement.

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

Note 3.1.11 is relevant to the policy of forborne loans.

2.13 Debt securities receivables

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

i. those that the Bank classifies as “Financial instruments at fair value through profit or loss” and those that the entity upon initial recognition designates at fair value through profit or loss;
ii. those that the Bank upon initial recognition designates as available for sale; and
iii. those for which the initial investment may not be recovered substantially, for reasons other than credit deterioration.

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

2.14 Derecognition of financial assets and financial liabilities

<u>Derecognition of financial assets</u>

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

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

<u>Derecognition of financial liabilities</u>

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

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

2.15 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are recognized at cost net of any impairment losses. The Bank assesses at each reporting date, whether trigger for impairment exists for an investment in subsidiary, associate or joint venture. Triggers of impairment are mainly the deterioration of the financial data of the entities, as well as the adverse developments in some countries and sectors of the Greek economy, in which subsidiary, associate entities and joint ventures operate. If any such trigger exists, then an impairment test is performed by comparing the investment's recoverable amount with its carrying amount. Where the carrying amount of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

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

2.16 Intangible assets

2.16.1 Software

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

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

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

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

2.16.2 Other intangible assets

An intangible asset is recognized when it is expected that future economic benefits will be realized from its use. The cost of the intangible asset also includes every directly attributable cost which is required for the full implementation, production and asset's proper operation. Some examples of directly attributable costs are:

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

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

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

2.17 Property, plant and equipment

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

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

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

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

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

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

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

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

2.18 Investment property

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

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

Investment property is measured initially at cost including related transaction costs.

After initial recognition, investment property is carried at fair value, as this is estimated by a valuer. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific asset. Additionally, according to IFRS 13, fair value measurement shall take into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. If this information is not available, the following valuation methods are used:

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

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

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

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

These valuations are reviewed annually by valuers. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

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

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

The fair value of investment property that is not estimated by valuers, is determined using a methodology based on valuations that have been carried out.

Changes in fair value are recognized in the income statement.

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

2.19 Assets held for sale

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

Assets held for sale are valued at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated. Gains/ losses from sale of these assets are recognized in the income statement.

2.20 Inventories property

Inventories property include land and buildings acquired by the Bank through auctions for the full or partial recovery of its receivables (if the requirements of IAS 40 are not fulfilled). These properties are accounted according to IAS 2 as inventory, they are measured at the lower of cost and net realisable value and they are included in "other assets" in the Statement of Financial Position. The cost of the property is determined using the weighted average cost method. The net realisable value is the estimated selling price, less any expenses necessary to conclude the sale.

2.21 Leases

A. The Bank is the Lessee

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

Lease payments under an operating lease, are recognised as an expense in the Income Statement of the lessee on a straight line basis over the lease term.
Finance leases
Leases where the Bank has substantially all the risks and rewards related to the asset are recognised as finance leases.

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

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

B. The Bank is the Lessor

Operating leases

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

Finance leases

In case that the Bank is the lessor under a finance lease, the present value of the lease payments is recognised as a receivable in the balance sheet. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Rental receipts are separated and reduce the balance of the lease receivable, while the respective interest income is recognised in the income statement on an accrual basis.

C. Sale and leaseback transactions

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

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

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

2.22 Cash and cash equivalents

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

2.23 Provisions

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

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

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

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

2.24 Financial guarantee contracts

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

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

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

2.25 Employee benefits

A. Funded post employment benefit plans

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

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

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

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

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the obligation at the balance sheet date less the fair value of plan assets.

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

Actuarial gains and losses

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

Past service costs

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

B. Non funded post employment benefit plans

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

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

2.26 Income tax and deferred tax

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

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

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

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

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

The Bank offsets deferred tax assets against deferred tax liabilities only when the relevant requirements of IAS 12 are fulfilled. Specifically, deferred tax assets and deferred tax liabilities are offset only on a legal entity basis if, and only if: a) the Bank has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.27 Share capital

Bank’s equity, except for the common shares, includes contingent convertible bonds which were issued in the context of the recapitalization that took place in December 2015. The aforementioned contingent convertible bonds meet the requirements of equity according to the relevant provisions of IAS 32. Specific reference is made in note 40.

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

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

The cost of acquisition of treasury shares (including any attributable incremental transaction costs) is presented as a reduction in equity, until the treasury shares are cancelled or disposed of. The gains or losses from the sale of treasury shares are charged directly in equity. The number of treasury shares held by the Bank does not reduce the number of shares issued. Treasury shares held by the Bank are not eligible to receive cash dividends. The relevant provisions, according to which purchase of treasury shares is not allowed a) for as long as the Bank participates in the liquidity support program and b) for as long as the FSF participates in the Bank’s share capital without the approval of the Fund, are referred in note 40.

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

a) Initial recognition and measurement

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

b) Measurement after initial recognition

After initial recognition, the debt securities and hybrid capital are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the securities using the effective interest rate method. Group's debt securities and borrowed funds include: euro medium term note (EMTN), securitisation of mortgage, consumer and corporate loans, hybrid capital and subordinated loans.

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

2.29 Other financial liabilities measured at amortised cost

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

2.30 Related party transactions

Related parties include: a) Members of the Bank 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, f) Bank's joint ventures and g) HFSF which helds ordinary shares in the share capital of the Bank benefits from the special rights stated in article 10 of Law 3864/2010, as amended and in force. Transactions of similar nature are disclosed together. The terms of the Bank's transactions with related parties are arm's length.

2.31 Segment reporting

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

All transactions between business segments are conducted on an arm's length basis.

The Bank operates in four main business segments: Retail Banking, Corporate Banking, Investment Banking, and Asset Management & Treasury. Income and expenses directly associated with each segment are included in determining business segment performance.

2.32 Offsetting financial instruments

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

2.33 Comparatives and roundings

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

3. Financial risk management

Risk management framework

The prudent implementation and ongoing development of the risk management framework is a priority and is taken into account in the formulation of annual business plans.

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

The risk management framework is being evaluated and evolved constantly, taking into account regulatory requirements and global best practices. The responsibility for the specification and implementation of the risk management framework, according to directions by the Board Risk Committee, has the Group Risk Management unit. The head of the Group Risk Management unit reports directly to the Board Risk Committee.

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

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

The Division's activities are set under the independent control of the Internal Audit Function, which evaluates the adequacy and efficiency of the applied risk management processes. The Bank has determined an official and approved Risk & Capital Strategy, which includes a set of Risk Appetite Framework.

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

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

- the Bank's financial results relative to its business goals and

- the Bank's risk profile relative to the qualitative and quantitative statements of the Risk Appetite Framework.

3.1 Credit risk

3.1.1 Credit risk management strategies and procedures

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

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

Under the Group Risk Management, the Credit Risk Management Division operates with the mission of continuous monitoring, measurement and control of the Group's credit risk exposures.

3.1.2 Credit risk measurement and reporting systems

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

a) Loans and advances

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

- The customer's creditworthiness and the probability of default on their contractual obligations is systematically assessed,
- The Bank's probability of potential recovery, in the event of the debtor defaulting on its obligations is estimated, based on existing collateral and guarantees provided.

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

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

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

Corporate Credit

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

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

Amounts in thousand euros (Unless otherwise stated)

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

RATING	CREDIT WORTHINESS	POLICY
1 2 3 4	Excellent	Develop relationship
5 6 7	Very Strong	Develop relationship
8 9 10	Strong	Develop relationship
11 12	Good	Develop relationship in accordance to business growth
13	Satisfactory	Develop relationship taking collateral/ security or Maintain relationship
14	Adequate	Carefully develop relationship taking adequate collateral/ security Or Maintain relationship taking adequate collateral/ security
15	Marginal	Develop relationship taking strong collateral/ security Or Maintain relationship taking adequate collateral/ security Or Limit relationship
16	Weak	Maintain relationship taking strong collateral/ security Or Limit relationship
17	Very Weak	Probable classification/ downgrading Or Reduce relationship taking strong collateral/ security Or Terminate relationship
18	Poor	Probable classification/ downgrading Or Terminate relationship
19	Very Poor	Probable classification/ downgrading Or Terminate relationship
20	Special Mention	E Probable restructuring of debt. Obtain additional strong collateral/ security Or Terminate relationship, Systematic monitoring of developments
21	Restructured	Systematic monitoring for compliance with the terms of the restructured debt obligation
22	Substandard	Collection or restructuring of debt obligation with use of business or judicial actions. Systematic monitoring of developments
23	Doubtful/Loss	Collection of receivables mainly through judicial actions. Systematic monitoring of developments

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

More specifically:

– Corporate customers that keep “C” category accounting books and have a turnover > € 2.5 million are rated using the MRA Corporate model.

– Corporate customers that keep “C” category accounting books and have a turnover up to € 2.5 million are rated using the MRA SME model.

– Business customers that belong to special categories (e.g. newly established businesses with inadequate financials, syndicated loans, insurance companies, natural persons, sole proprietors not included in the consumer credit portfolio), are rated using the expert judgment model “Manual Rating”.

– In accordance to the mandates of the banking supervisory framework, a separate credit rating model has been developed (based on slotting criteria) and is applied for specialized lending, which concerns the shipping portfolio (object finance). This model has been optimized and aligned with the special lending criteria of Basel’s Internal Ratings - based approach (IRB).

– For small to medium - sized enterprises, an internally developed rating model is applied (B model).

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

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

1. Standard monitoring
2. Special monitoring

Credit ratings (a) 1-19 of MRA models and Manual Rating and (b) 1-7 for B model correspond to the “Standard monitoring” category. “Special monitoring” includes customers assigned with credit rating of 20, 21, 22, 23.

Retail credit

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

1. Application Scorecards

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

2. Behavioral Scorecards

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

3. Internal Bureau Scorecard

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

4. Overall Application Scorecards

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

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

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

- minimum income level,
- monthly disposable income (MDI),
- credit history of the customer,
- kind, amount and significance of unfavorable factors,
- maximum unsecured exposure,
- maximum limit per product,
- maximum levels of loan-to-value (LTV) (for collateralized loans) combined with the purpose of the loan.

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

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

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

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

b) Securities and other bills

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

For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used. The amount of the Bank's exposure to credit risk from debt securities and other bills is monitored for each portfolio category, according to the relevant IFRS provisions.

3.1.3 Risk based pricing

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

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

3.1.4 Concentration risk

The concentration of exposure to credit risk can arise from two types of inadequate risk diversification within a portfolio: (a) name concentration and (b) sector concentration. Name concentration is associated with inadequate risk diversification arising from large exposure to individual counterparties or groups of connected counterparties.

In Piraeus Bank, concentration risk is also monitored at level of industry sector for the corporate portfolio under primary NACE II classification. For the assessment of concentration risk, the index Herfindahl - Hirschman (HHI) is used.

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

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

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

3.1.5 Country risk

Country risk summarizes and reflects (a) sovereign risk: this refers to the risk that a sovereign entity will fail to honor its debt obligations due to inability or unwillingness and (b) transfer risk: this refers to the risk that a government will be unable or unwilling to make foreign currency available for remittance out of the country.

The bank's cross - border activities expose the entity to country risk, which is highly related to a volatile domestic economic and socio - political environment. For timely and effective monitoring of country risk, the Bank has established a framework for evaluation and management according to which specific country limits are established, monitored and evaluated on a regular basis (at least annually). For country risk assessesment, both quantitative and qualitative criteria are used, which take into account the evolution of risk parameters and the volume/ structure of the Bank's country exposures.

3.1.6 Counterparty credit risk

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

In order to implement effective CCR management, the Bank has adopted and follows procedures and guidelines for defining, reviewing and monitoring credit limits as well as concentration limits set on a counterparty rating basis. Limits are set either in nominal amounts or risk units (credit equivalent), depending on the transaction and they are revised at least annually. The monitoring of counterparty credit limits' utilization is monitored on a daily basis. For further enhancement of the CCR monitoring framework, the Bank has set and strictly follows a procedure for immediate limit cancelation or immediate restriction in limits, when certain conditions are met regarding counterparty's credit rating downgrade.

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

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

3.1.7 Credit limits management and risk mitigation techniques

Piraeus Bank sets credit limits in order to manage and control its credit risk exposures and concentration risk and define the maximum acceptable level of risk undertaken. Additionally, limits are set and applied against exposures to financial institutions. The Bank's total exposure to credit risk, including financial institutions, is further controlled by the application of sublimits that address on and off-balance sheet exposures.

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

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

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

a) Collateral / Security

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

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

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

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

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

- Ship mortgages,
- Receivables.

The collateral/ security associated with a credit is initially evaluated during the credit approval process, based on their current or fair value and is reevaluated at regular intervals. Collaterals or guarantees aren't usually received against exposures to financial institutions.

b) Credit - related commitments

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

3.1.8 Impairment policy for provisions

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

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

The criteria that the bank, according to IAS 39, considers as objective evidence of impairment for any financial asset or group of financial assets are described in section 2.12.

Impairment assessment and provisioning is conducted individually at loan level for all loans that the Bank considers significant, and collectively on a loan group level for all other cases.

Significant loans are considered those loans which in a borrower level exceed € 1 million.

The assessment of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics that individually are not considered significant. Also, collective assessment includes loans that are not individually impaired.

3.1.9. Collective assessment for business loan portfolio

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

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

- Arrears bucket,
- Industry sector,
- Customer Segment,
- Collateral type,
- Loan categorization as Forborne.

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

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

3.1.10. Collective assessment for retail loan portfolio

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

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

- product (Mortgage, Consumer, Cards),
- arrears bucket,
- loan characterization as Forborne,
- type of loan collaterals,
- loan currency.

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

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

3.1.11 Forbearance

The Bank applies the "Implementing Technical Standards" (ITS) of the European Banking Authority (EBA) relating to forborne loans, in alignment with the Bank of Greece Executive Committee Act (ECA) No. 42/30.5.14, which was amended by ECA

47/9.2.2015 and recently by ECA 102/30.08.2016 for the "Supervisory framework for the management of loans in arrears and non - performing loans".

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

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

According to EBA technical standards, in order for a forborne loan to be declassified, it has to be at least for two years in performing status, there should be no concern on full repayment, no impairment attribution and reoccurrence of forbearance and also significant payments should have taken place within the last twelve months.

Loans in forbearance status are assessed for provisions either on individual or collective basis, according to the provisioning policy.

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

The Supervisory & NPL Management Council, which among other things, is responsible for the strategy of past due loans management, collaborates with the Risk Management for the achievement of a common understanding and the development of appropriate methodologies to assess the risk of the RBU portfolio. Risk Management monitors the forbearance process and assesses the relative risks by portfolio and forbearance type.

More specifically, within Credit Risk Management Division respective teams were established with the responsibility to monitor the Recovery Business Units' effectiveness and efficiency in view of implementing the bank's NPL's management strategy.

The teams' main responsibilities are:

- Basic figures monitoring evolution by portfolio type and business unit, in line and irrespectively of the predefined NPE targets submitted to SSM
- Operational efficiency monitoring ensured by:
    - Reviewing the Forbearance measures viability and evolution
    - Tracking cash collection rates
    - Evolution monitoring of write offs and loan sales figures
    - Analysis by sub portfolios for determining forbearance measure efficiency
    - Tracking high risk portfolio segments

- Liaise with Recovery Units in order to communicate their performance volumes and identify any corrective actions needed

- Providing tactical and ad hoc update on RBU matters and volume evolution to the Board and NPL management and supervision committee

Group Risk Officer is informed at least monthly on RBU volume evolutions and is entitled to express his opinion to Board Risk Committee.

3.1.12 Write-offs

The Bank writes-off debt (accounting write-off or debt forgiveness) against its respective provisions, either in the case of irrecoverable exposures, where every effort to collect the claim has been exhausted, or when it is the optimum treatment against other alternative forbearance treatments within the framework of managing borrowers with financial difficulties or when a cash settlement agreement is considered the most favorable option. Write-offs are approved by the Bank´s Board of Directors or by its authorized approval bodies. Accounting write-offs are transferred and monitored in off-balance sheet accounts and are reversed in case of debt forgiveness or if the limitation period, defined by Law, has elapsed. If the Bank recovers any amount, following the write-off, this is directly depicted in favor of the financial results.

Amounts in thousand euros (Unless otherwise stated)

3.2 Credit risk management

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

	31 December 2016			31 December 2015		
	Loans and advances to credit institutions	Reverse repos with customers	Debt securities-receivables	Loans and advances to credit institutions	Reverse repos with customers	Debt securities-receivables
A) Loans and advances neither past due nor impaired	521,459	29,076	13,246,054	787,795	-	16,979,825
B) Loans and advances past due but not impaired	-	-	-	-	-	5,511
C) Loans and advances impaired	-	-	5,692	-	-	23,846
Total	**521,459**	**29,076**	**13,251,746**	**787,795**	**0**	**17,009,181**

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

Grades of loans and advances to credit institutions	31 December 2016	31 December 2015
Special monitoring	521,459	787,795
Total	**521,459**	**787,795**

Grades of reverse repos with customers	31 December 2016	31 December 2015
Standard monitoring	29,076	-
Total	**29,076**	**0**

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

	31 December 2016	31 December 2015
Debt securities-receivables	13,251,746	17,009,181
Less: Allowance for impairment on debt securities - receivables	(5,489)	(23,846)
Net	**13,246,257**	**16,985,336**

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to customers are summarized below:

	31 December 2016			
	Loans and advances to customers before provisions and adjustments	**Individual allowance for impairment of loans and advances**	**Collective allowance for impairment of loans and advances**	**Net Loans and advances to customers after provisions and adjustments**
A) Loans and advances neither past due nor impaired	31,436,576	-	(716,940)	**30,719,636**
B) Loans and advances past due but not impaired	6,541,017	-	(495,647)	**6,045,370**
C) Loans and advances impaired	26,811,481	(10,255,708)	(4,600,673)	**11,955,099**
Total	**64,789,074**	**(10,255,708)**	**(5,813,260)**	**48,720,105**

	31 December 2015			
	Loans and advances to customers before provisions and adjustments	**Individual allowance for impairment of loans and advances**	**Collective allowance for impairment of loans and advances**	**Net Loans and advances to customers after provisions and adjustments**
A) Loans and advances neither past due nor impaired	30,771,672	-	(611,031)	**30,160,641**
B) Loans and advances past due but not impaired	7,334,179	-	(588,939)	**6,745,240**
C) Loans and advances impaired	27,673,096	(10,355,092)	(4,798,132)	**12,519,872**
Total	**65,778,947**	**(10,355,092)**	**(5,998,102)**	**49,425,753**

It is noted that the allowance for impairment of loans of the Group amounting 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 tables in note 22, as under IFRS 3 it has been included in the adjustment of loans to fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the provision.

Amounts in thousand euros (Unless otherwise stated)

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

31/12/2016	Non impaired L&As		Impaired L&As		Total Gross amount	Impairment Allowance		Total Net amount	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed		
Retail Lending	**11,348,290**	**3,015,358**	**381,791**	**6,925,234**	**21,670,673**	**(233,180)**	**(3,946,251)**	**17,491,242**	**13,271,559**
Mortgages	9,093,452	2,537,178	232,946	3,908,469	15,772,044	(151,019)	(1,650,652)	13,970,374	12,087,872
Consumer	1,701,235	454,398	148,846	2,373,489	4,677,968	(82,161)	(1,789,073)	2,806,734	1,183,687
Credit cards	553,381	23,781	-	641,893	1,219,055	-	(506,526)	712,528	-
Other	221	1	-	1,383	1,605	-	-	1,605	-
Corporate Lending	**18,038,449**	**3,523,880**	**16,404,574**	**3,090,264**	**41,057,167**	**(10,022,006)**	**(1,866,508)**	**29,168,653**	**16,466,910**
Large	10,901,222	1,430,325	6,322,700	33,424	18,687,671	(3,953,881)	(73,035)	14,660,755	5,572,965
SMEs	7,137,226	2,093,555	10,081,875	3,056,840	22,369,496	(6,068,126)	(1,793,473)	14,507,898	10,893,945
Public Sector (Greece)	**2,049,838**	**1,779**	**9,527**	**89**	**2,061,234**	**(522)**	**(501)**	**2,060,210**	**1,937,466**
Total	**31,436,576**	**6,541,017**	**16,795,893**	**10,015,588**	**64,789,074**	**(10,255,708)**	**(5,813,260)**	**48,720,105**	**31,675,935**

Amounts in thousand euros (Unless otherwise stated)

31/12/2015	Non impaired L&As		Impaired L&As		Total Gross amount	Impairment Allowance		Total Net amount	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed		
Retail Lending	**11,667,903**	**3,271,074**	**267,985**	**7,414,447**	**22,621,409**	**(222,280)**	**(3,991,013)**	**18,408,116**	**14,425,014**
Mortgages	9,398,752	2,733,359	214,452	3,972,641	16,319,205	(131,761)	(1,541,245)	14,646,198	13,189,195
Consumer	1,697,537	503,260	53,533	2,699,745	4,954,075	(90,519)	(1,870,497)	2,993,058	1,235,819
Credit cards	571,392	34,453	-	740,633	1,346,478	-	(579,271)	767,207	-
Other	222	1	-	1,428	1,651	-	-	1,651	-
Corporate Lending	**17,747,607**	**4,059,402**	**16,799,319**	**3,176,385**	**41,782,714**	**(10,131,163)**	**(2,006,649)**	**29,644,901**	**18,267,471**
Large	10,310,025	1,563,532	6,541,193	43,247	18,457,997	(3,996,648)	(146,334)	14,315,015	5,900,385
SMEs	7,437,583	2,495,870	10,258,126	3,133,138	23,324,718	(6,134,516)	(1,860,315)	15,329,887	12,367,086
Public Sector (Greece)	**1,356,161**	**3,703**	**13,373**	**1,586**	**1,374,823**	**(1,648)**	**(439)**	**1,372,736**	**1,231,654**
Total	**30,771,672**	**7,334,179**	**17,080,677**	**10,592,419**	**65,778,947**	**(10,355,092)**	**(5,998,102)**	**49,425,753**	**33,924,139**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 4,450 million or 7% (2015: € 3,517 million or 5%) and floating rate loans amount to € 60,339 million (2015: € 62,262 million).

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

For mortgage loans of the Bank in specific, the “value of collateral” mainly regards the fair value of the properties, for which the Bank possesses first class prenotation or mortgage. When the value of the collateralized property exceeds the loan balance, the “value of collateral” is cupped to the loan balance.

Amounts in thousand euros (Unless otherwise stated)

3.2.2. Quality analysis of neither past due nor impaired loans and advances to customers

31/12/2016	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired loans and advances to customers	Value of Collateral
Retail lending	**11,348,290**	**0**	**11,348,290**	**7,873,254**
Mortgages	9,093,452	-	9,093,452	7,334,373
Consumer	1,701,235	-	1,701,235	538,881
Credit cards	553,381	-	553,381	-
Other	221	-	221	-
Corporate Lending	**15,509,785**	**2,528,663**	**18,038,449**	**7,535,503**
Large	9,579,525	1,321,698	10,901,222	3,467,211
SMEs	5,930,261	1,206,965	7,137,226	4,068,291
Public Sector (Greece)	**2,045,448**	**4,390**	**2,049,838**	**1,937,466**
Total	**28,903,523**	**2,533,053**	**31,436,576**	**17,346,222**

31/12/2015	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired loans and advances to customers	Value of Collateral
Retail lending	**11,667,903**	**0**	**11,667,903**	**8,415,328**
Mortgages	9,398,752	-	9,398,752	7,869,318
Consumer	1,697,537	-	1,697,537	546,010
Credit cards	571,392	-	571,392	-
Other	222	-	222	-
Corporate Lending	**15,989,358**	**1,758,249**	**17,747,607**	**7,284,046**
Large	9,631,234	678,790	10,310,025	2,946,142
SMEs	6,358,124	1,079,458	7,437,583	4,337,905
Public Sector (Greece)	**1,353,355**	**2,806**	**1,356,161**	**1,227,975**
Total	**29,010,617**	**1,761,055**	**30,771,672**	**16,927,349**

Amounts in thousand euros (Unless otherwise stated)

3.2.3. Ageing analysis of past due but not impaired loans and advances to customers by product line

31/12/2016	Retail lending				Corporate Lending		Public Sector	Total Past due but not impaired Loans and advances to customers
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
1-29 days	1,052,605	213,082	13,797	-	560,342	554,639	526	2,394,991
30-59 days	672,164	126,706	6,571	-	239,303	314,888	1,253	1,360,884
60-89 days	457,031	114,611	3,413	1	315,930	359,980	-	1,250,966
90-179 days	76,900	-	-	-	37,266	127,922	-	242,088
180-360 days	74,461	-	-	-	70,976	87,612	-	233,049
>360 days	204,016	-	-	-	191,848	406,364	-	802,227
Denounced	-	-	-	-	14,660	242,151	-	256,810
Total	**2,537,178**	**454,398**	**23,781**	**1**	**1,430,325**	**2,093,555**	**1,779**	**6,541,017**
Value of collateral	2,010,896	167,670	-	-	579,703	1,502,074	-	4,260,342

31/12/2015	Retail lending				Corporate Lending		Public Sector	Total Past due but not impaired Loans and advances to customers
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
1-29 days	1,171,947	228,180	16,768	1	182,399	723,172	2,267	2,324,735
30-59 days	667,381	131,586	10,359	-	328,950	363,223	1,436	1,502,935
60-89 days	343,625	143,494	7,327	-	258,226	361,078	-	1,113,749
90-179 days	116,921	-	-	-	407,172	155,251	-	679,344
180-360 days	132,042	-	-	-	91,658	119,407	-	343,107
>360 days	301,442	-	-	-	277,785	537,918	-	1,117,145
Denounced	-	-	-	-	17,343	235,820	-	253,164
Total	**2,733,359**	**503,260**	**34,453**	**1**	**1,563,532**	**2,495,870**	**3,703**	**7,334,179**
Value of collateral	2,278,925	190,998	-	-	951,491	1,917,718	-	5,339,132

Amounts in thousand euros (Unless otherwise stated)

3.2.4 Impaired loans and advances to customers:

3.2.4.1 Movement in impaired L&As by product line

	Retail lending				Corporate Lending		Public Sector	Total
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
Gross opening balance as at 1.1.2016	4,187,093	2,753,278	740,633	1,426	6,584,440	13,391,265	14,960	**27,673,094**
New impaired L&As	549,036	252,267	187,274	8	582,883	1,242,780	328	**2,814,577**
Transferred to non-impaired	(415,642)	(325,908)	(249,746)	(53)	(141,099)	(592,249)	(5,504)	**(1,730,200)**
Repayment	(180,792)	(52,751)	(4,390)	(1)	(334,244)	(390,262)	(166)	**(962,605)**
Impaired L&As written-off	(1,518)	(104,676)	(31,887)	-	(329,601)	(477,622)	-	**(945,306)**
Reclassification of impaired loans	179	(279)	9	-	6,517	(6,426)	-	**0**
Derecognition of impaired loans	-	-	-	-	-	(41,757)	-	**(41,757)**
Foreign exchange differences and other movements	3,060	403	-	-	(12,772)	12,985	-	**3,676**
Gross balance as at 31.12.2016	**4,141,415**	**2,522,335**	**641,892**	**1,381**	**6,356,124**	**13,138,715**	**9,617**	**26,811,479**
Impairment allowance	(1,427,391)	(1,542,753)	(500,855)	-	(3,963,121)	(7,421,683)	(578)	(14,856,382)
Net balance as at 31.12.2016	**2,714,024**	**979,582**	**141,038**	**1,381**	**2,393,003**	**5,717,032**	**9,039**	**11,955,097**

Amounts in thousand euros (Unless otherwise stated)

	Retail lending				Corporate Lending		Public Sector	Total
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
Gross opening balance as at 1.1.2015	3,944,881	2,689,492	757,748	1,579	6,359,916	13,689,608	22,666	**27,465,890**
Opening balance of new companies and banking operations acquired	30,336	4,334	509	-	12,130	59,293	-	**106,602**
New impaired L&As	587,079	365,784	115,699	16	832,831	2,162,490	7,293	**4,071,192**
Transferred to non-impaired	(350,481)	(200,336)	(71,967)	(1,170)	(268,396)	(552,521)	(1,083)	**(1,445,953)**
Repayment	(67,152)	(31,147)	(30,874)	(101)	(359,209)	(454,263)	-	**(942,746)**
Impaired L&As written-off	-	(76,022)	(28,419)	(9)	(193,671)	(231,505)	-	**(529,626)**
Reclassification of impaired loans	229	723	(2,064)	1,111	659,018	(645,101)	(13,917)	**0**
Derecognition of impaired loans	-	-	-	-	(500,107)	(181,802)	-	**(681,910)**
Foreign exchange differences and other movements	42,200	451	-	-	85,344	82,984	-	**210,979**
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	-	-	-	(43,415)	(537,919)	-	**(581,334)**
Gross balance as at 31.12.2015	**4,187,093**	**2,753,278**	**740,633**	**1,426**	**6,584,440**	**13,391,265**	**14,960**	**27,673,094**
Impairment allowance	(1,330,719)	(1,670,819)	(562,657)	-	(4,008,752)	(7,578,428)	(1,849)	(15,153,224)
Net balance as at 31.12.2015	**2,856,374**	**1,082,459**	**177,976**	**1,426**	**2,575,688**	**5,812,837**	**13,110**	**12,519,870**

Amounts in thousand euros (Unless otherwise stated)

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

31/12/2016	Retail lending				Corporate Lending		Public Sector	Total
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
Not past due	10,195	19,954	-	-	1,007,656	925,724	2,856	1,966,385
1-29 days	3,319	13,303	-	-	137,342	164,111	-	318,074
30-59 days	2,240	7,278	-	-	115,694	53,226	-	178,439
60-89 days	1,976	16,257	-	-	43,931	105,812	-	167,977
90-179 days	118,932	47,934	2,808	-	54,222	397,382	-	621,278
180-360 days	99,484	56,939	2,912	-	30,633	206,954	-	396,921
>360 days	325,975	136,371	13,606	285	581,564	1,216,573	4	2,274,377
Denounced	2,151,903	681,546	121,712	1,098	421,960	2,647,250	6,178	6,031,647
Total net amount	**2,714,024**	**979,581**	**141,038**	**1,383**	**2,393,003**	**5,717,032**	**9,038**	**11,955,099**
Value of collateral	2,742,603	477,136	-	-	1,526,051	5,323,581	-	**10,069,371**

31/12/2015	Retail lending				Corporate Lending		Public Sector	Total
	Mortgage	Consumer	Credit cards	Other	Large	SMEs	Greece	
Not past due	-	-	-	-	936,035	1,020,737	530	1,957,302
1-29 days	-	-	-	-	69,777	253,367	-	323,144
30-59 days	-	-	-	-	73,116	52,173	-	125,289
60-89 days	-	-	-	-	104,419	92,716	-	197,135
90-179 days	142,138	59,486	7,863	-	97,410	429,865	1,357	738,118
180-360 days	162,405	63,000	11,800	-	253,785	276,192	556	767,737
>360 days	398,310	202,824	13,831	318	761,883	1,696,586	817	3,074,569
Denounced	2,153,522	757,150	144,483	1,109	279,263	1,991,201	9,851	5,336,578
Total net amount	**2,856,374**	**1,082,459**	**177,976**	**1,428**	**2,575,688**	**5,812,837**	**13,110**	**12,519,872**
Value of collateral	3,040,952	498,811	-	-	2,002,752	6,111,463	3,679	**11,657,657**

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

Amounts in thousand euros (Unless otherwise stated)

3.2.5 Loan-to-value ratio (LTV) of mortgage lending

Loan to value is the relationship between the loan and the appraised value of the mortgaged property held as collateral.

31/12/2016	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	3,056,500	307,625
50%-70%	2,307,498	180,670
71%-80%	1,226,638	115,696
81%-90%	1,164,703	93,290
91%-100%	1,220,874	135,440
101%-120%	2,033,703	290,586
121%-150%	2,090,961	254,826
Greater than 150%	2,671,169	1,567,097
Total exposure	**15,772,044**	**2,945,230**
Average LTV	93%	226%

31/12/2015	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	3,552,418	326,476
50%-70%	2,675,272	205,766
71%-80%	1,410,641	133,043
81%-90%	1,326,213	237,704
91%-100%	1,285,290	246,952
101%-120%	2,128,666	154,998
121%-150%	2,001,498	272,705
Greater than 150%	1,939,205	1,302,963
Total exposure	**16,319,205**	**2,880,607**
Average LTV	85%	184%

Amounts in thousand euros (Unless otherwise stated)

3.2.6 Repossessed collaterals

The repossessed collaterals in line "Real Estate", comprise property which along with advances for the acquisition of property that amount to € 29.6 million, appear in line "Other assets" in the statement of financial position.

31/12/2016	Gross amount	Of which: added this year	Accumulated impairment	Of which: on newly added	Net amount	Net Sale Price	Net gain/ losses on sale
Real estate	**613,396**	**105,783**	**(86,103)**	**(21,580)**	**527,293**	**29,099**	**1,484**
- Residential	474,621	78,939	(71,585)	(18,325)	403,037	11,758	1,639
- Commercial	138,775	26,845	(14,519)	(3,255)	124,256	17,341	(155)
Other collateral	**226**	**226**	**(38)**	**(38)**	**188**	**-**	**-**

Apart from the property above, within 2016 the Bank acquired under the same scope property of total amount € 15.4 million (2015: € 8.7 million), but due to their different characteristics classified, according to the IFRS, as "Investment Property".

31/12/2015	Gross amount	Of which: added this year	Accumulated impairment	Of which: on newly added	Net amount	Net Sale Price	Net gain/ losses on sale
Real estate	**561,206**	**140,497**	**(76,803)**	**(53,615)**	**484,403**	**22,790**	**(6,128)**
- Residential	421,837	101,130	(54,414)	(44,947)	367,423	16,784	(3,075)
- Commercial	139,369	39,367	(22,389)	(8,668)	116,980	6,007	(3,053)
Financial assets	**85,310**	**85,310**	**-**	**-**	**85,310**	**-**	**-**

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

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

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

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

Amounts in thousand euros (Unless otherwise stated)

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

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

3.2.7. Breakdown of collateral and guarantees

	Value of collateral received				
31/12/2016	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail Lending	12,942,638	225,115	103,806	13,271,559	-
Corporate Lending	13,791,630	1,012,861	1,662,419	16,466,910	11,021,372
Public Sector	1,294	2,011	1,934,161	1,937,466	35
Total	**26,735,562**	**1,239,987**	**3,700,385**	**31,675,935**	**11,021,407**

	Value of collateral received				
31/12/2015	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail Lending	14,048,742	247,325	128,947	14,425,014	-
Corporate Lending	15,727,813	841,860	1,697,799	18,267,471	10,715,768
Public Sector	7,060	1,468	1,223,126	1,231,654	38
Total	**29,783,614**	**1,090,653**	**3,049,872**	**33,924,139**	**10,715,806**

The value of guarantees includes mainly personal or corporate guarantees.

Amounts in thousand euros (Unless otherwise stated)

3.3 Impairment provisioning

3.3.1 Reconciliation of impairment allowance by product line (including adjustments)

	Mortgages	Consumer/ personal and other retail loans	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2016	1,673,006	1,961,016	579,271	4,213,293	12,137,813	2,087	16,353,194
Charge for the year	206,671	101,180	7,172	315,022	646,420	(313)	961,129
Amounts written off	(6,827)	(121,884)	(71,302)	(200,013)	(814,946)	(552)	(1,015,510)
Provision of derecognised loans	-	-	-	-	(34,090)	-	(34,090)
Unwinding	(72,526)	(66,338)	(8,614)	(147,478)	(192,640)	(199)	(340,317)
Foreign exchange differences and other movements	1,347	(2,740)	-	(1,393)	145,957	-	144,564
Closing balance as at 31.12.2016	**1,801,671**	**1,871,234**	**506,526**	**4,179,431**	**11,888,514**	**1,023**	**16,068,969**

	Mortgages	Consumer/ personal and other retail loans	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1.1.2015	1,069,868	1,891,729	599,100	3,560,698	11,027,429	7,525	14,595,652
Opening balance of absorbed company	14,624	1,624	493	16,741	94,641	-	111,382
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	-	-	-	(319,328)	-	(319,328)
Allowance of transferred loans at acquisition date	6,340	33,810	-	40,149	111,688	-	151,838
Charge for the year	644,617	165,991	24,466	835,075	2,410,410	(5,265)	3,240,220
Amounts written off	(7)	(84,534)	(34,801)	(119,342)	(426,734)	-	(546,076)
Provision of derecognised loans	-	-	-	-	(693,107)	-	(693,107)
Unwinding	(78,171)	(60,415)	(9,988)	(148,573)	(173,292)	(173)	(322,038)
Foreign exchange differences and other movements	15,734	12,812	-	28,546	106,104	-	134,651
Closing balance as at 31.12.2015	**1,673,006**	**1,961,016**	**579,271**	**4,213,293**	**12,137,813**	**2,087**	**16,353,194**

Amounts in thousand euros (Unless otherwise stated)

3.3.2 Loans and advances to customers, impaired loans and impairment allowance by product line, industry and geographical region

31.12.2016	Greece			Rest of Europe		
	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance
Retail Lending	**21,490,136**	**7,170,391**	**(4,127,259)**	**180,537**	**136,634**	**(52,173)**
Mortgages	15,706,723	4,113,595	(1,792,758)	65,321	27,820	(8,913)
Consumer	4,562,753	2,413,521	(1,827,974)	115,215	108,814	(43,260)
Credit cards	1,219,055	641,893	(506,526)	-	-	-
Other	1,605	1,383	-	-	-	-
Corporate Lending	**39,251,464**	**18,410,268**	**(11,421,745)**	**1,805,703**	**1,084,571**	**(466,769)**
Commerce and services	5,589,121	3,200,144	(1,932,285)	227,811	184,059	(100,667)
Manufacturing	6,287,588	3,110,611	(1,719,592)	131,222	123,420	(55,516)
Shipping	2,702,285	659,272	(361,292)	-	-	-
Construction	4,292,598	2,956,969	(1,791,947)	190,738	172,485	(92,518)
Tourism	2,766,583	913,618	(396,117)	12,307	10,319	(4,987)
Energy	902,818	64,706	(35,725)	5,677	4,599	(369)
Agriculture	1,167,345	372,599	(264,696)	44,382	40,472	(10,988)
Coastline/ Ferries Companies	290,414	121,227	(48,250)	-	-	-
Transport & Logistics	1,186,027	648,395	(509,492)	96,047	74,857	(37,714)
Financial Sector	4,229,394	1,793,715	(1,289,657)	240,603	48,209	(2,785)
Real Estate Companies	2,405,085	1,366,588	(809,480)	463,556	226,640	(73,231)
Project Finance	1,911,653	273,482	(215,362)	223,835	98,780	(68,726)
Other	5,520,553	2,928,942	(2,047,852)	169,525	100,733	(19,268)
Public Sector	**2,061,234**	**9,617**	**(1,023)**	**0**	**0**	**0**
Total	**62,802,834**	**25,590,276**	**(15,550,027)**	**1,986,239**	**1,221,205**	**(518,941)**

Amounts in thousand euros (Unless otherwise stated)

31.12.2015	Greece			Rest of Europe		
	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance	Gross amount of Loans & Advances	Impaired amount of Loans & Advances	Impairment Allowance
Retail Lending	**22,405,096**	**7,622,854**	**(4,157,866)**	**216,313**	**59,578**	**(55,427)**
Mortgages	16,243,563	4,175,394	(1,663,833)	75,641	11,698	(9,173)
Consumer	4,813,403	2,705,398	(1,914,762)	140,672	47,880	(46,254)
Credit cards	1,346,478	740,633	(579,271)	-	-	-
Other	1,651	1,428	-	-	-	-
Corporate Lending	**39,712,241**	**18,679,413**	**(11,562,732)**	**2,070,473**	**1,296,292**	**(575,081)**
Commerce and services	5,676,778	3,245,639	(2,004,481)	260,876	205,840	(101,460)
Manufacturing	6,415,177	2,985,868	(1,658,877)	140,121	129,025	(53,014)
Shipping	2,786,490	687,153	(364,460)	-	-	-
Construction	4,434,643	3,010,508	(1,741,825)	261,039	247,494	(148,263)
Tourism	2,804,959	928,978	(434,393)	16,935	14,297	(4,185)
Energy	982,326	66,193	(37,628)	7,499	3,629	(86)
Agriculture	1,235,012	377,435	(254,828)	44,607	41,416	(12,857)
Coastline/ Ferries Companies	320,130	139,728	(56,236)	-	-	-
Transport & Logistics	1,091,309	538,024	(424,468)	95,581	59,291	(37,864)
Financial Sector	4,478,347	1,964,947	(1,406,841)	242,703	46,877	(2,644)
Real Estate Companies	2,373,224	1,363,845	(718,184)	505,948	261,768	(121,136)
Project Finance	1,379,644	267,447	(197,208)	248,830	122,475	(73,185)
Other	5,734,202	3,103,648	(2,263,303)	246,335	164,181	(20,386)
Public Sector	**1,374,823**	**14,959**	**(2,087)**	**0**	**0**	**0**
Total	**63,492,161**	**26,317,226**	**(15,722,686)**	**2,286,786**	**1,355,870**	**(630,508)**

Amounts in thousand euros (Unless otherwise stated)

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

2016	Interest income on non-impaired Loans & Advances	Interest income on impaired Loans & Advances	Total interest income
Retail lending	501,214	213,889	715,103
Corporate lending	968,655	475,119	1,443,774
Public sector	20,616	326	20,942
Total interest income	**1,490,486**	**689,333**	**2,179,819**

2015	Interest income on non-impaired Loans & Advances	Interest income on impaired Loans & Advances	Total interest income
Retail lending	598,196	195,719	793,915
Corporate lending	1,261,246	419,599	1,680,845
Public sector	20,515	321	20,836
Total interest income	**1,879,957**	**615,639**	**2,495,596**

3.4 Forbearance

Relevant to the restructuring policy is note 3.1.11.

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

Forbearance measures	Forborne Loans & Advances (net amounts)	
	31/12/2016	31/12/2015
Interest only schedule	-	274,633
Reduced payment schedule	2,533,520	2,726,486
Payment moratorium/ Holidays	584,032	678,948
Term extension	2,264,375	811,050
Arrears capitalization	971,885	899,864
Hybrid (i.e. combination of measures)	4,184,634	3,217,457
Other	197,521	710,446
Total net amount	**10,735,967**	**9,318,884**

3.4.2. Credit quality of forborne loans and advances to customers

31/12/2016	Total amount of Loans & Advances	Total amount of forborne Loans & Advances	% of Forborne Loans & Advances
Neither past due nor impaired	31,436,576	5,986,732	19.04%
Past due but not impaired	6,541,017	2,747,129	42.00%
Impaired	26,811,481	5,821,880	21.71%
Total gross amount	**64,789,074**	**14,555,742**	**22.47%**
Individual impairment allowance	(10,255,708)	(2,746,338)	26.78%
Collective impairment allowance	(5,813,260)	(1,073,436)	18.47%
Total net amount	**48,720,105**	**10,735,967**	**22.04%**
Collateral received	31,675,935	8,071,935	25.48%
Total net amount less collateral value	**17,044,170**	**2,664,032**	**15.63%**

Amounts in thousand euros (Unless otherwise stated)

31/12/2015	Total amount of Loans & Advances	Total amount of forborne Loans & Advances	% of Forborne Loans & Advances
Neither past due nor impaired	30,771,672	4,607,836	14.97%
Past due but not impaired	7,334,179	2,502,171	34.12%
Impaired	27,673,096	5,596,804	20.22%
Total gross amount	**65,778,947**	**12,706,811**	**19.32%**
Individual impairment allowance	(10,355,092)	(2,499,911)	24.14%
Collective impairment allowance	(5,998,102)	(888,016)	14.80%
Total net amount	**49,425,753**	**9,318,884**	**18.85%**
Collateral received	33,924,139	7,580,669	22.35%
Total net amount less collateral value	**15,501,614**	**1,738,215**	**11.21%**

3.4.3. Reconciliation of forborne loans and advances to customers

	31/12/2016	31/12/2015
Opening balance	9,318,884	9,268,824
Forbearance measures in the year	4,300,087	4,263,385
Repayment of loans (partial or total)	(647,597)	(709,477)
L&As that exited forbearance status in the year	(2,229,217)	(2,518,487)
Impairment loss	(41,930)	(716,007)
Foreign exchange differences and other movements	35,741	147,403
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	(416,756)
Closing balance	**10,735,967**	**9,318,884**

3.4.4. Forborne loans and advances to customers by product line

	31/12/2016	31/12/2015
Retail Lending	**4,152,002**	**3,049,310**
Mortgage	3,411,620	2,419,928
Consumer	740,383	629,381
Corporate Lending	**6,574,847**	**6,267,574**
Large	3,100,629	2,686,443
SMEs	3,474,218	3,581,130
Public Sector (Greece)	**9,118**	**2,001**
Total net amount	**10,735,967**	**9,318,884**

3.4.5. Forborne loans and advances to customers by geographical region

	31/12/2016	31/12/2015
Greece	10,639,237	9,145,382
Rest of Europe	96,730	173,502
Total net amount	**10,735,967**	**9,318,884**

3.4.6. Debt to Equity transactions

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

Debt to equity transactions that took place during 2015 and 2016 are as follows:

	2016			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	EUROAK S.A.	20.18%	1/9/2016	7.07
2	EUROTERRA S.A.	3.16%	1/9/2016	0.73

	2015			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	SELONDA AQUACULTURE S.A.	33.85%	31/3/2015	20.73
2	NIREUS AQUACULTURE S.A.	33.10%	7/10/2015	25.72
3	ATTICA HOLDINGS S.A.	1.00%	18/2/2015	1.17
4	TRASTOR REAL ESTATE INVESTMENT COMPANY	37.08%	23/3/2015	28.55

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

The Bank acquired 11,911,041 shares in the share capital increase of "SELONDA AQUACULTURE S.A." on 25/7/2016. The shares were acquired under a restructuring agreement of DIAS AQUACULTURE S.A. with its creditors banks, other creditors and the Bank's associated company SELONDA S.A. The total assets of DIAS AQUACULTURE S.A. as well as the obligations not converted to shares, were transferred in kind to the Bank's associated company SELONDA S.A. The Bank's holding in the associated company SELONDA S.A. changed from 33.16% on 31/12/2015 to 32.43% on 31/12/2016.

Amounts in thousand euros (Unless otherwise stated)

3.5 Debt securities and other eligible bills

The tables below present an analysis of bonds and treasury bills at fair value through profit or loss, bonds and treasury bills of investment portfolio, as well as debt securities - receivables by rating as at 31 December 2016, based on Standard & Poor's ratings or their equivalent:

31 December 2016	Bonds and Treasury Bills at fair value through profit or loss	Debt securities - receivables	Bonds and Treasury Bills of investment portfolio	Total
AAA	-	-	2,929	2,929
AA- to AA+	-	13,218,918	5,175	13,224,093
Lower than BB-	8,428	-	2,069,656	2,078,084
Unrated	-	27,339	-	27,339
Total	**8,428**	**13,246,257**	**2,077,760**	**15,332,446**

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

31 December 2015	Bonds and Treasury Bills at fair value through profit or loss	Debt securities - receivables	Bonds and Treasury Bills of investment portfolio	Total
AAA	56	2,719,362	23,643	2,743,061
AA- to AA+	-	14,244,680	-	14,244,680
BB- to BB+	55	-	-	55
Lower than BB-	50,351	5,511	2,022,471	2,078,333
Unrated	-	15,783	-	15,783
Total	**50,462**	**16,985,336**	**2,046,114**	**19,081,912**

Amounts in thousand euros (Unless otherwise stated)

3.6 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the carrying amounts of financial assets, which are exposed to credit risk.

	Greece	Rest of Europe	Total
Loans and advances to credit institutions	521,437	22	521,459
Derivative financial instruments - assets	445,070	-	445,070
Bonds and Treasury Bills at fair value through profit or loss	8,428	-	8,428
Loans and advances to customers (net of provisions)	47,252,807	1,467,298	48,720,105
Loans to individuals	17,362,878	128,364	17,491,242
- Mortgages	13,913,965	56,408	13,970,374
- Consumer - personal loans	2,736,384	71,956	2,808,340
- Credit cards	712,528	-	712,528
Loans to corporate entities/ public sector	29,889,929	1,338,934	31,228,863
Debt securities - receivables	13,246,054	203	13,246,257
Bonds & Treasury Bills of Investment Portfolio	2,077,760	-	2,077,760
Reverse repos with customers	29,076	-	29,076
Other assets	2,406,854	13,337	2,420,190
As at 31 December 2016	**65,987,487**	**1,480,860**	**67,468,347**
As at 31 December 2015	**70,145,583**	**1,697,648**	**71,843,231**

Amounts in thousand euros (Unless otherwise stated)

b) Industry sectors

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

	Financial institutions	Manufactoring / Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Energy, Transports & Logistics	Hotels	Agriculture	Other industries	Individuals	Total
Loans and advances to credit institutions	521,459	-	-	-	-	-	-	-	-	-	-	-	-	521,459
Derivative financial instruments - assets	7,529	515	-	-	60,626	22	341,796	1,155	13,224	-	-	20,204	-	445,070
Bonds and Treasury Bills at fair value through profit or loss	-	-	-	-	-	-	8,428	-	-	-	-	-	-	8,428
Loans and advances to customers (net of provisions)	3,177,554	4,643,703	2,598,871	1,985,931	1,851,401	3,783,980	2,060,210	2,583,157	1,607,269	2,377,785	936,042	3,622,958	17,491,242	48,720,105
Loans to individuals (retail customers)	-	-	-	-	-	-	-	-	-	-	-	-	17,491,242	17,491,242
Loans to corporate entities/ Public sector	3,177,554	4,643,703	2,598,871	1,985,931	1,851,401	3,783,980	2,060,210	2,583,157	1,607,269	2,377,785	936,042	3,622,958	-	31,228,863
Debt securities - receivables	5,012	203	-	-	-	-	13,218,918	-	-	-	-	22,124	-	13,246,257
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	1,286	27,790	29,076
Bonds, treasury bills and other variable income securities of investment portfolio	-	-	-	-	-	-	2,086,256	-	-	-	-	-	-	2,086,256
Other assets	68,967	570	-	7,805	13	-	740,012	434	547	-	-	1,385,281	216,561	2,420,190
Balance at 31st December 2016	**3,780,522**	**4,644,991**	**2,598,871**	**1,993,736**	**1,912,040**	**3,784,002**	**18,455,620**	**2,584,746**	**1,621,041**	**2,377,785**	**936,042**	**5,051,853**	**17,735,592**	**67,476,843**
Balance at 31st December 2015	**4,274,489**	**4,850,491**	**2,805,593**	**2,048,397**	**1,385,975**	**3,831,844**	**21,862,564**	**2,689,594**	**1,691,083**	**2,383,316**	**1,011,934**	**4,807,308**	**18,618,926**	**72,261,514**

The loans to public sector (€ 2.1 billion) at 31/12/2016 include the seasonal loan to OPEKEPE (€ 1.9 billion) (31/12/2015: € 1 billion). In line "Bonds, treasury bills and other variable income securities of Investment portfolio" of the above table, other variable income securities are also included.

Off Balance Sheet Items - Industry sectors	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Energy, Transports & Logistics	Hotels	Agriculture	Other industries	Individuals	Total
Letters of Guarantee	675,696	362,805	1,071,998	103,746	150,944	175,523	2,018	-	84,540	77,447	9,564	196,590	-	2,910,870
Letters of Credit	35	19,275	878	-	-	9,290	-	-	-	-	-	11,451	-	40,929
Undrawn Committed Credit Facilities	839	41,765	11,731	11,065	7,103	22,637	-	-	17,641	11,919	3,498	26,907	73,594	228,697
Balance at 31st December 2016	**676,570**	**423,844**	**1,084,607**	**114,810**	**158,047**	**207,449**	**2,018**	**0**	**102,181**	**89,366**	**13,062**	**234,948**	**73,594**	**3,180,496**
Letters of Guarantee	598,010	405,235	1,087,921	105,922	166,216	189,827	-	-	98,928	100,367	14,906	287,766	-	3,055,098
Letters of Credit	910	12,589	-	-	-	4,927	-	-	-	-	30	10,838	-	29,294
Undrawn Committed Credit Facilities	18,556	12,501	6,862	7,856	12,803	32,586	-	-	37,940	13,584	4,154	31,935	78,681	257,458
Balance at 31st December 2015	**617,476**	**430,325**	**1,094,783**	**113,778**	**179,019**	**227,341**	**0**	**0**	**136,869**	**113,951**	**19,089**	**330,538**	**78,681**	**3,341,850**

3.7 Offsetting of financial assets and liabilities

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

i. The financial assets and liabilities, which are offset in accordance with the criteria of IAS 32 and the net amount that is presented in the statement of financial position, when there is a legally enforceable right and the intention to settle the net amounts or simultaneously collect the receivable and settle the obligation.

ii. The transactions which appertain to ISDA contracts and similar master netting agreements irrespectively of whether these are offset or not in the statement of financial position.

The Bank has not offset any financial assets or liabilities on 31/12/2016 and 31/12/2015, given that the netting criteria mentioned in the first case (i) are not fulfilled.

The following tables, present the recognized on 31/12/2016 and 31/12/2015 financial instruments, for which ISDA and similar master netting agreements (case (ii)) exist, as well as the net effect on the statement of financial position of the Bank from the exercise of netting rights (“net amount”). These tables include mainly the following financial instruments: a) interest rate swap contracts (IRSs) and cross currency interest rate swap contracts, for which there are ISDA contracts and b) interbank repos covered by GMRA.

Amounts in thousand euros (Unless otherwise stated)

31/12/2016	Recognized financial assets (amounts to be offset)	Financial liabilities (offset amounts)	Net amount of financial assets	Related amounts not offset in the Statement of Financial Position		
				Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	438,979	-	438,979	336,292	-	102,687
Total	**438,979**	**-**	**438,979**	**336,292**	**-**	**102,687**

31/12/2016	Recognized financial liabilities (amounts to be offset)	Financial assets (offset amounts)	Net amount of financial liabilities	Related amounts not offset in the Statement of Financial Position		
				Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	461,077	-	461,077	-	461,077	-
Repurchase agreements	6,083,168	-	6,083,168	-	3,642	6,079,525
Total	**6,544,244**	**-**	**6,544,244**	**-**	**464,719**	**6,079,525**

31/12/2015	Recognized financial assets (amounts to be offset)	Financial liabilities (offset amounts)	Net amount of financial assets	Related amounts not offset in the Statement of Financial Position		
				Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	434,257	-	434,257	236,289	-	197,968
Total	**434,257**	**-**	**434,257**	**236,289**	**-**	**197,968**

31/12/2015	Recognized financial liabilities (amounts to be offset)	Financial assets (offset amounts)	Net amount of financial liabilities	Related amounts not offset in the Statement of Financial Position		
				Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	444,629	-	444,629	-	444,629	-
Repurchase agreements	1,655,402	-	1,655,402	-	1,338	1,654,064
Total	**2,100,032**	**-**	**2,100,032**	**-**	**445,967**	**1,654,064**

3.8 Market risk

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

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

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

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

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

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

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

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

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

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

The Value-at-Risk estimate for the Bank's Trading Book at 31/12/2016, was € 0.51 million. This estimate consists of € 0.29 million for interest rate risk and € 0.41 million for foreign exchange risk. There is a reduction in the Value-at-Risk estimate of € 0.20 million due to the diversification effect in the portfolio.

The Value-at-Risk estimate for the Bank's Trading Book at 31/12/2015, was € 3.87 million. This estimate consists of € 2.85 million for interest rate risk and € 2.62 million for foreign exchange risk. There is a reduction in the Value-at-Risk estimate of € 1.60 million due to the diversification effect in the portfolio.

During 2016, the reduction in Bank's Trading Book VaR is due to a decrease in Greek Government bonds by € 66 million and to a reduction of foreign exchange positions, mainly in BGN and UAH.

The above are summarized as follows:

Amounts in million €	Piraeus Bank Trading Book - Total VaR	VaR Interest Rate Risk	VaR Equity Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
2016	0.51	0.29	0	0.41	0	-0.20
2015	3.87	2.85	0	2.62	0	-1.60

The Value at Risk estimate at 31/12/2016 for the Available for Sale portfolio was € 14.99 million against a figure of € 11.74 million at 31/12/2015. The increase is attributable to an increase in Greek Government Bonds by € 56 million and in Greek Government Treasury Bills by € 43 million.

3.9 Currency risk

The Bank is exposed to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Management sets limits on the level of exposure by currency, which are monitored daily. The table below summarises the Bank's exposure to foreign currency exchange rate risk as at 31/12/2016. The table includes the Bank's assets and liabilities at carrying amounts categorised by currency, and the positions in derivatives which reduce significantly the undertaken risk:

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2016	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with Central Bank	2,014,174	39,727	23,783	7,488	22,560	44,381	2,152,115
Loans and advances to credit institutions	252,691	32,863	-	162	35,714	200,029	521,459
Derivative financial instruments - assets	434,760	1,125	-	-	9,184	1	445,070
Financial instruments at fair value through profit or loss	8,428	-	-	-	-	-	8,428
Reverse repos with customers	29,076	-	-	-	-	-	29,076
Loans and advances to customers (net of provisions)	43,811,730	2,760,561	50,800	91,298	1,907,568	98,149	48,720,105
Debt securities - receivables	13,246,054	203	-	-	-	-	13,246,257
Investment securities	2,323,411	44,997	-	-	-	-	2,368,408
Other assets	2,376,635	43,438	57	60	-	-	2,420,190
Total financial assets	**64,496,961**	**2,922,915**	**74,640**	**99,009**	**1,975,025**	**342,560**	**69,911,110**
Foreign exchange risk of liabilities							
Due to credit institutions	27,287,516	99,075	3,567	17	631	1,895	27,392,700
Derivative financial instruments - liabilities	433,259	27,945	-	-	-	-	461,205
Due to customers	38,042,605	1,331,489	98,424	962	13,656	278,165	39,765,301
Debt securities in issue	69,515	-	-	-	-	-	69,515
Other liabilities	702,786	5,917	363	-	63,511	267,680	1,040,257
Total financial liabilities	**66,535,680**	**1,464,426**	**102,354**	**979**	**77,798**	**547,740**	**68,728,978**
Net on-balance sheet financial position	**(2,038,720)**	**1,458,489**	**(27,714)**	**98,029**	**1,897,227**	**(205,180)**	**1,182,131**
Net position of non financial assets - liabilities	**(1,537,177)**	**29,925**	**989**	**-**	**(9,184)**	**564,583**	**(950,864)**
Net Off balance sheet items	**3,527,595**	**(1,461,716)**	**25,202**	**(98,023)**	**(1,891,521)**	**(324,014)**	**(222,477)**
Currency position	**(48,301)**	**26,697**	**(1,523)**	**7**	**(3,478)**	**35,389**	**8,791**

At 31 December 2015	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	69,322,502	3,019,319	104,016	114,571	2,152,884	342,168	75,055,459
Total financial liabiities	71,119,012	1,359,377	112,034	3,763	79,670	694,857	73,368,713
Net on-balance sheet financial position	**(1,796,510)**	**1,659,942**	**(8,018)**	**110,807**	**2,073,214**	**(352,689)**	**1,686,745**
Net position of non financial assets - liabilities	**(2,149,941)**	**36,578**	**1,877**	**-**	**(14,261)**	**818,848**	**(1,306,899)**
Net Off balance sheet items	**3,891,436**	**(1,677,433)**	**5,431**	**(110,389)**	**(2,077,485)**	**(407,849)**	**(376,288)**
Currency position	**(55,015)**	**19,087**	**(710)**	**419**	**(18,533)**	**58,310**	**3,559**

Amounts in thousand euros (Unless otherwise stated)

3.10 Interest rate risk

Interest rate risk is the risk of loss to the bank due to adverse movements in interest rates. Changes in interest rates affect the Bank's earnings by changing its net interest income and the level of other interest - sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the Bank's assets and liabilities because the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change.

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

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

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

In particular, the sight deposits, savings and current accounts assigned to the time band up to one month.

In the table, assets and liabilities in foreign currency are converted into € using the FX rates as of 31/12/2016:

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Assets							
Cash and balances with central Bank	2,152,115	-	-	-	-	-	2,152,115
Loans and advances to credit institutions	259,119	174,216	88,125	-	-	-	521,459
Financial instruments at fair value							
through profit or loss	-	-	1,548	142	6,738	-	8,428
Reverse repos with customers							
Loans and advances to customers	1,950	25,384	1,742	-	-	-	29,076
(net of provisions)	35,660,074	6,735,834	4,178,600	1,474,124	671,473	-	48,720,105
Debt securities - receivables	203	813,512	813,414	7,868,129	3,751,000	-	13,246,257
Investment securities	5,093	941,142	735,201	83,106	313,218	290,648	2,368,408
Other assets	-	-	-	-	-	2,420,190	2,420,190
Total financial assets	**38,078,553**	**8,690,088**	**5,818,630**	**9,425,500**	**4,742,429**	**2,710,839**	**69,466,039**
Liabilities							
Due to credit institutions	23,219,376	134,726	38,598	4,000,000	-	-	27,392,700
Due to customers	30,789,557	4,629,262	4,256,522	18,806	-	71,155	39,765,301
Debt securities in issue	30,444	39,071	-	-	-	-	69,515
Other liabilities	-	-	-	-	-	1,040,257	1,040,257
Total financial liabilities	**54,039,377**	**4,803,058**	**4,295,120**	**4,018,806**	**0**	**1,111,412**	**68,267,773**
Net notional amounts of derivative financial instruments	**(34,138)**	**(144,737)**	**(40,052)**	**(1,834)**	**0**	**0**	**(220,760)**
Total interest rate gap	**(15,994,962)**	**3,742,292**	**1,483,457**	**5,404,861**	**4,742,429**	**1,599,427**	**977,506**

The off balance sheet derivatives line that appears at the bottom of the table, includes the gap that arises from derivative transactions that are held for assets - liabilities management purposes or trading or hedging purposes without necessarily using hedge accounting.

Amounts in thousand euros (Unless otherwise stated)

The table below presents comparative figures:

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Total financial assets	41,314,752	7,841,268	4,013,712	10,760,483	7,809,997	2,878,220	74,618,431
Total financial liabiities	62,165,688	4,569,823	2,344,038	2,721,961	-	1,122,563	72,924,074
Net notional amounts of derivative financial instruments	(92,258)	(190,197)	(86,507)	-	-	-	(368,962)
Total interest rate gap	**(20,943,194)**	**3,081,249**	**1,583,167**	**8,038,522**	**7,809,997**	**1,755,656**	**1,325,396**

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

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

For PV100, the Bank has assigned adequate limits, which are monitored on a daily basis.

In particular, a parallel shift of 100bp in yield curves would have a negative impact on the Bank’s net present value by € 40.6 million (2015: € 6.3 million).

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

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

3.11 Liquidity risk

Piraeus Bank acknowledges that, in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage Liquidity risk.

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

For the effective management of liquidity risk, all Bank's units have applied a uniform Liquidity Risk Management Policy. This policy is consistent with the internationally applied practices and supervisory regulations, and adapted to the individual activities and organizational structures of Piraeus Bank.

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

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

Since November 2014, Piraeus Bank is supervised by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB), in collaboration with the Bank of Greece and submits a wide range of regulatory reporting on a regular and periodic basis.

Piraeus Bank calculates the Liquidity Coverage Ratio and Net Stable Funding Ratio, on a monthly and quarterly basis respectively, according to Regulation (EU) No. 575/2013. According to European Regulation, the Liquidity Coverage Ratio (LCR) limit of 70% was introduced in 1/1/2016. However, the Liquidity Coverage Ratio is not an appropriate liquidity risk ratio for credit institutions receiving funding through the emergency liquidity assistance mechanism (ELA).

Under the European Directive 2013/36 credit institutions are required to have comprehensive policies, procedures, policies and systems to ensure adequate monitoring of liquidity risk. In accordance with the said directive on April 2016, Piraeus Bank's market and liquidity risk management division submitted to SSM, the Report on the Internal Liquidity Adequacy Assessment Process (ILAAP), which contains the rules governing the management of liquidity risk and the main results of current and future bank liquidity position evaluation. Within the framework of the ICAAP and ILAAP procedures, the Bank examined stress test scenarios (Stress Testing) and assessed their impact on the liquidity position and on the mandatory liquidity ratios.

Piraeus Bank's deposits increased during 2016 by € 2,781 million, reaching a total balance of € 39,552 million at 31/12/2016, in comparison to € 36,771 million at 2015. As of July 2016, a gradual ease of the capital controls was effected by the government, especially regarding the transfer of funds.

In addition, the Bank increased its funding through the interbank repo market, reaching the amount of € 6,083 million in repo transactions (€ 1,655 million at 2015).

Amounts in thousand euros (Unless otherwise stated)

The Bank's overall liquidity from central banks (ECB and ELA) recorded a decrease of € 11,780 million, reaching the amount of € 20,900 million at 31/12/2016, in comparison to € 32,680 million at 2015. In particular, emergency liquidity mechanism (ELA) funding reached the amount of € 11,900 million (€ 16,700 million at 2015) and European Central Bank (ECB) funding reached the amount of € 9,000 million (€ 15,980 million at 2015). The central bank funding decrease was possible due to the aforementioned increase in deposits, the increase of funding raised through interbank repos and the sale of € 3,709 million EFSF bonds, part of the repurchase program of securities issued by European supranational euro-area agencies (PSPP).

Finally, the long-term funding from ECB (TLTRO) increased by € 1,300 million compared to the end of 2015, reaching the amount of € 4,000 million (€ 2,700 million at 2015).

a) Non derivative cash flows

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

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	23,212,621	108,740	5,820	4,031,257	44,668	**27,403,106**
Due to customers	30,848,952	4,543,615	4,307,566	126,025	-	**39,826,158**
Debt securities in issue	70	-	4	201	78,040	**78,315**
Other liabilities	-	-	-	-	1,040,257	**1,040,257**
Total liabilities (contractual maturity dates)	**54,061,643**	**4,652,355**	**4,313,391**	**4,157,484**	**1,162,964**	**68,347,836**
Total assets (expected maturity dates)	**4,769,538**	**1,149,516**	**8,850,853**	**30,670,952**	**33,673,841**	**79,114,701**

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

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	31,848,337	6,209	2,317	2,746,055	12,828	**34,615,745**
Due to customers	30,119,415	4,394,973	2,391,673	28,054	102,732	**37,036,847**
Liabilities at fair value through profit or loss	-	-	-	2,499	-	**2,499**
Debt securities in issue	53	140	725	102,338	-	**103,257**
Other liabilities	1,256,659	-	-	-	-	**1,256,659**
Total liabilities (contractual maturity dates)	**63,224,464**	**4,401,322**	**2,394,715**	**2,878,946**	**115,560**	**73,015,007**
Total assets (expected maturity dates)	**4,827,761**	**2,505,051**	**5,765,145**	**30,782,889**	**36,296,055**	**80,176,902**

Amounts in thousand euros (Unless otherwise stated)

b) Derivative cash flows

bi) Derivatives settled on a net basis

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

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

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
- Interest rate derivatives	(307)	286	253	8,562	4,793	**13,586**
Total	**(307)**	**286**	**253**	**8,562**	**4,793**	**13,586**

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
- Interest rate derivatives	250	1,473	(228)	8,516	7,147	**17,158**
Total	**250**	**1,473**	**(228)**	**8,516**	**7,147**	**17,158**

bii) Derivatives settled on a gross basis

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

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

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
- Foreign exchange derivatives						
Outflow	(1,245,408)	(1,120,244)	(1,382,105)	(922,162)	(49,329)	**(4,719,249)**
Inflow	1,238,715	1,083,514	1,304,125	806,276	39,448	**4,472,079**

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
- Foreign exchange derivatives						
Outflow	(1,137,015)	(711,429)	(2,120,784)	(1,222,021)	(144,887)	**(5,336,137)**
Inflow	1,127,838	697,460	1,947,063	1,055,583	119,116	**4,947,061**

biii) Off balance sheet items

At 31 December 2016	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	54,501	86,904	504,943	2,260,219	4,305	**2,910,870**
Letters of Credit	21,446	10,030	9,453	-	-	**40,929**
Undrawn Committed Credit Facilities	7,791	3,474	58,458	97,892	61,082	**228,697**

At 31 December 2015	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	118,691	62,595	579,472	2,291,242	3,097	**3,055,098**
Letters of Credit	10,613	15,500	3,181	-	-	**29,294**
Undrawn Committed Credit Facilities	11,529	2,601	32,560	146,568	64,200	**257,458**

Amounts in thousand euros (Unless otherwise stated)

3.12 Transfers of financial assets

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

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

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

31/12/2016	Transferred assets			Associated liabilities		
	Carrying amount	Of which: securitizations	Of which: repurchase agreements	Carrying amount	Of which: securitizations	Of which: repurchase agreements
Financial assets at fair value through profit or loss	8,102	-	-	5,666	-	-
Available-for-sale financial assets	1,245,893	-	-	871,283	-	-
Loans and advances to customers (before provisions)	33,639,604	5,808,236	-	12,751,076	1,493,447	-
Debt securities	13,198,918	-	5,975,989	13,322,241	-	5,979,924
Total	**48,092,518**	**5,808,236**	**5,975,989**	**26,950,265**	**1,493,447**	**5,979,924**

31/12/2015	Transferred assets			Associated liabilities		
	Carrying amount	Of which: securitizations	Of which: repurchase agreements	Carrying amount	Of which: securitizations	Of which: repurchase agreements
Financial assets at fair value through profit or loss	8,707	-	-	3,699	-	-
Available-for-sale financial assets	1,192,301	-	-	506,491	-	-
Loans and advances to customers (before provisions)	30,875,157	6,108,753	-	13,151,046	1,897,006	-
Debt securities	16,898,862	-	1,666,333	16,953,511	-	1,655,405
Total	**48,975,027**	**6,108,753**	**1,666,333**	**30,614,747**	**1,897,006**	**1,655,405**

Securitisation

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

Raising funding through the Eurosystem and repurchase agreements

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

Amounts in thousand euros (Unless otherwise stated)

3.13 Fair values of assets and liabilities

a) Assets and liabilities not measured at fair value

The following table summarises the fair values and the carrying amounts of those assets and liabilities not presented in the Bank’s balance sheet at fair value.

Assets	Carrying value		Fair value	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Loans and advances to credit Institutions	521,459	787,795	521,459	787,795
Loans and advances to customers (net of provisions)	48,720,105	49,425,753	47,735,635	47,661,676
- Loans to individuals	17,491,242	18,408,116	17,272,352	17,350,134
- Loans to corporate entities	29,168,653	29,644,901	28,403,056	28,955,936
- Loans to public sector	2,060,210	1,372,736	2,060,227	1,355,606
Debt securities - receivables	13,246,257	16,985,336	13,471,242	17,286,346
Reverse repos with customers	29,076	-	29,076	-

Liabilities	Carrying value		Fair value	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Due to credit institutions	27,392,700	34,591,752	27,392,700	34,591,752
Due to customers	39,765,301	36,970,850	39,765,301	36,970,850
Debt securities in issue	69,515	102,314	56,463	75,354

The fair values as at 31/12/2016 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.

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

Amounts in thousand euros (Unless otherwise stated)

Classification of assets and liabilities measured at amortized cost, according to the fair value hierarchy levels of IFRS 13 as at 31/12/2016 and 31/12/2015, is presented in the tables below:

Analysis of Fair Value in Levels as at 31/12/2016	Level 2	Level 3	Total
Assets			
Loans and advances to customers (net of provisions)	-	47,735,635	47,735,635
- Loans to individuals	-	17,272,352	17,272,352
- Loans to corporate entities	-	28,403,056	28,403,056
- Loans to public sector	-	2,060,227	2,060,227
Debt securities-receivables	13,471,242	-	13,471,242
Liabilities			
Debt Securities in Issue	56,463	-	56,463

Analysis of Fair Value in Levels as at 31/12/2015	Level 2	Level 3	Total
Assets			
Loans and advances to customers (net of provisions)	-	47,661,676	47,661,676
- Loans to individuals	-	17,350,134	17,350,134
- Loans to corporate entities	-	28,955,936	28,955,936
- Loans to public sector	-	1,355,606	1,355,606
Debt securities-receivables	17,286,346	-	17,286,346
Liabilities			
Debt Securities in Issue	75,354	-	75,354

b) Assets and liabilities measured at fair value

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

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

Level 1

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

Level 2

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

Level 3

The valuation of assets and liabilities is carried out by introducing variables that are not based on observable market data. Level 3 includes shares categorized in the available for sale portfolio, derivative financial instruments and investment property. Shares, derivative financial instruments and investment property within level 3 are not traded in an active market or there are no available prices from external traders in order to determine their fair value.

Amounts in thousand euros (Unless otherwise stated)

Shares categorized in the available for sale portfolio

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

Derivative financial instruments

The embedded derivatives of the convertible bonds are included in level 3 of derivative financial assets.

The aforementioned derivatives are accounted at fair value. The fair value of the embedded derivatives are determined according to valuation techniques following basic parameters: a) the relevant share price, b) the volatility of the relevant share price, c) the interest rates and d) the credit spreads.

Investment property

For the determination of the fair value of investment property, generally accepted valuation models are used by valuers that are presented in note 2.18 “Investment property” of the Bank’s accounting policies. The Bank did not conduct a sensitivity analysis for the investment property due to the significant number of property as well as their different characteristics. The movement of investment property within level 3 is presented in note 28.

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

Assets & Liabilities measured at fair value as at 31/12/2016	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	439,069	6,001	**445,070**
Financial instruments at fair value through profit or loss				
- Bonds	8,428	-	-	**8,428**
Available for sale securities				
- Bonds	409,627	-	-	**409,627**
- Shares & other variable income securities	107,336	-	183,313	**290,648**
- Treasury bills	1,668,133	-	-	**1,668,133**
Liabilities				
Derivative financial instruments - liabilities	-	461,205	-	**461,205**

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**
- Shares & other variable income securities	141,476	-	220,238	**361,714**
- Treasury bills	1,621,695	-	-	**1,621,695**
Liabilities				
Derivative financial instruments - liabilities	-	444,639	-	**444,639**
Financial Liabilities at 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 31/12/2016 and on 31/12/2015, no transfer from level 1 to level 2 and vice versa occurred during 2016 and 2015.

The following tables present the movement of derivative financial instruments - assets and shares of the available for sale portfolio within level 3 on 31/12/2016 and on 31/12/2015:

Reconciliation of level 3 items (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 year	3,804	-
Other comprehensive Income	-	(164)
Impairment	-	(2,071)
Disposals	-	(68,246)
Transfer to level 3	-	9,263
Foreign exchange differences and other movements	-	1,150
Closing balance 31/12/2016	**6,001**	**183,313**

The line "Disposals" mainly comprises of the sale of the shares of Visa Europe, which is referenced in note 10.

Reconciliation of level 3 items (2015)	Derivative financial instruments -assets	Available for sale shares & other variable income securities
Opening balance 1/1/2015	18,488	166,553
Balance of Panellinia Bank at acquisition date	-	176
Purchases	1,258	107
Profit/ (loss) for the year	(17,549)	-
Other comprehensive Income	-	65,715
Impairment	-	(12,021)
Settlements	-	(16)
Foreign exchange differences and other movements	-	(275)
Closing balance 31/12/2015	**2,197**	**220,238**

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

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	31/12/2016	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(27)
Derivative financial instruments - assets	7	(5)
Equity Statement		
Available for sale shares & other variable income securities	18	(3)

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 31/12/2016, will range between about +113% in the scenarios of favourable changes and -83% 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.

3.14 Fiduciary activities

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

3.15 Capital adequacy

From January 2014 onwards Piraeus Bank S.A. applies the new regulatory framework "CRD IV" (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU and Regulation (EU) No. 575/2013. For the transposition of Directive 2013/36/EU, Greece adopted L.4261/2014.

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

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

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

The main Piraeus Bank objectives related to the capital adequacy management are the following:

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

As of 31st December 2016, the following ratios are in full compliance with the regulatory demands confirming the strong capital base of Piraeus Bank.

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

Amounts in thousand euros (Unless otherwise stated)

	31 December 2016	31 December 2015
Ordinary Shares	2,619,955	2,619,955
Share premium	13,074,688	13,074,688
Contingent Convertible bonds	2,040,000	2,040,000
Available for sale reserve	3,958	30,643
Legal reserve and other reserves	71,205	88,473
Retained earnings	(8,353,025)	(8,245,744)
Less: intangible assets	(259,592)	(250,765)
Total regulatory adjustments on Tier I capital	(419,016)	(257,279)
Common Equity Tier 1 Capital & Tier 1 Capital (A)	**8,778,173**	**9,099,971**
Tier II Capital		
Subordinated debt	-	-
Total regulatory adjustments on Tier II capital	-	-
Total Tier II Capital (B)	**0**	**0**
Total regulatory capital (A+B)	**8,778,173**	**9,099,971**
Total risk weighted assets (on and off- balance sheet items)	**49,876,566**	**50,276,815**
CET 1 Capital ratio	**17.6%**	**18.1%**
T1 Capital ratio	**17.6%**	**18.1%**
Total capital ratio	**17.6%**	**18.1%**

On 31/12/2015 the total risk weighted assets and capital adequacy ratios have been restated by taking into consideration note 46.

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

The calculation of the capital adequacy ratios of the Bank, takes into account the deferred tax assets which have been recognized on the basis of the relevant provisions of the IFRS´s. On 31/12/2016, the deferred tax asset of the Bank amounted to € 5.3 billion approximately (31/12/2015: € 5.0 billion).

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

Under the current directive about the capital adequacy ("CRD IV"), deferred tax assets which are recognized according to the IFRS´s and are based on the future profitability of the Bank, are deducted from the Common Equity Tier 1 capital ("CET1") if they exceed specific limits. However, according to Article 27A of Law 4172/2013, as added with par. 1 of article 23 of Law 4302/2014 and replaced by then in force with article 4 of Law 4340/2015, concerning deferred tax assets, it is allowed under conditions to credit institutions, from 2017 onwards, to transform deferred tax assets, that have been recognized due to losses from the Private Sector Involvement "PSI" and accumulated provisions due to credit risk in relation to existing receivables as of 30 June 2015, into directly enforceable claims (tax credits) against the Greek State.The aforementioned Law provisions shall be amended by the submitted preliminary Law "Incorporation to the Hellenic legislation of Directive 2014/92 / EU of the European Parliament and of the Council of 23rd July 2014 on the comparability of fees connected with payment accounts, change of payment accounts and access to payment accounts with basic features and other provisions", which was validated at 29th March 2017 by the Hellenic Parliament and is expected to be published on Gazette, in order to regulate the accounting and supervisory treatment of the deferred tax assets that have been already recognized (may under certain conditions, be converted into directly enforceable claims) by financial or credit Institutions which are supervised by the Bank of Greece or the SSM, in a consistent manner with write-offs or restructuring loans regarding their debtors. More specifically, under the amended provisions of article 27A clarifies that, in addition to the deferred tax asset relating to the amount of accumulated provisions and other general losses due to credit risk, and the remaining (unamortized) amount of the debit difference of PSI, the deferred tax assets relating to accounting write-offs and final losses due to permanently write-offs or restructuring of debts under certain conditions, can also be converted into directly enforceable claims against Greek State, and thus is being added to regulatory capital. The amended provisions are effective from 01/01/2016. In this case, these tax credits are not deducted from the CET1, but are included in the risk weighted assets of the Bank based on the current weights.

On 31/12/2016, the deferred tax assets of the Bank, which met the above conditions, amounted to € 4.1 billion, of which € 1.4 billion relates to the remaining unamortized amount of debit difference from the participation of the Private Sector Involvement program PSI and € 2.7 billion relates to the differences between the IFRS accumulated provisions for loan impairments and the respective tax provisions.

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

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

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

The most important areas where the Bank uses accounting estimates and judgements, in applying its accounting policies, are as follows:

4.1. Impairment losses on loans and other receivables

The Bank examines, at every reporting period, whether trigger for impairment exists for its loans or loan portfolios. If such triggers exist, the recoverable amount of the loan portfolio is calculated and the relevant provision for this impairment is raised. The provision is recorded in the income statement. The estimates, methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual losses. Relevant to the adjustment in the estimates for the impairment test of loans, performed by the Bank in 2016, is note 22 of the financial statements.

4.2. Impairment of available for sale portfolio and investments in subsidiary, associate companies and joint ventures

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, associate companies and joint ventures

The Bank tests for impairment the investments in subsidiaries, associate companies and joint ventures, 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, the associate company or the joint venture. The amount of the permanent impairment of the investment, which may arise from the assessment, is recorded to the income statement.

4.3. 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, as described in note 2.18 of the stand alone financial statements, are used. The fair value of investment property reflects rental income from current leases as well as assumptions about future rentals, taking into consideration current market conditions.

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

4.4. 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.

4.5. 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.

Amounts in thousand euros (Unless otherwise stated)

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.

Relative to the provisions of Law 4172/2013 for deferred tax assets is note 14 of the stand alone financial statements.

4.6. Greek public sector

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

As at 31 December 2016, the total carrying value of the Group’s receivables from Greek Public Sector is as follows:

	2016	2015
Derivative financial instruments – assets	341,796	347,370
Bonds and treasury bills at fair value through profit or loss	8,428	50,351
Loans to corporate entities/ Public sector	2,060,210	1,372,736
Bonds, treasury bills and other variable income securities of Investment portfolio	2,078,152	2,034,992
Other assets	740,012	701,793
Total	**5,228,598**	**4.507.242**

The loans to public sector (€ 2.1 billion) at 31/12/2016 include the seasonal loan to OPEKEPE (€ 1.9 billion) (31/12/2015: € 1.0 billion).

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

5 Segment analysis

By Business segment

Piraeus Bank has defined the following business segments:

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

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

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

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

Other Segments – Other segments include other facilities of the Bank that are not included in the above segments (Bank's administration, etc.).

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

An analysis of income and other financial figures per business segment of the Bank is presented below:

Amounts in thousand euros (unless otherwise stated)

1/1 - 31/12/2016	**Retail Banking**	**Corporate Banking**	**Investment Banking**	**Asset Management & Treasury**	**Other business segments**	**Total**
Net interest income	1,291,184	546,289	13	40,681	(196,349)	**1,681,817**
Net fee and commission income	192,947	27,963	2,332	6,010	3,848	**233,100**
Other income	63,980	919	10	99,099	66,468	**230,476**
Net income	**1,548,112**	**575,170**	**2,355**	**145,790**	**(126,033)**	**2,145,394**
Depreciation and amortisation	(20,607)	(97)	(14)	(2,397)	(61,566)	**(84,682)**
Other operating expenses	(874,016)	(70,680)	(1,589)	(54,625)	-	**(1,000,909)**
Results before provisions, impairment and income tax	**653,489**	**504,394**	**753**	**88,768**	**(187,600)**	**1,059,804**
Impairment losses on loans	(818,764)	(142,365)	-	-	-	**(961,129)**
Impairment losses on other assets	-	-	-	-	(103,434)	**(103,434)**
Impairment losses on other debt securities - receivables	-	-	-	-	(5,118)	**(5,118)**
Impairment on participations and investment securities	-	-	-	-	(80,478)	**(80,478)**
Impairment of tangible and intangible assets	(11,968)	-	-	-	(3,250)	**(15,218)**
Impairment on assets held for sale	-	-	-	-	(26,046)	**(26,046)**
Other provisions	(2,316)	(820)	-	-	(40,142)	**(43,278)**
Results before tax	**(179,560)**	**361,209**	**753**	**88,768**	**(446,067)**	**(174,897)**
Income tax						185,418
Results after tax						**10,522**
As at 31 December 2016						
Total assets	36,559,556	13,129,052	94	17,943,363	10,901,669	**78,533,734**
Total liabilities	36,831,183	1,694,601	75	28,668,217	1,882,876	**69,076,953**
Capital expenditure	45,861	591	1	1,955	107,022	**155,432**

Amounts in thousand euros (unless otherwise stated)

1/1 - 31/12/2015	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	1,326,431	599,289	3	117,133	(331,421)	**1,711,435**
Net fee and commission income	176,262	30,673	306	5,105	2,991	**215,337**
Other income	(2,373)	2,056	7	51,837	175,586	**227,113**
Net income	**1,500,319**	**632,018**	**316**	**174,076**	**(152,844)**	**2,153,884**
Depreciation and amortisation	(24,070)	(109)	(8)	(2,620)	(57,151)	**(83,958)**
Other operating expenses	(1,010,407)	(75,202)	(2,983)	(63,631)	-	**(1,152,223)**
Results before provisions, impairment and income tax	**465,842**	**556,707**	**(2,676)**	**107,825**	**(209,995)**	**917,703**
Impairment losses on loans	(2,333,447)	(906,774)	-	-	-	**(3,240,220)**
Impairment losses on other assets	-	-	-	-	(106,829)	**(106,829)**
Impairment on participations and investment securities	-	-	-	-	(886,363)	**(886,363)**
Impairment of tangible and intangible assets	(14,630)	-	-	-	(48,619)	**(63,249)**
Impairment on assets held for sale	-	-	-	-	(2,677)	**(2,677)**
Other provisions	(1,652)	(601)	-	-	(95,899)	**(98,151)**
Results before tax	**(1,883,886)**	**(350,667)**	**(2,676)**	**107,825**	**(1,350,382)**	**(3,479,786)**
Income tax						1,090,389
Results after tax						**(2,389,397)**
As at 31 December 2015						
Total assets	37,451,178	12,940,203	189	22,339,913	10,676,557	**83,408,039**
Total liabilities	35,009,300	1,255,610	29	36,027,628	1,507,456	**73,800,024**
Capital expenditure	48,113	409	237	1,533	98,654	**148,946**

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.

31/12/2016	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	20,810,171	(10,261,519)	10,548,652
Mortgages	4,699,633	(1,435,289)	3,264,344
Consumer	3,040,319	(1,984,844)	1,055,475
Total	**28,550,123**	**(13,681,652)**	**14,868,471**

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" of amount € 379,024 thousand (31/12/2015: € 426,154 thousand).

6 Net Interest income

	1/1-31/12/2016	1/1-31/12/2015
Interest income		
Interest on fixed income securities	110,764	152,241
Interest on loans and advances to customers and repos	2,179,822	2,495,608
Interest on loans and advances to credit institutions	95,404	117,588
Other interest income	12,371	3,319
Total interest income	**2,398,360**	**2,768,755**
Interest expense		
Interest on customer deposits and reverse repos	(216,650)	(381,593)
Interest on debt securities in issue and on other borrowed funds	(330)	(28,259)
Interest on due to credit institutions	(336,643)	(488,485)
Contribution of Law 128	(143,788)	(151,154)
Other interest expense	(19,130)	(7,830)
Total interest expense	**(716,542)**	**(1,057,321)**
Net Interest Income	**1,681,817**	**1,711,435**

Bank's net interest income for the year 2016 amounted to € 1.7 billion slightly decreased in relation to the comparative period of 2015, which is due to the improvement of funding cost, that was hedged from the additional deleveraging of loan portfolio, the minor decrease of average loan margin and the decrease of Euribor, which is the based pricing of the most financial assets.

Amounts in thousand euros (unless otherwise stated)

The amounts in lines "Interest on debt securities in issue and on other borrowed funds" and "Other interest expense" have been restated in the year 2015 for comparative purposes.

7 Net fee and commission income

	1/1-31/12/2016	1/1-31/12/2015
Fee and commission income		
Commercial banking	264,155	231,175
Investment banking	6,679	7,759
Asset management	9,492	17,434
Total fee and commission income	**280,325**	**256,368**
Fee and commission expense		
Commercial banking	(46,772)	(37,356)
Investment banking	(264)	(1,494)
Asset management	(189)	(2,181)
Total fee and commission expense	**(47,225)**	**(41,031)**
Net fee and commission income	**233,100**	**215,337**

8 Dividend income

	1/1-31/12/2016	1/1-31/12/2015
Dividend from subsidiaries	13,588	92,595
Dividend from AFS securities	8,336	7,568
	21,923	**100,163**

The dividend income from subsidiaries, amounting to € 13.6 million, derives mainly from dividends distributed by the subsidiary companies Piraeus Insurance Agency S.A. (€ 9.5 million), Piraeus Insurance and Reinsurance Brokerage S.A. (€ 2.0 million) and Piraeus Capital Management S.A. (€ 0.8 million).

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

	1/1-31/12/2016	1/1-31/12/2015
Gains less losses on FX	(39)	(9,284)
Gains less losses on derivatives	(12,484)	27,969
Gains less losses on bonds and treasury bills	4,836	42,662
Gains less losses on liabilities designated at fair value through profit or loss	100	(429)
Net trading income (A)	**(7,587)**	**60,919**
Net income from other financial instruments designated at fair value through profit or loss (B)	**0**	**0**
Total (A) + (B)	**(7,587)**	**60,919**

During the year 2016, "Gains less losses on derivatives" include losses of € 9.5 million arising mainly from interest rate swaps. Additionally, "Gains less losses on bonds and treasury bills" include gains of € 4.3 million arising mainly from repurchases of securitisation of mortgages bonds (ESTIA I, ESTIA II).

Amounts in thousand euros (unless otherwise stated)

10 Results from investment securities

	1/1-31/12/2016	1/1-31/12/2015
Gains less losses on AFS - shares and mutual funds (note 41)	77,145	27
Gains less losses on AFS - bonds (note 41)	(10,560)	(15)
Gains less losses from sale of EFSF bonds	105,880	-
Gains less losses from sales of subsidiaries and associates	36,484	16,239
Total	**208,948**	**16,251**

"Results from investment securities" for the year 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 € 106 million from the sale of EFSF bonds of face value € 3.7 billion within the framework of the ECB´s Quantitative Easing (QE) program, c) a gain of approximately € 4 million on the sale of listed in the Athens Stock Exchange shares, in the framework of the Bank's Restructuring Plan, d) a gain of € 78 million from the sale of ATE Insurance S.A. according to the agreed consideration which is subject to the usual adjustments and e) a loss of € 41 million on the partial disposal of the subsidiary company Trastor Real Estate Investment Company and on the sale of the total holding in the subsidiary company Piraeus Leasing Bulgaria and the associate company European Reliance General Insurance Co. SA, in the framework of the Bank's Restructuring Plan.

Impairment of investment securities is included in "Impairment on investment securities" in the income statement. Relative reference is provided in note 25 and note 41.

11 Other results

	1/1-31/12/2016	1/1-31/12/2015
Rental income	7,532	7,107
Gains less losses from valuation of investment property	(9,463)	6,282
Other income from banking activities	8,338	15,281
Gains from the capitalization of liabilities following the Liability Management Exercise	-	17,629
Other	785	3,480
Total	**7,192**	**49,780**

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2016	31 December 2015
Up to 1 year	7,729	6,297
From 1 to 5 years	42,423	36,497
More than 5 years	25,709	23,190
	75,861	**65,984**

Amounts in thousand euros (unless otherwise stated)

12 Staff costs

	1/1-31/12/2016	1/1-31/12/2015
Wages & salaries	(374,382)	(396,021)
Social insurance contributions	(97,305)	(99,970)
Other staff costs	(22,887)	(24,279)
Voluntary Redundancy Costs (note 36)	5,146	(6,841)
Retirement benefit charges (note 38)	(15,069)	(14,660)
Estimated cost of voluntary exit scheme	-	(110,000)
Total	**(504,497)**	**(651,772)**

The number of staff employed by Piraeus Bank as at 31 December 2016 was 13,264 compared to 14,326 at the end of 2015.

The line "Voluntary Redundancy Costs" for the year 2016 concerns reversal of unused provision, which was recorded in the previous year (note 36).

13 Administrative expenses

	1/1-31/12/2016	1/1-31/12/2015
Rental expense	(46,194)	(52,100)
Taxes & duties	(79,141)	(81,733)
Promotion and advertising expenses	(40,068)	(39,113)
Servicing - promotion of banking products	(47,746)	(45,905)
Fees and third parties expenses	(103,040)	(89,357)
Security & maintenance of fixed assets	(33,892)	(32,285)
Telecommunication & electricity expenses	(15,705)	(18,579)
Contribution expense in State Controlled Deposit Guarantee Scheme	(67,499)	(77,562)
Other administrative expenses	(63,127)	(63,816)
Total	**(496,411)**	**(500,450)**

The decrease of the line "Contribution expense in State Controlled Deposit Guarantee Scheme" in 2016, is due to the fact that there are no extraordinary contributions compared to 2015.

The available financial means of the Resolution Scheme (RS) of HDIGF, as Resolution Fund for credit institutions, come from regular ex-ante contributions, extraordinary ex-post contributions and alternative financial means under Law No. 4335/2015 as amended and in force by Law No. 4370/2016. Participating credit institutions when granting loans to the RS pay contributions, with which the RS repays its loan obligations for resolution purposes

In year 2016, the total amount of contributions of € 67.5 million concerns a) annual contribution to the Resolution Scheme (RS) amounting to approximately € 42.8 million, b) regular ex-ante contribution to European Resolution Mechanism for year 2016 of approximately € 24.5 million and c) participation fee to cover the operating and investment costs € 0.2 thousand. Under the provisions of Law 4370/2016 on assets Hellenic Deposit & Investment Guarantee Fund (HDIGF) placed at the disposal of Deposit Guarantee Scheme, no annual fee was incurred in the year 2016 as in previous year 2015.

Amounts in thousand euros (unless otherwise stated)

14 Income tax

	1/1-31/12/2016	1/1-31/12/2015
Current tax	-	-
Deferred tax (note 37)	185,418	1,090,389
Total	**185,418**	**1,090,389**

In accordance with the provisions of the enacted Greek Tax Law (Law 4172/2013), as amended by Law 4334/2015 (Gazette A΄80/16.07.2015) and being in effect today, the income tax rate for legal entities increased from 26% to 29% from the tax year 2015 and thereon. 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.

The income tax revenue for 2016 amounting to € 185 million, was mainly affected from the recognition of deferred tax asset on the participations recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes. Relevant reference is provided in note 37.

The Bank has recognized deferred tax assets amounting to € 5.3 billion, based on the appropriate estimates of the Management for the future evolution of the Bank's tax results, taking into account the revised approved restructuring plan by the European Commission on November 29th 2015, and assessing the recoverability of other relevant factors (such as the nature of the temporary tax differences, the time limitations for offsetting losses, etc).

The measures that have already been implemented, as well as those included in the existing restructuring plan of the Bank, are reliably expected to enforce the Bank's future profitability and to allow the Bank to overcome the effects of the extended Greek recession.

Under the provisions of Law 4172/2013, Article 27A, as added with par. 1 of Article 23 of Law 4302/2014 and replaced by then in force with Law 4340/2015, deferred tax assets of Greek financial institutions that have been recognized due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing receivables as of 30 June 2015, will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the after tax accounting result from the fiscal year 2016 onwards, is a loss. This claim will be offset against the relevant amount of income tax. When the amount of income tax is insufficient to offset the above claim, any remaining claim will give rise to a direct refund right against the Greek State. In this case, a special reserve equal to 100% of the above claim will be created exclusively for a share capital increase and the issuance of capital conversion rights (warrants) without consideration in favor of the Greek State. The above rights will be convertible into ordinary shares. Existing shareholders will have a call option right. The above-mentioned reserve will be capitalized and new ordinary shares will be issued in favor of the Greek State.

The aforementioned Law provisions shall be amended by the submitted preliminary Law "Incorporation to the Hellenic legislation of Directive 2014/92 / EU of the European Parliament and of the Council of 23rd July 2014 on the comparability of fees connected with payment accounts, change of payment accounts and access to payment accounts with basic features and other provisions", which was validated at 29th March 2017 by the Hellenic Parliament and is expected to be published on Gazette, in order to regulate the accounting and supervisory treatment of the deferred tax assets that have been already recognized (may under certain conditions, be converted into directly enforceable claims) by financial or credit Institutions which are supervised by the Bank of Greece or the SSM, in a consistent manner with write-offs or restructuring loans regarding their debtors.

Amounts in thousand euros (unless otherwise stated)

More specifically, under the amended provisions of article 27A clarifies that, in addition to the deferred tax asset relating to the amount of accumulated provisions and other general losses due to credit risk, and the remaining (unamortized) amount of the debit difference of PSI, the deferred tax assets relating to accounting write-offs and final losses due to permanently write-offs or restructuring of debts under certain conditions, can also be converted into directly enforceable claims against Greek State, and thus is being added to regulatory capital. The amended provisions are effective from 1/1/2016.

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 31/12/2016, 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 tax provisions respectively.

The tax on the Bank's results before tax differs from the theoretical amount that would arise, using the basic tax rate of the Bank, as follows:

	2016	2015
Results before tax	(174,897)	(3,479,786)
Tax calculated	50,720	1,009,138
Income not subject to tax (corresponding tax)	29,398	42,177
Corresponding tax of impairment on investments from the previous year (note 37)	211,763	-
Non deductible expenses and provisions (corresponding tax)	(106,463)	(449,971)
Impact on deferred tax from the legally approved change of tax rate	-	452,941
Use of tax losses for which no deferred tax asset has been recognized	-	36,104
Income Tax	**185,418**	**1,090,389**

Audit Tax certificate

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

For fiscal years 2014 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 years 2014 and 2015, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non-qualified “Tax Compliance Report” has been issued. For the fiscal year of 2016, the tax audit is being performed by PricewaterhouseCoopers S.A.

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

15 Earnings/ (losses) per share

Basic earnings/ (losses) per share is calculated by dividing the profit/ (loss) after tax attributable to ordinary shareholders for the year by the weighted average number of ordinary shares in issue during the period. There is no potential dilution on basic earnings/ (losses) per share.

Basic and diluted earnings/(losses) per share	1/1-31/12/2016	1/1-31/12/2015
Profit/ (loss) attributable to ordinary shareholders	10,522	(2,389,397)
Weighted average number of ordinary shares in issue	8,733,183,280	2,220,775,782
Basic and diluted earnings/ (losses) per share (in €)	0.0012	(1.0759)

16 Analysis of other comprehensive income

1/1 - 31/12/2016	Before- Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve (note 41)	(37,812)	11,127	(26,685)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations (note 41)	(24,315)	7,047	(17,268)
Other comprehensive income	**(62,127)**	**18,174**	**(43,953)**

1/1 - 31/12/2015	Before- Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	103,678	(28,258)	75,420
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	19,615	4,777	24,392
Other comprehensive income	**123,293**	**(23,481)**	**99,812**

Amounts in thousand euros (unless otherwise stated)

17 Cash and balances with Central Bank

	31 December 2016	31 December 2015
Cash in hand	576,650	416,232
Nostros and sight accounts with other banks	180,220	331,784
Balances with Central Bank	277,823	438,399
Cheques clearing system - Central Bank	47,774	74,580
Included in cash and cash equivalents less than 90 days (note 43)	**1,082,467**	**1,260,995**
Blocked deposits	1,069,647	1,172,785
Mandatory reserves with Central Bank	-	10,972
Total	**2,152,115**	**2,444,752**

The interest rates for nostros and sight accounts are floating. The amount of blocked deposits mainly contains guarantees granted and margin accounts to credit institutions and they are not available for everyday use by the Bank.

18 Loans and advances to credit institutions

	31 December 2016	31 December 2015
Placements with banks	474	3,029
Included in cash and cash equivalents less than 90 days (note 43)	**474**	**3,029**
Placements with banks	520,985	784,766
Loans and advances to credit institutions over 90 days	**520,985**	**784,766**
Total loans and advances to credit institutions	**521,459**	**787,795**

	31 December 2016	31 December 2015
Current loans and advances to credit institutions (up to 1 year)	264,303	182,188
Non current loans and advances to credit institutions (more than 1 year)	257,157	605,607
	521,459	**787,795**

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

19 Derivative financial instruments

Derivative financial instruments held by the Bank include currency forwards, interest rate futures, interest rate or/ and currency swaps, call/put options on interest or/ and currency or/ and shares.

Amounts in thousand euros (unless otherwise stated)

The notional amounts and the fair values of derivative instruments held as at the end of 2016 and 2015 are set out below:

At 31 December 2016	Notional Amount	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Interest rate swaps	3,430,982	433,616	433,774
Currency swaps	1,484,107	-	-
FX forwards	131,194	-	550
Options and other derivative instruments	88,056	91	149
Cross Currency Interest Rate Swaps	2,073,759	5,362	26,454
		439,069	**460,928**
Embedded equity derivatives			
Customer deposits/ loans linked to options	8,201	-	277
Other embedded equity derivatives	201,863	6,001	-
Total recognised derivative assets/ liabilities		**445,070**	**461,205**

At 31 December 2016	Fair values	
	Assets	**Liabilities**
Current	4,221	1,875
Non-current	440,849	459,330
	445,070	**461,205**

At 31 December 2015	Notional Amount	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Interest rate swaps	3,569,705	422,986	416,065
Currency swaps	1,563,085	-	-
FX forwards	52,279	401	-
Options and other derivative instruments	31,455	565	10
Cross Currency Interest Rate Swaps	3,157,077	10,849	28,564
		434,801	**444,639**
Embedded equity derivatives			
Customer deposits/ loans linked to options	958	29	-
Other embedded equity derivatives	172,607	2,197	-
Total recognised derivative assets/ liabilities		**437,028**	**444,639**

At 31 December 2015	Fair values	
	Assets	**Liabilities**
Current	7,155	3,136
Non-current	429,872	441,503
	437,028	**444,639**

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

Piraeus Bank undertakes most of its transactions in foreign exchange and interest rate contracts with other financial institutions. Especially for the interest rate swaps, almost 68.36% of the transactions is conducted with other financial institutions (notional amount). Another 26.05% of the total outstanding notional amount of interest rate swaps is conducted with the greek government. The remaining 5.59% is executed through a number of counterparties.

Amounts in thousand euros (unless otherwise stated)

20 Financial assets at fair value through profit or loss

	31 December 2016	31 December 2015
Greek government bonds	8,428	50,351
Foreign government bonds	-	55
Bank bonds	-	56
Total financial assets at fair value through profit or loss	**8,428**	**50,462**

From the above mentioned bonds of trading securities as at 31/12/2016, amount of € 8.1 million relates to fixed income securities (2015: € 50.0 million), amount of € 0.3 million relates to floating rate securities (2015: 0.5 million) and there are no zero - coupon bonds for the years 2015 and 2016.

Securities pledged are presented in note 39.

21 Reverse repos with customers

	31 December 2016	31 December 2015
Reverse repos with customers - individuals	27,790	-
Reverse repos with customers - corporate entities	1,286	-
Total reverse repos with customers	**29,076**	**0**

22 Loans and advances to customers

	31 December 2016	31 December 2015
Mortgages	15,457,791	16,004,066
Consumer/ personal and other loans	3,474,670	3,747,777
Credit cards	846,387	973,811
Loans to individuals	**19,778,849**	**20,725,654**
Loans to corporate entities and Public sector	**36,908,903**	**36,943,509**
Total loans and advances to customers (before allowances for losses)	**56,687,752**	**57,669,163**
Less: Allowance for impairment on loans and advances to customers	(7,967,647)	(8,243,410)
Total loans and advances to customers (net of provisions)	**48,720,105**	**49,425,753**

	31 December 2016	31 December 2015
Current loans and advances to customers (up to 1 year)	7,006,100	7,296,327
Non current loans and advances to customers (more than 1 year)	41,714,005	42,129,426
	48,720,105	**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**
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	-	-	**0**	(319,328)	**(319,328)**
Charge for the year	644,617	165,991	24,466	**835,075**	2,405,146	**3,240,220**
Loans written-off	(7)	(84,534)	(34,801)	**(119,342)**	(426,734)	**(546,076)**
Provisions of derecognised loans	-	-	-	**0**	(693,107)	**(693,107)**
Unwinding	(78,171)	(60,415)	(9,988)	**(148,573)**	(173,464)	**(322,038)**
Foreign exchange differences and other movements	15,734	12,812	-	**28,546**	106,104	**134,651**
Balance at 31/12/2015	**1,357,868**	**753,068**	**206,603**	**2,317,538**	**5,925,871**	**8,243,410**
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 year	206,671	101,180	7,172	**315,022**	646,107	**961,129**
Loans written-off	(6,827)	(121,884)	(71,302)	**(200,013)**	(815,498)	**(1,015,510)**
Provisions of derecognised loans	-	-	-	**0**	(34,090)	**(34,090)**
Unwinding	(72,526)	(66,338)	(8,614)	**(147,478)**	(192,839)	**(340,317)**
Foreign exchange differences and other movements	2,233	305	-	**2,538**	150,488	**153,026**
Balance at 31/12/2016	**1,487,417**	**666,331**	**133,858**	**2,287,607**	**5,680,040**	**7,967,647**

Amounts in thousand euros (unless otherwise stated)

23 Available for sale securities

	31 December 2016	31 December 2015
Greek government bonds	401,524	400,776
Foreign government bonds	8,104	18,903
Greek government treasury bills	1,668,133	1,621,695
Bank bonds	-	4,740
Total bonds and other fixed income securities (A)	**2,077,760**	**2,046,114**
Listed shares	6,389	64,054
Unlisted shares	186,848	224,512
Mutual funds	88,915	60,626
Other variable income securities	8,496	12,521
Total shares and other variable income securities (B)	**290,648**	**361,714**
Total available for sale securities (A) + (B)	**2,368,408**	**2,407,828**

As at 31/12/2016, amount of € 409.6 million relates to investment portfolio bonds with fixed rates (2015: € 424.4 million), amount of € 1,668.1 million relates to zero coupon bonds (2015: € 1,621.7 million), while there are no floating rate bonds.

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

	31 December 2016	31 December 2015
Opening balance	2,407,828	2,059,917
Opening balance of acquired banking operations	-	2,679
Additions	6,867,048	8,249,248
Disposals	(6,928,726)	(7,996,067)
Changes in fair value (note 41)	12,840	92,306
Foreign exchange differences	156	745
Transfers from assets held for sale	9,263	-
Transfers to associates (note 25)	-	(1,000)
Closing balance	**2,368,408**	**2,407,828**

	31 December 2016	31 December 2015
Current available for sale securities (up to 1 year)	1,681,436	1,626,425
Non current available for sale securities (more than 1 year)	396,324	419,689
	2,077,760	**2,046,114**

24 Debt securities - receivables

	31 December 2016	31 December 2015
Corporate entities debt securities - receivables	27,816	16,282
Bank debt securities - receivables	5,012	28,858
EFSF bonds debt securities - receivables	10,507,342	14,244,680
ESM bonds debt securities - receivables	2,711,576	2,719,362
Total debt securities - receivables	**13,251,746**	**17,009,181**
Less: Allowance for impairment on debt securities - receivables	(5,489)	(23,846)
Total debt securities - receivables (less allowances for losses)	**13,246,257**	**16,985,336**

Amounts in thousand euros (unless otherwise stated)

	31 December 2016	31 December 2015
Current debt securities - receivables (up to 1 year)	1,627,129	-
Non current debt securities - receivables (more than 1 year)	11,619,128	16,985,336
	13,246,257	**16,985,336**

The balance of the EFSF bonds has decreased due to sale of securities nominal value of € 3.7 billion, under the Bank's participation in the ECB's quantitative easing program. The result arised from the sale ıs mentioned at note 10.

25 Investments in subsidiaries and associate companies

The investments of Piraeus Bank in subsidiaries and associates are:

A) Subsidiary companies

s/n	Name of Company	Activity	% holding	Country
1.	Piraeus Leases S.A.	Finance leases	100.00%	Greece
2.	Cyprus Leasing S.A.	Finance leases	100.00%	Greece
3.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece
4.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece
5.	Piraeus Capital Management S.A.	Venture Capital Fund	100.00%	Greece
6.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece
7.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece
8.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
9.	Geniki Information S.A.	Assessment and collection of commercial debts	100.00%	Greece
10.	Geniki Financial & Consulting Services S.A.	Financial & Consulting Services	100.00%	Greece
11.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece
12.	Trastor Real Estate Investment Company	Real Estate Investment Company	57.91%	Greece
13.	Picar S.A.	City Link areas management	100.00%	Greece
14.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
15.	Abies S.A.	Property Management	40.14%	Greece
16.	Achaia Clauss Estate S.A.	Property management	75.27%	Greece
17.	Euroterra S.A.	Property Management	42.51%	Greece
18.	Kosmopolis A' Shopping Centers S.A.	Shopping Center’s Management	100.00%	Greece
19.	ND Development S.A.	Property management	100.00%	Greece
20.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	83.52%	Greece
21.	Property Horizon S.A.	Property management	100.00%	Greece
22.	Rebikat S.A.	Property Management	40.31%	Greece
23.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
24.	Euroak S.A. Real Estate	Real Estate Investment	53.60%	Greece
25.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece
26.	Piraeus Development S.A.	Property management	100.00%	Greece
27.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece
28.	Pleiades Estate S.A.	Property management	15.98%	Greece
29.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece
30.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece
31.	Special Business Services S.A.	Advising, consultancy, organizational and training services	100.00%	Greece
32.	Special Financial Solutions S.A.	Advising, consultancy, organizational and training services	80.00%	Greece
33.	IMITHEA S.A.	Organization, operation and management of hospital units	100.00%	Greece
34.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	100.00%	Greece
35.	Piraeus ACT Services S.A.	Accounting and tax consulting	100.00%	Greece
36.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece
37.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania
38.	Tirana Leasing Sh.A.	Finance leases	100.00%	Albania
39.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria
40.	Bulfina E.A.D.	Property management	100.00%	Bulgaria
41.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus
42.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	90.85%	Cyprus
43.	R.E. Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus
44.	Tellurion Ltd	Holding company	100.00%	Cyprus
45.	Trieris Two Real Estate Ltd	Holding, Investment and Real Estate Portfolio Management	100.00%	Cyprus
46.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	100.00%	Cyprus
47.	Lakkos Mikelli Real Estate Ltd	Property management	40.00%	Cyprus
48.	Philoktimatiki Public Ltd	Land and property development	6.39%	Cyprus
49.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine
50.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania
51.	Piraeus Leasing Romania IFN S.A.	Finance leases	99.85%	Romania
52.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia
53.	Piraeus Leasing Doo Beograd	Financial leasing	51.00%	Serbia
54.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
55.	Piraeus Real Estate Egypt LLC	Property management	99.90%	Egypt
56.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
57.	Marathon 1 Greenvale Rd LLC	Real estate development	99.95%	U.S.A.
58.	Piraeus Group Capital Ltd	Debt securities issue	100.00%	United Kingdom
59.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom
60.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
61.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
62.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
63.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
64.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
65.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
66.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom
67.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom
68.	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom
69.	Kion Mortgage Finance No.3 Plc	SPE for securitization of mortgage loans	-	United Kingdom
70.	Kion CLO Finance No.1 Plc	SPE for securitization of mortgage loans	-	United Kingdom
71.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
72.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
73.	Vitria Investments S.A.	Investment company	100.00%	Panama

Companies numbered 60-70 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 15, 17, 22, 28, 47 and 48 are included in the Bank's subsidiaries' portfolio due to the existence of control in Group level. In addition, the companies numbered 30, 38, 69-71 and 73 are under liquidation as at 31/12/2016. The financial results of the companies numbered 69 and 70 are included in the Financial Statements of the Piraeus Bank. The financial results of the company numbered 2 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.

The movement for investments in subsidiaries is analysed as follows:

	31 December 2016	31 December 2015
Opening Balance	1,074,328	1,691,120
Additions	1	80,687
Participation in share capital increases of subsidiaries	63,787	273,602
Disposals	(28,844)	(28)
Impairment charge	(36,693)	(867,469)
Transfers to held for sale portfolio	(70,000)	(140,240)
Foreign exchange differences	99	310
Transfers from Associate companies	48,714	36,345
Closing balance	**1,051,392**	**1,074,328**

Amounts in thousand euros (unless otherwise stated)

Bank's disposals during 2016 comprise the sale of 33.8% of the share capital of Trastor Real Estate Investment Company.

The "Transfers to held for sale portfolio" are related to Olympic Commercial & Tourist Enterprises S.A. Relative reference is provided in note 29.

The "Transfers from Associate companies" are related to Euroak S.A. Real Estate and its direct subsidiaries, Rebikat S.A., Abies S.A. and Euroterra S.A.

B) Associate companies

s/n	Name of Company	Activity	% holding	Country
1.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	50.01%	Greece
2.	APE Commercial Property Real Estate Tourist & Development S.A.	Holding company	27.80%	Greece
3.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece
4.	Marfin Investment Group Holdings S.A.	Holding company	31.19%	Greece
5.	APE Fixed Assets Real Estate Tourist & Development S.A.	Real estate, development/ tourist services	27.80%	Greece
6.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece
7.	Pyrrichos S.A.	Property management	50.77%	Greece
8.	Olganos Real Estate S.A.	Property management/ Electricity Production from Hydropower Stations	32.27%	Greece
9.	Crete Scient. &Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece
10.	Evros' Development Company S.A.	European community programs management	30.00%	Greece
11.	Project on Line S.A.	Information technology & software	40.00%	Greece
12.	Exodus S.A.	Information technology & software	49.90%	Greece
13.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%	Greece
14.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	40.44%	Greece
15.	Selonda Aquaculture S.A.	Fish farming	32.43%	Greece
16.	Nireus Aquaculture S.A.	Fish farming	24.76%	Greece
17.	Trieris Real Estate Ltd	Property management	32.37%	British Virgin Islands
18.	Exus Software Ltd	IT products Retailer	49.90%	United Kingdom

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

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

- The company numbered 1 is included in the associate companies portfolio, due to the fact that Piraeus Bank exercises significant influence on the investment committee of the fund, which takes the investment decisions

- The company numbered 7 is included in the associate companies portfolio as Piraeus Bank exercises significant influence and not control.

Amounts in thousand euros (unless otherwise stated)

The movement of investments in associates is analysed as follows:

	31 December 2016	31 December 2015
Opening Balance	279,597	279,154
Participation in share capital increases of associates	11,227	4,722
Additions	5,969	83,479
Impairment charge	(27,851)	(7,510)
Disposals	(18,265)	(44,903)
Transfers from available for sale portfolio (note 23)	-	1,000
Transfers to Subsidiaries	(48,714)	(36,345)
Closing balance	**201,961**	**279,597**

Bank's additions during 2016 consist mainly of the acquisition of an additional 9.43% of the associate company Trieris Real Estate LTD, the acquisition of an additional 0.83% of the share capital of the associate company Hellenic Seaways Maritime S.A., as well as the acquisition of an additional 2.77% of the associate company Marfin Investment Group S.A.

Bank's disposals during 2016 include mainly the disposal of the associate company European Reliance Gen. Insurance Co. S.A.

The "Transfers to Subsidiaries" are related to Euroak S.A. Real Estate and its direct subsidiaries, Rebikat S.A., Abies S.A. and Euroterra S.A.

During the year 2016, the Bank's investment in subsidiaries and associates was impaired by € 64.5 million. The recoverable amount of these companies was estimated by taking into account the adverse developments in specific sectors of the Greek economy, where the susidiaries and associates operate. The aforementioned impairment is included in line “Impairment on participations and investment securities”.

26 Intangible assets

2016	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2016	4,632	451,828	36,972	493,432
Additions	-	27,006	-	27,006
Transfers	-	30,119	-	30,119
Disposals	-	(4)	-	(4)
Write-Offs	-	(9,237)	(630)	(9,867)
Impairment charge	-	(33)	(3)	(35)
Cost as at 31 December 2016	**4,632**	**499,679**	**36,339**	**540,650**

2016	Goodwill	Software	Other intangible	Total
Accumulated depreciation				
Opening balance as at 1 January 2016	-	(224,013)	(18,653)	(242,666)
Charge for the year	-	(42,885)	(2,849)	(45,734)
Transfers	-	6	-	6
Disposals	-	4	-	4
Write-Offs	-	7,031	302	7,333
Accumulated depreciation as at 31 December 2016	**0**	**(259,858)**	**(21,200)**	**(281,058)**
Net book value as at 31 December 2016	**4,632**	**239,822**	**15,139**	**259,592**

Amounts in thousand euros (unless otherwise stated)

During 2016, the Bank made transfers of an amount of € 30.1 million from "assets under construction" to intangible assets due to commencement of operational use.

2015	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2015	-	410,735	31,339	442,073
Opening balance of acquired banking activities	-	185	7,828	8,012
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	(4)	-	(4)
Additions	4,632	27,284	-	31,916
Transfers	-	22,321	(2,195)	20,126
Disposals	-	(29)	-	(29)
Write-Offs	-	(8,663)	-	(8,663)
Cost as at 31 December 2015	**4,632**	**451,828**	**36,972**	**493,432**

2015	Goodwill	Software	Other intangible	Total
Accumulated depreciation				
Opening balance as at 1 January 2015	-	(188,186)	(15,439)	(203,625)
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	1	-	1
Charge for the year	-	(40,351)	(3,217)	(43,568)
Transfers	-	2	2	4
Disposals	-	1	-	1
Write-Offs	-	4,521	-	4,521
Accumulated depreciation as at 31 December 2015	**0**	**(224,013)**	**(18,653)**	**(242,666)**
Net book value as at 31 December 2015	**4,632**	**227,815**	**18,318**	**250,765**

Amounts in thousand euros (unless otherwise stated)

27 Property, plant and equipment

2016	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2016	597,035	290,475	51,914	7,931	211,372	1,158,728
Additions	33,963	27,114	29,725	1,644	13,920	106,366
Transfers	(6,904)	43	(30,162)	-	(1,309)	(38,332)
Disposals	(14,450)	(6,478)	-	(1,337)	(5)	(22,270)
Write - offs	(25)	(43,569)	(1,840)	(1,915)	(11,497)	(58,846)
Impairment	(151)	(2,252)	-	(7)	(11,857)	(14,267)
Cost as at 31 December 2016	**609,468**	**265,333**	**49,637**	**6,317**	**200,625**	**1,131,379**

2016	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Accumulated depreciation						
Opening balance as at 1 January 2016	(31,297)	(183,030)	-	(5,662)	(86,093)	(306,082)
Charge for the year	(6,215)	(24,196)	-	(340)	(8,197)	(38,947)
Transfers	(95)	(6)	-	-	190	89
Disposals	2,719	6,074	-	120	-	8,913
Write - offs	17	43,544	-	1,915	11,495	56,970
Other movements	128	-	-	-	-	128
Accumulated depreciation as at 31 December 2016	**(34,742)**	**(157,614)**	**0**	**(3,967)**	**(82,604)**	**(278,928)**
Net book value as at 31 December 2016	**574,726**	**107,719**	**49,637**	**2,349**	**118,020**	**852,452**

During 2016, the Bank made a) transfers to “investment property” of € 13.8 million, b) transfers to “intangible assets” of € 30.1 million due to commencement of operational use, c) transfers from "Investment property" of € 2.9 million and d) transfers from "inventories property" of 2.8 million. Additionally, it is noted that during 2016 the output of depreciation is charged with an amount of € 11.9 million due to interruptions of branches operations. From the line “write offs” the amount of € 0.9 million is included in other results.

The note 4.3 is related to the determination of the recoverable value of own occupied property in accordance with applicable of IFRS.

Amounts in thousand euros (unless otherwise stated)

2015	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2015	577,371	324,818	44,135	9,342	220,403	1,176,069
Opening balance of acquired banking activities	814	204	-	-	1,865	2,884
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	(372)	-	-	-	(372)
Additions	34,409	32,337	28,466	814	14,404	110,430
Transfers	28,347	248	(20,205)	(200)	(114)	8,075
Disposals	(2,744)	(8,992)	-	(1,065)	-	(12,801)
Write - offs	(1,134)	(48,208)	(482)	(751)	(11,733)	(62,308)
Impairment	(40,028)	(9,560)	-	(208)	(13,453)	(63,249)
Cost as at 31 December 2015	**597,035**	**290,475**	**51,914**	**7,931**	**211,372**	**1,158,728**

2015	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Accumulated depreciation						
Opening balance as at 1 January 2015	(25,070)	(217,384)	0	(6,981)	(87,830)	(337,265)
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	362	-	-	-	362
Charge for the year	(7,204)	(22,514)	-	(365)	(10,307)	(40,390)
Transfers	805	(212)	-	210	116	919
Disposals	14	8,501	-	722	-	9,237
Write - offs	158	48,216	-	751	11,928	61,053
Accumulated depreciation as at 31 December 2015	**(31,297)**	**(183,030)**	**0**	**(5,662)**	**(86,093)**	**(306,084)**
Net book value as at 31 December 2015	**565,739**	**107,445**	**51,914**	**2,269**	**125,279**	**852,644**

28 Investment property

	31 December 2016	31 December 2015
Opening balance	317,980	321,636
Opening balance of acquired banking activities	-	303
Additions	22,059	6,599
Revaluation	(9,463)	6,282
Transfers	33,077	(13,469)
Disposals	(798)	(3,085)
Write - offs	(3)	(288)
Closing balance	**362,851**	**317,980**

During 2016, the Bank made transfers a) of € 16.7 million to "Inventories property" due to non-fulfillment of the criteria for classification under IAS 40, b) of € 2.9 million to owner-occupied "Land and buildings", c) of € 38.9 million from "inventories property", due to lease of the property and d) € 13.8 million from owner-occupied "Land and buildings".

Fair value of investment property of amount € 362.9 million has been categorized under Level 3. Further information with regard to the determination of fair value of investment property is provided in note 4.3.

Amounts in thousand euros (unless otherwise stated)

29 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.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases - rent-a-car and long term rental of vehicles	94.00%	Greece
2.	ATE Insurance Romania S.A.	Insurance	99.54%	Romania

On 31/12/2016, Piraeus Bank's subsidiary, Olympic Commercial & Tourist Enterprises S.A. was transferred to the “Held for sale” portfolio. This company is in a sale process, in the context of the implementation of the Group's Restructuring Plan commitments, which process has been assigned to an exclusive financial adviser and is expected to be finalized during 2017.

30 Other assets

	31 December 2016	31 December 2015
Inventories property	556,868	515,759
Inventories property (A)	**556,868**	**515,759**
Prepaid expenses	52,734	52,480
Accrued income	72,348	47,621
Prepaid taxes and taxes withheld	45,350	49,559
Claims from tax authorities and the State	676,566	655,475
Dividends receivable	1,295	1,247
Credit cards	188,066	168,054
Receivables from subsidiaries	277,870	319,352
Receivables from Deposit Guarantee and Investors Compensation Scheme	797,301	777,777
Other items	308,660	444,942
Other receivables (B)	**2,420,190**	**2,516,506**
Other assets (A) + (B)	**2,977,058**	**3,032,265**

	31 December 2016	31 December 2015
Current other assets (up to 1 year)	693,725	973,344
Non current other assets (more than 1 year)	1,726,465	1,543,161
	2,420,190	**2,516,506**

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

During 2016, the Banks’ results were burdened with an impairment loss of € 103 million, of which € 21 million are related to the impairment of the portfolio of fixed assets, that are classified in inventories, while the amount of € 82 million is related to various receivables included in Other assets (such as temporary account differences, tax amounts, etc.), which under the annual examination of collectability by the Management of the Bank, were deemed partially or totally irrecoverable.

Amounts in thousand euros (unless otherwise stated)

The note 4.3 is related to the determination of the net realisable value of inventories property in accordance with applicable of IFRS.

31 Due to credit institutions

	31 December 2016	31 December 2015
Due to the Central Bank	20,900,826	32,686,463
Deposits from other banks	332,913	207,687
Repurchase agreement - credit institutions	6,083,168	1,655,402
Other obligations to banks	75,793	42,200
	27,392,700	**34,591,752**

	31 December 2016	31 December 2015
Current due to banks (up to 1 year)	23,324,073	31,852,123
Non current due to banks (more than 1 year)	4,068,628	2,739,629
	27,392,700	**34,591,752**

Balances due to credit institutions bear floating rates.

“Due to credit institutions” as at 31/12/2016, includes refinancing operations through repo transactions within the eurosystem amounting to € 20.9 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, the increase of deposits, as well as the Bank´s participation in the ECB´s program of Quantitative Easing (QE) with the sale of EFSF bonds of amount € 3.7 billion, during the year 2016.

32 Liabilities at fair value through profit or loss

As at 31/12/2016, no open short selling positions are presented for Greek Government bonds and treasury bills. As at 31/12/2015 "Liabilities at fair value through profit or loss" amounted to € 2.5 million and included amount of a short term nature that result from the trading activity in the secondary market within the scope of managing the Bank’s positions.

Amounts in thousand euros (unless otherwise stated)

33 Due to customers

	31 December 2016	31 December 2015
Corporate		
Current and sight deposits	7,460,746	6,322,790
Term deposits	2,058,679	2,077,661
Blocked deposits, guarantee deposits and other accounts	207,886	183,505
Total (A)	**9,727,311**	**8,583,956**
Retail		
Current and sight deposits	2,966,896	2,606,560
Savings account	14,626,688	15,010,615
Term deposits	12,344,638	10,691,063
Blocked deposits, guarantee deposits and other accounts	28,613	6,485
Total (B)	**29,966,836**	**28,314,723**
Cheques payable and remittances (C)	**71,155**	**72,171**
Total Due to Customers (A)+(B)+(C)	**39,765,301**	**36,970,850**

Other accounts include cheques payable and remittances of € 71.2 million (2015: € 72.2 million). Customer deposits (corporate and retail) with floating rates are € 25,204.3 million (2015: € 24,484.9 million) and with fixed rate are € 14,489.9 million (2015: € 12,413.8 million).

	31 December 2016	31 December 2015
Current due to customers (up to 1 year)	39,647,125	36,852,109
Non current due to customers (more than 1 year)	118,176	118,741
	39,765,301	**36,970,850**

34 Debt securities in issue

A) Securitisation of mortgage loans

		31 December 2016	31 December 2015
	Average Interest rate (%)		
Issuance € 750 million floating rate notes due 2040	3M Euribor + 0.60 %	12,720	25,756
Issuance € 1,250 million floating rate notes due 2054	3M Euribor + 0.71 %	39,071	56,196
Issuance € 600 million floating rate notes due 2051	3M Euribor + 0.49 %	17,724	20,361
Total debt securities in issue		**69,515**	**102,314**

	31 December 2016	31 December 2015
Current debt securities in issue (up to 1 year)	70	245
Non current debt securities in issue (more than 1 year)	69,445	102,068
	69,515	**102,314**

Amounts in thousand euros (unless otherwise stated)

From the above mentioned securitisation of mortgage loans issues, Piraeus Bank possesses as at 31/12/2016 bonds of nominal value amounting € 103.9 million from the issuance of € 750 million, € 609.1 million from the issuance of € 1,250 million and € 35.3 million from the issuance of € 600 million.

Piraeus Bank, during the year 2016, proceeded with the buy back of bonds of securitised loans of total amount after amortization of € 25.4 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 31/12/2016 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 31/12/2016, a total amount of € 5 million covered bonds, issued by Piraeus Bank, are retained by Piraeus Bank. These covered bonds were issued under Piraeus Bank's global covered bond programme, with an original amount of € 1,250 million (Series 1), due February 2017. A total amount of € 5 million covered bonds which were issued and retained by Piraeus Bank, matured in December 2016. These covered bonds came from a seperate issue of € 750 million (Series 2), issued in December 2014. On July 3, 2015, Piraeus Bank had proceeded with the partial cancellation of € 1,990 million from the two series of covered bonds mentioned above (€ 1,245 million from Series 1 and € 745 million from Series 2) and the total outstanding covered bonds was then formed to € 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 year 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 year 2016.

35 Other liabilities

	31 December 2016	31 December 2015
Prepaid income	250,807	379,513
Accrued expenses	76,784	75,835
Withholding taxes and contributions	59,251	80,005
Transactions with Interbank Systems (DIAS)	214,042	190,203
Creditors	82,108	155,302
Liability from collections on behalf of Public sector and third parties	72,490	76,419
Other liability accounts	284,774	299,383
	1,040,257	**1,256,659**

Amounts in thousand euros (unless otherwise stated)

	31 December 2016	31 December 2015
Current other liabilities (up to 1 year)	923,032	1,169,190
Non current other liabilities (more than 1 year)	117,225	87,469
	1,040,257	**1,256,659**

Other liability accounts include credit balances that result from the daily transactions of the Bank.

36 Other provisions

"Other provisions" as at 31/12/2016 amount to € 163,356 thousand (2015: € 250,413 thousand) and are analysed into provisions for outstanding litigations amount to € 16,588 thousand (2015: € 13,456 thousand) and other provisions amount to € 146,768 thousand (2015: € 236,957 thousand). The analysis is as follows:

Provisions for outstanding litigations	31 December 2016	31 December 2015
Opening balance	13,456	11,210
P&L charge for the year	3,136	2,252
Provisions used during the year	(4)	-
Other movements	-	(6)
Closing balance	**16,588**	**13,456**

Provisions for outstanding litigations	31 December 2016	31 December 2015
Current (up to 1 year)	14,926	10,396
Non-current (more than 1 year)	1,662	3,061
	16,588	**13,457**

Other provisions	31 December 2016	31 December 2015
Opening balance	236,957	16,454
P&L charge for the year	40,142	95,899
Estimated cost of voluntary exit scheme	-	110,000
Provisions used to voluntary exit scheme (note 38)	(93,796)	-
Provisions used during the year	(5,392)	(15)
Provisions not used during the year (note 12)	(5,146)	-
Transfer from impairment of other assets	-	15,136
Transfer to impairment of other assets	(25,014)	-
Other movements	(983)	(517)
Closing balance	**146,768**	**236,957**

Other provisions	31 December 2016	31 December 2015
Current (up to 1 year)	11,207	110,144
Non-current (more than 1 year)	135,561	126,813
	146,768	**236,957**

The line "Provisions used due to voluntary exit program" amounting to € 93.8 million (note 38) relates to the compensation payment in the context of exit program (voluntary departure) of the Bank's staff, in the frame of Restructuring Plan's commitments. In particular, in the program participated 1,087 employees.

Other provisions as at 31/12/2016 include: a) the remain amount of provisions under the approved by the European Commission Piraeus Bank's revised Restructuring Plan, in which the Bank is committed to reduce the operating cost and the number of staff and they are related to the cost of the Bank's voluntary exit scheme of € 11 million, b) estimated losses of approximately € 115.6 million from subsidiaries, whose value has been fully impaired and their equity value is negative, c) provisions for forfeiture of letters of guarantee of approximately € 13 million and d) provisions for other banking risks of € 7 million.

Amounts in thousand euros (unless otherwise stated)

37 Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using the applying for Piraeus Bank nominal tax rate. Deferred tax assets and liabilites are attributable to the following items:

Deferred tax assets	31 December 2016	31 December 2015
Pensions and other post retirement benefits	51,733	46,263
Loans and advances including impairment	2,955,788	2,692,006
Other provisions	-	69
Securities valuation	(1,617)	(12,582)
Recognition of tax losses	642,686	764,215
Derivatives financial instruments valuation	4,616	2,362
Investment property valuation	(5,936)	(5,936)
Depreciation of property, plant and equipment	(36,908)	(42,859)
Intangible assets	38,110	66,886
Impairment of Greek Government Bonds	1,380,851	1,436,019
Participations	220,463	-
Other deferred tax items	14,725	66,358
Net deferred tax asset	**5,264,510**	**5,012,800**

Amounts related to loans and receivables that were previously recognized in categories "Recognition of commission and amortization of adjustments to FV according to effective interest rate calculation (EIR)" and "Other deferred tax items", reclassified to category "Loans and receivables after impairments" in order to present a more accurate information. The relevant amounts of 2015 were also reclassified for comparison purposes.

The Bank has recognized deferred tax asset amounting approximately to € 212 mllion on the impairment of its investments in subsidiaries and associates during the previous year, in accordance with IAS 12 on "Income Tax" and its respective accounting policy, taking into account the following:

a) The estimation of the Management that the relevant temporary differences will be recovered in the foreseeable future according to Bank's commitment for disinvestments or liquidation undertaken under the restructuring plan.

b) Recent estimates of the Management regarding the utilization of temporary differences through sufficient taxable profits.

c) The amendment tax legislation regime regarding DTC as came into force on March 29, 2017.

d) The validation of Law 4446, as being enacted since December 2016, it is clarified that the foreign losses may be deducted from taxable income in the year they become realized.

Amounts in thousand euros (unless otherwise stated)

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

	2016	2015
Net deferred tax asset as at 1 January	**5,012,800**	**3,950,983**
Deferred tax liability of acquired company	-	(5,092)
Effect of deferred tax on profit or loss	185,418	1,090,389
Available for sale portfolio securities (note 41)	11,127	(28,258)
Payment to the holders of contingent convertible securities	48,117	-
Deferred tax on actuarial gains/ (losses) (note 16)	7,047	4,778
Net deferred tax asset as at 31 December	**5,264,509**	**5,012,800**

Deferred tax amounts directly recognised in Bank's equity during 2016 are as follows: a) deferred tax of amount € 11,127 thousand relating to valuation of the available for sale securities, recorded under the available for sale reserve (note 41) according to the relevant IFRS regulation, b) amount of € 7,047 thousand relating to deferred tax asset of actuarial gains/ (losses) recorded under the reserve of defined benefit obligations (note 16) and c) tax amount of € 48,117 million relates to paid interest on the contingent convertible securities amounted approximately to € 166 million.

The deferred tax charge in the Income Statement is analysed as follows:

Deferred tax (Income Statement)	1/1-31/12/2016	1/1-31/12/2015
Pensions and other post retirement benefits	(1,578)	(2,950)
Loans and advances including impairment	263,782	942,988
Other provisions	(69)	(754)
Recognition of tax losses	(121,528)	249,146
Derivative financial instruments valuation	2,254	(10,495)
Valuation of investment property	-	(8,219)
Depreciation of property, plant and equipment	5,950	16,148
Intangible assets	(28,776)	10,959
Impairment of Greek Government Bonds	(55,168)	99,093
Participations	220,463	-
Other deferred tax items	(99,912)	(205,527)
	185,418	**1,090,389**

Net deferred tax asset analysis:	31/12/2016	31/12/2015
Current	186,945	131,276
Non current	5,077,565	4,881,525
	5,264,510	**5,012,800**

Deferred tax additional information	31/12/2016	31/12/2015
Unused tax losses for which no deferred tax asset has been recognised in the balance sheet	-	-

Amounts in thousand euros (unless otherwise stated)

At 31/12/2016, the cumulative tax losses for the Bank amounted to € 2,216 million (2015: € 2,635 million) and were incurred in years from 2012 until 2015. The Management has estimated that the total amount of the tax losses € 2,216 million (2015: € 2,635 million) can be utilized and thus the Bank has recognized Deferred Tax Asset (DTA) of € 643 million (2015: € 764 million). The unused tax losses for the Bank amounted to € zero (2015: € zero).

The following table presents the tax losses of the Bank and the year of expiration:

Year	31/12/2016
2017	244,144
2018	429,124
2019	985,691
2020	557,201
	2,216,160

38 Retirement benefit obligations

The defined benefit obligation is calculated based on actuary studied from independent actuary using the "projected unit credit method", according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The defined benefit obligation is determined by the present value of cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability.

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

The benefits paid for the years 2016 and 2015, according to the voluntary redundancy schemes are included in the disclosures for the non funded plans.

Amounts recognised in the balance sheet	31 December 2016	31 December 2015
Pension schemes - funded	95,163	86,685
Other post retirement benefits - not funded	89,456	94,212
Total	**184,619**	**180,897**

The amounts recognized in the income statement or led to charge of aggregate provisions are analyzed as follows:

	1/1-31/12/2016	1/1-31/12/2015
Pension schemes - funded	2,808	7,212
Other post retirement benefits - not funded	106,094	14,290
Total (note 12)	**108,902**	**21,502**

The above mentioned amount of € 108.9 million includes the amount of € 15.1 million which has affected the income statement of 2016 (note 12), as well as the amount of € 93.8 million, which has decreased equally the line of other provisions (note 36).

Amounts in thousand euros (unless otherwise stated)

A) Pension schemes - funded

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

	31 December 2016	31 December 2015
Present value of funded obligations	123,122	113,081
Fair value of plan assets	(27,958)	(26,396)
Liability in the balance sheet	**95,163**	**86,685**

In funded plans, the Bank follows the recommendations of the insurance company concerning the amount of contributions. The expected Bank's contributions to funded post-employment defined benefit plans for the year 2017, amounts to € 2.2 million. It shall also be noted, that there are no commitments arising from the law concerning the level of funding for post-employment defined benefit plans provided by the Bank.

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

	2016	2015
Opening balance	113,081	117,644
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	(197)
Current service cost	5,918	6,498
Interest cost	2,554	2,120
Contributions by plan participants	1,017	1,086
Benefits paid from the fund	(6,766)	(2,891)
Past service costs	2,160	-
Settlement/ Curtailment/ Termination loss/ (gain)	(7,337)	(1,011)
Actuarial (gains)/ losses	12,495	(10,166)
Closing balance	**123,122**	**113,081**

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

	2016	2015
Opening balance	26,396	26,843
Expected return on plan assets	564	464
Employer contributions	6,509	1,370
Employee contributions	1,017	1,086
Benefits paid from the fund	(6,766)	(2,891)
Expenses	(77)	(69)
Actuarial gains/ (losses)	315	(406)
Closing balance	**27,958**	**26,396**
Return on plan assets	**879**	**58**

The plan assets are invested as follows:

	31 December 2016	31 December 2015
Money market	43.69%	55.03%
Bonds	39.13%	33.51%
Deposits	3.62%	11.33%
Shares	0.06%	-
Mutual Funds	13.51%	0.13%

Amounts in thousand euros (unless otherwise stated)

The amounts that decreased the line other provisions and the amounts recognized directly to the income statement are analyzed as follows:

	1/1-31/12/2016	1/1-31/12/2015
Current service cost	5,918	6,498
Net interest cost	1,990	1,656
Expenses	77	69
Past service cost recognised	2,160	-
Settlement/ Curtailment/ Termination loss/ (gain)	(7,337)	(1,011)
Total	**2,808**	**7,212**

The amounts recognised in equity are analysed as follows:

	31/12/2016	31/12/2015
Liability gain/ (loss) due to changes in assumptions	(12,187)	7,356
Liability experience gain/ (loss) arising during the year	(308)	2,811
Return on plan assets excluding amounts included in interest income	315	(406)
Total amount recognised in equity	**(12,180)**	**9,760**

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

	2016	2015
Opening balance	86,685	90,800
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	(197)
Total expense recognised in the income statement	2,808	7,212
Employer contributions	(6,509)	(1,370)
Amount recognised in equity	12,180	(9,760)
Closing balance	**95,163**	**86,685**

B) Other post retirement benefits - not funded

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

	31 December 2016	31 December 2015
Present value of unfunded obligations	89,456	94,212
Liability in the balance sheet	**89,456**	**94,212**

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

	2016	2015
Opening balance	94,212	101,398
Transfer of Cyprus Leasing S.A. to subsidiaries of the Group	-	(230)
Current service cost	4,702	5,241
Interest cost	1,938	1,662
Benefits paid directly by the employer	(122,992)	(11,390)
Settlement/ Curtailment/ Termination loss/ (gain)	101,166	7,367
Past service cost	(1,711)	19
Actuarial (gains)/ losses	12,141	(9,855)
Closing balance	**89,456**	**94,212**

Amounts in thousand euros (unless otherwise stated)

The amounts that decreased the line other provisions and the amounts recognized directly to the income statement are analysed as follows:

	1/1-31/12/2016	1/1-31/12/2015
Current service cost	4,702	5,241
Interest cost	1,938	1,662
Past servise cost recognised	(1,711)	19
Settlement/ Curtailment/ Termination loss/ (gain)	101,166	7,367
Total	**106,094**	**14,290**

The amounts recognised in equity are analysed as follows:

	31/12/2016	31/12/2015
Liability gain /(loss) due to changes in assumptions	(11,527)	7,020
Liability experience gain/ (loss) arising during the year	(614)	2,835
Total amount recognised in equity	**(12,141)**	**9,855**

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

	2016	2015
Opening balance	94,212	101,398
Transfer of Cyprus Leasing S.A. to subsidiaries' of the Group	-	(230)
Total expense recognised in the income statement	106,094	14,290
Benefits paid by the employer	(122,992)	(11,390)
Amount recognised in equity	12,141	(9,855)
Closing balance	**89,456**	**94,212**

The expected weighted average duration of the defined benefit obligation is 15.6 years.

The main actuarial assumptions used are as follows:

	31/12/2016	31/12/2015
Discount rate	1.70%	2.50%
Expected return on plan assets	1.70%	2.50%
Future increase in salaries	1.75%	1.75%

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

Sensitivity analysis in defined benefit obligation

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

Main assumptions	Effect in realised defined benefit obligation		
	Change in the assumptions	Increase	Decrease
Discount rate	0.50%	-7.13%	7.90%
Pay increase	0.50%	7.38%	-6.79%
Voluntary withdrawal rate	decrease by 50%	-	4.89%

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

Amounts in thousand euros (unless otherwise stated)

39 Contingent liabilities and commitments

A) Outstanding litigations

As mentioned in note 36, that the Bank as at 31/12/2016 has raised a provision for outstanding litigations of amount € 16.6 million against € 13.5 million at 31/12/2015.The legal proceedings outstanding against the Bank as at 31/12/2016, for which no provisions were recorded, are not expected to have any significant impact on the financial statements of the Bank.

A number of individual and class action lawsuits have been filed against the Bank concerning the validity of specific terms of the loan contracts granted by the Bank in Swiss Francs (CHF). At first instance, judgments have been issued only for individual lawsuits, the majority of which are in favor of the Bank, whereas for the class actions no judgments have been issued yet.

The Management of the Bank, under advisory of the Legal Department, is monitoring the developments of the cases mentioned above to determine the accounting implications, in accordance with the relevant requirements of IAS 37.

B) Credit commitments

As at 31/12/2016 the Bank had the following capital commitments:

	31 December 2016	31 December 2015
Letters of guarantee	2,910,870	3,055,098
Letters of credit	40,929	29,294
Undrawn committed credit facilities	228,697	257,458
	3,180,496	**3,341,850**

C) Assets pledged

	31 December 2016	31 December 2015
Cash and balances with Central Bank	1,069,647	1,172,785
Financial instruments at fair value through profit or loss	8,102	8,707
Investment securities	1,270,418	1,192,301
Loans and advances to customers	27,831,368	24,766,404
Debt securities - receivables	7,242,929	15,252,624
	37,422,465	**42,392,821**

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 € 4,994 million as at 31/12/2016 (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 € 5,929 million (31/12/2015: € 1,700 million) and debt securities of own issue of nominal value € 219 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 € 26,669 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:

	31 December 2016	31 December 2015
Up to 1 year	50,081	56,763
From 1 to 5 years	205,101	231,373
More than 5 years	393,039	425,616
	648,221	**713,752**

40 Share capital and contigent convertible securities

	Share Capital	Share premium	Contigent convertible securities	Total
Opening balance at 1 January 2015	**1,830,594**	**11,393,315**	**-**	**13,223,910**
Increase of share capital	2,601,649	-	2,040,000	4,641,649
Share capital increase expenses	-	(130,915)	-	(130,915)
Repurchase 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**
Opening balance at 1 January 2016	**2,619,955**	**13,074,688**	**2,040,000**	**17,734,644**
Balance at 31 December 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)
Increase of share capital	8,672,163,482
Balance at 31 December 2015	**8,733,183,280**
Balance at 31 December 2016	**8,733,183,280**

The share capital of the Bank on 31/12/2015, and 31/12/2016 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 31/12/2015 and 31/12/2016, 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.

The Annual Ordinary General Meeting of Shareholders, held on 26/5/2016, decided not to distribute dividend, according to the provisions of article 10 of Law 3864/2010, as in force, applicable to the credit institutions that have received capital support from the HFSF.

On 28th July 2016, the Bank completed the sale of 46,737 common registered shares. The 46,737 shares resulted as fractional balances from the increase of the nominal value of each common share from € 0.30 to € 30.00 and the simultaneous reduction of the total number of the Bank's common shares from 6,101,979,715 to 61,019,798 (reverse split) and the consequent share capital increase of the Bank via capitalization of € 25.50 of the reserve of article 4 par 4a C.L.2190/1920 for the purposes of achieving an integral number of shares, as decided by the Extraordinary General Meeting of Shareholders held on 15/11/2015, resolutions of which were further specified by its Board of Directors' resolution dated 17/11/2015 and approved with the decision no. 121015/25.11.2015 of the Ministry of Finance, Development and Tourism.

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 Recommendation (ECB/2015/49) on dividend distribution policies for the fiscal year 2015 and the respective provisions of the Recommendation of the Bank of Greece on dividend distribution policies during the year 2016 for the fiscal year 2015 (Credit and Insurance Committee 184/25.4.2016) 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.

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.

41 Other reserves and retained earnings

	31 December 2016	31 December 2015
Legal reserve	69,442	69,442
Available for sale reserve	3,958	30,643
Reserve of defined benefit obligations	(24,990)	(7,723)
Other reserves	26,754	26,754
Total other reserves	**75,164**	**119,116**

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

Available for sale reserve movement	31 December 2016	31 December 2015
Opening balance	30,643	(44,777)
Gains/ (losses) from the valuation of bonds and Greek government treasury bills (note 23)	16,101	30,217
Gains/ (losses) from the valuation of shares and mutual funds (note 23)	(3,261)	62,089
Recycling to income statement of shares and mutual funds impairment	15,933	11,383
Recycling of the accumulated fair value adjustment of disposed securities (note 10)	(66,585)	(11)
Deferred income taxes (note 37)	11,127	(28,258)
Closing balance	**3,958**	**30,643**

The line “Recycling of the accumulated fair value adjustment of disposed securities” mainly comprises of the sale of the shares of Visa Europe, which is referenced in Note 10.

Retained earnings movement	31 December 2016	31 December 2015
Opening balance	(8,245,744)	(5,829,593)
Profit/ (loss) after tax	10,522	(2,389,397)
Transfer from other reserves	-	(26,754)
Payment to the holders of contingent convertible securities (net of tax)	(117,803)	-
Closing balance	**(8,353,025)**	**(8,245,744)**

42 Dividend per share

According to article 10, par. 3 of Law 3864/2010 for the Establishment of the Hellenic Financial Stability Fund, as in force (which refers to article 1, par. 3 of Law 3723/2008) banks, for the period they participate in the capital support programs as described by the aforementioned Law, are not allowed to distribute dividends higher than the minimum percentage set by the provisions of article 3 par. 1, of Compulsory Law 148/1967 as valid.

Amounts in thousand euros (unless otherwise stated)

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

Additional restrictions to the distribution of dividend were enacted from the provisions of the Cabinet Act 36/2015, issued under Law 3864/2010, as in force, according to which dividend's distribution is not allowed in case that the Bank does not pay in full, on the relevant interest payment date, any scheduled interest payments on the contingent convertible securities, which were issued in the context of the Bank's recapitalization. It is noted that, on December 2016, the Bank paid the interest of the contingent convertible securities to the HFSF, amounting to € 166 million approximately. Relevant to the contingent convertible secureities is note 40.

Additionally, until the earlier of i) 31.12.2017 or (ii) the repayment of the contingent convertible securities issued by the Bank, which were covered from HFSF in the context of capital enhancement the Bank is not allowed to distribute any dividends.

Finally, according to the Regulation (EU) No 1024/2013, credit institutions have to comply with the recommendations of the ECB (ECB/2016/44) on dividend distribution policies (implementation of conservative distribution policy during 2017 for the fiscal year 2016, in the context of the aim of strengthening the safety and soundness of the euro – area banking system), as well as to the respective provisions of the Regulation (EU) No 575/2013 and those of the Directive 2013/36/EU, transposed in the national legal order by the Law 4261/2014

With reference to all the above mentioned reasons, although profit is being recognized for the year 2016, the Board of Directors of the Bank will propose the non – distribution of dividends for the fiscal year 2016 in the Annual General Meeting of Shareholders of 2017.

For the fiscal year 2015 there is no distributable profit or relevant amounts related to distributable reserves, according to the requirements of the Article of Association and the Law and according to the in use article 44a of Law 2190/1920 payment of dividends by cash or shares is not allowed. For this reason, on 26/05/2016 the Annual General Meeting of the Shareholders decided not to distribute dividends for the fiscal year 2015, according to the requirements in use (article 10 of Law 3864/2010) for credit institutions that have received capital enhancements by Hellenic Financial Stability Fund.

43 Cash and cash equivalents

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

	31 December 2016	31 December 2015
Cash and balances with Central Bank (note 17)	1,082,467	1,260,995
Loans and advances to credit institutions (note 18)	474	3,029
	1,082,942	**1,264,024**

44 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, f) Bank's joint ventures and g) HFSF which helds ordinary shares in the share capital of the Bank benefits from the special rights stated in article 10 of Law 3864/2010, as amended and in force during 2016 and 2015.

Amounts in thousand euros (unless otherwise stated)

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 significant transactions with the HFSF during 2016 and 2015.

	31/12/2016		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	13,422	21,968	22,147	41,898
Deposits	2,140	3,164	6,023	4,648
Letters of guarantee and letters of credit	-	2,964	-	3,463

	1/1 - 31/12/2016		1/1 - 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
Income	182	1,207	375	1,689
Expense	6	345	73	1,246

Members of the Board of Directors and key management personnel benefits	1/1 - 31/12/2016	1/1 - 31/12/2015
Short term benefits	6,758	7,936
Post employment benefits	(1,361)	667

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. For the year 2016, has been positively affected by the reversal of a part of the aggregate provisions during 31/12/2015.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 9.0 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 (note 38).

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

I. Subsidiaries

	31 December 2016	31 December 2015
Assets		
Cash and balances with Central Bank	11,273	10,940
Loans and advances to credit institutions	485,895	745,943
Loans and advances to customers	2,561,046	2,569,950
Other assets	277,870	319,352
Total	**3,336,084**	**3,646,184**
Liabilities		
Due to credit institutions	441,811	181,045
Due to customers	261,359	308,927
Debt securities in issue	69,515	180,172
Other liabilities	219,168	226,761
Total	**991,852**	**896,904**

Amounts in thousand euros (unless otherwise stated)

	1/1-31/12/2016	1/1-31/12/2015
Revenues		
Interest and similar income	73,034	71,925
Fee and commission income	10,228	9,538
Other income	1,630	1,783
Total	**84,892**	**83,246**
Expenses		
Interest expense and similar charges	(29,008)	(57,455)
Fee and commission expense	(20,804)	(18,850)
Operating expenses	(44,963)	(45,091)
Total	**(94,775)**	**(121,396)**

Letters of guarantee and letters of credit to subsidiaries of the Group as at 31/12/2016 amount to € 174.5 million (31/12/2015: € 165.5 million).

II. Associates

	31 December 2016	31 December 2015
Deposits and other liabilities	71,270	76,314
Loans and other receivables	1,059,814	1,081,109
Debt securities	-	10,771
Derivatives financial assets	3,283	2,197

The aggregate provisions on loans to associate companies as at 31/12/2016 amount to € 56.2 million, compared to € 65.6 million as at 31/12/2015.

	1/1-31/12/2016	1/1-31/12/2015
Total expense and capital expenditure	(8,791)	(8,313)
Total income	58,715	51,823

Letters of guarantee to associates of the Group as at 31/12/2016 amount to € 10.5 million (31/12/2015: € 17.3 million).

III. Joint ventures

	31 December 2016	31 December 2015
Loans and other receivables	50,495	-

The aggregate provisions on loans to joint ventures as at 31/12/2016 amount to € 0.2 million, compared with € 0 as at 31/12/2015.

	1/1-31/12/2016	1/1-31/12/2015
Total income	355	-

45 Independent Auditor's fees

For the years ended at 31 December 2016 and 2015 the legal auditor's fees of the Bank (PricewaterhouseCoopers) are analysed below, as stated in article 43a of Codified Law 2190/1920 and as amended by article 30 of Law 3756/2009.

	31 December 2016	31 December 2015
Statutory audit fees	1,072	1,490
Tax audit fees	236	211
Other audit related fees	106	544
Other non audit related fees	154	2,462
Total	**1,567**	**4,708**

Amounts in thousand euros (unless otherwise stated)

46 Restatement of comparative year

The following restatements as at 31/12/2015 mainly concern the term deposits of investment cover scheme and the additional deposit cover scheme of Hellenic Deposit and Investment Guarantee Fund (HDIGF), which in 2015 were reported as a deduction in "Other assets" decreasing the value of HDIGF's investments, were also adjusted for comparative purposes to 31/12/2016.

STATEMENT OF FINANCIAL POSITION	From 1 January to 31 December 2015		
	Published amounts	Restatements	Restated amounts
Other assets	2,626,503	405,762	3,032,265
TOTAL ASSETS	**83,002,278**	**405,762**	**83,408,039**
Due to customers	36,771,355	199,495	36,970,850
Other liabilities	1,050,392	206,267	1,256,659
TOTAL LIABILITIES	**73,394,262**	**405,762**	**73,800,024**

STATEMENT OF FINANCIAL POSITION	From 1 January to 31 December 2015		
	Published amounts	Restatements	Restated amounts
Net (increase)/ decrease in other assets	(72,191)	(14,242)	(86,433)
Net increase/ (decrease) in amounts due to customers	(13,973,280)	46,863	(13,926,417)
Net increase/ (decrease) in other liabilities	1,232,276	(32,621)	1,199,655
Net cash inflow/ (outflow) from operating activities	**(1,211,998)**	**0**	**(1,211,998)**

47 Disclosures of Law 4151/2013

In accordance with the provisions of Law 4151/2013, every financial banking institute operating in Greece, has the obligation for all dormant accounts for which a period of 20 years has passed, to remit the cash balances plus interest of these dormant accounts to the Greek State, until the end of April of each year. The Bank in 2016 remitted to the Greek State the amount of € 245,535.54.

48 Events subsequent to the end of the year

• On January 3, with regards to the exercise process of the titles representing share ownership rights ("Warrants"), the Bank announced that no Warrant on shares issued by the Bank and owned by the Hellenic Financial Stability Facility (HFSF) has been exercised. Consequently, the issued Warrants currently outstanding amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF.

• On January 26, 2017, the Bank announced that, following the agreement with Wert Red Sarl conducted in June 2016 regarding the sale of its equity stake in Trastor REIC, and the completion of the latter's share capital increase without Piraeus Bank's participation, the Bank's equity stake in Trastor reduced to 39.4% from 57.9%. Following the completion of the company's share capital increase, Wert Red is managing the company.

• During January 2017, within the framework of ECB's Quantitative Easing (QE) Program, Piraeus Bank sold bonds worth €0.75 bn in nominal value. After January 23, 2017, Greek banks' participation in the program stopped, because of a binding letter of participation in the bond exchange program, within the framework of the short-term measures for the relief of Greek public debt.

Amounts in thousand euros (unless otherwise stated)

• During February 2017, the exchange of floating rate EFSF and ESM notes held by Piraeus Bank with fixed rate ESM bonds initiated, within the framework of the short-term measures for the relief of Greek public debt. Up until March 30, 2017, notes with a nominal value of € 2.0 billion held by the Bank had been exchanged with new bonds

• On February 16, 2017, within the framework of its Covered Bond program, Piraeus Bank issued € 1.0 billion through a new (3rd) series of Covered Bonds, with Greek residential mortgages as a cover. The Covered Bonds are floating rate, bearing a coupon of 3M Euribor + 150 bps. The issue was retained by the Bank and it is planned to be used as a collateral for providing liquidity in the interbank repo market.

• On February 22, 2017, Piraeus Bank announced the resignation from its Board of Directors of Mr. Apostolos Tamvakakis, First Vice-Chairman, Independent Non-Executive Member, Mr. Stavros Lekkakos, Second Vice-Chairman, Non-Executive Member, and Ms. Charikleia Apalagaki, Authorized Executive Director, Executive Member. The BoD was reconstituted as a corporate body on February 22, 2017 electing Mr. Iakovos Georganas as First Vice Chairman of the Board, Non-Executive Member, and Mr. Karel De Boeck as a Second Vice-Chairman of the Board, Independent Non-Executive Member.

• Piraeus Bank announced that its Board of Directors on its meeting of March 8, 2017, unanimously elected Mr. Christos Megalou as the new CEO of the Bank.

• On March 29, 2017 the draft bill "Incorporation to the national legislation of Directive 2014/92/EU of the European Council of 23 July, 2014 regarding the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features and other provisions" was voted by the Greek Parliament - and is awaiting publication in the Government Gazette - which amends article 27A of the new Income Tax Code (L.4172/2013) and regulates the accounting and supervisory treatment of deferred tax assets that have already been recognized (and may under certain circumstances be converted to a definite and net receivable) from credit institutions and the entities which are supervised by the Bank of Greece, or where appropriate by the Single Supervisory Mechanism, in a manner compatible to the loan write-offs and loan restructuring of their borrowers. More specifically, in the provisions of article 27A under amendment, it is clearly stipulated that apart from the deferred tax receivables which relate to the accumulated impairments and other provisions due to credit losses as well as the remaining unamortized balance of PSI losses, the deferred tax receivables which relate to accounting write-offs and permanent losses due to definitive write-offs or sale of loans, may be converted under certain circumstances to a definite and net receivable against the State and through that way be counted in the credit institution's regulatory capital. The provisions under amendment are applicable from 1/1/2016.

Athens, March 30th, 2017

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

PIRAEUS BANK

Information in a consolidated basis for the year 2016 according to article 6 of Law 4374/2016

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

I. Payments in a consolidated basis for the year 2016 owing to promotion and advertising expenses to Media companies (according to par. 1 article 6 of L. 4374/2016)

Creditor	Amounts in thousand €
1984 PRODUCTIONS A.E.	36.00
24 MEDIA M.E.P.E.	88.00
2K PROJECT E.P.E.	3.00
96 MESA ENHMEROSHS KAI EPIKOINONIAS IKE R/S FLASH 96.0	80.00
A & K KARTELIAS O.E.	1.00
A. ANASTASIOY & SIA E.E.	1.00
A. PAPADOPOYLOY & SIA E.E.	1.50
A.S.A.P YPHRESIES MARKETING	30.00
ACTIVE BUSINESS - EKDOTIKH MON/PH E.P.E.	3.30
ADESMEYTH ENHMEROSH I.K.E.	30.00
ADESMEYTH M.E.P.E.	2.20
ADWEB Ltd ETAIREIA PERIORISMENHS EYTHYNHS	15.00
AFOI P. XOYTZOYMH E.P.E.	1.50
AFOI RHGA EKDOTIKH ANON. EMPOR. ETAIREIA	1.50
AGR. SYN/SMOS KALAMATAS SYN. PE	0.20
AGRO BROKERS LTD	11.00
AGROTYPOS A.E.	10.38
AKOH ANONYMH DIAXEIRISTIKH ETAIRIA RADIOFONIKON PROGRAMMATON	14.09
AKRITES ANONYMH THLEOPTIKH STATHMOS	2.79
AKTH MIAOYLH PUBLICATIONS IKE	14.00
AL TSANTIRI.GR	187.50
ALFA EPIX/KOS ORG. DIETHNHS YPHR. A.E.	45.49
ALHTHINO RADIOFONO A.E. - RADIOTHLEOPTIKES EPIXEIRHSEIS	381.70
ALPHA RADIOFONIKH A.E.	137.50
ALPHA RADIOFONIKH KRONOS A.E.	8.00
ALPHA DORYFORIKI THLEORASH	690.33
ALS A.E.	2.50
ANASTASIA I. PAPADOPOYLOY	0.50
ANASTASIA PSALTH KAI SYNERGATES MHXANIKOI A.E.	2.00
ANASTASIADHS G. STAYROS	0.25
ANEKSARTHTA MESA MAZIKHS ENHMEROSHS A.E.	237.50
ANEKSARTHTH DHMOSIOGRAFIKH ENHMEROSH A.E.	22.00
ANNA KALAITZH KAI SIA E.E.	1.35
ANT1 RADIO RADIOTHLEOPTIKES EPIX/SEIS A.E.	138.54
ANTARHS IDIOTIKH KEFALAIOYXIKH ETAIREIA	18.00
ANTENNA TV A.E.	1,244.77
ANTONARAKOS N. BASILEIOS	3.00
ANTONIOS STEBHS & SIA O.E.	0.50
APOSPASMA IKE	3.05
APOSTOLOPOYLOY NIK. ELENH	18.00
ARATOS NTOT NET E.P.E.	4.50
ARETH - ANNA E. TZALLA & SIA E.E.	1.50
ARGO EKDOTIKH - DIAFHMISTIKH M.E.P.E.	1.44
ARGYROPOYLOY POLYKSENH	1.50
ARISTEIDOY THEOF. IOANNHS	1.00
ARKADIKH TV S.A.	4.05
ART TV GANIATSAS S.A.	4.05
ASM PUBLICATION P. STERGIOY	33.34
ATH. TATSHS & SIA E.E.	19.20
ATHANASIADHS E. XRHSTOS EFHMERIDA AGROTIKH EKFRASH	2.40
ATHANASIOS AL. ARAMPATZHS PANERRAIKH EBDOMAD. EFHM.	56.00
ATHANASIOY DAMIANOS	2.30
ATHANASIOY XR. PANAGIOTHS FOKIKOI KAIROI	0.50
ATHENS BOIS AN. EKD. & DIAFHM. ETAIREIA	68.49
ATHHNAIKO PRAKT. EIDHS. - MAKEDON. PRAKT. EIDHS. A.E.	146.50
ATHHNAIKES RADIOFONIKES EPIX/SEIS MON E.P.E.	275.00
ATMATZIDHS PAN. XRHSTOS	16.50
ATTIKES EKDOSEIS ANON. EKDOT. ETAIREIA	4.55
AUTOFOCUS - NGO	2.40
AUTOTRITH A.E.	30.00
AXAIKH RADIOFONIA EKDOTIKH A.E.	1.90
AISOOY YPHRESIES INTERNET E.P.E.	18.00
B. SKOYTARAS A.E.	79.10
BAGGELHS ELEYTHERIADHS	1.50

Creditor	Amounts in thousand €
BARBARA E. GKIGKILINH POLITIKA THS KYRIAKHS	0.75
BAS. H. KARYDHS & SIA O.E. - EKDOTIKH TRIPOLEOS	2.20
BASILEIOS I. KOYTSOYMPAS	1.20
BASILIKH NTOYFEKSH - THL/KES YPHRESIES	0.60
BASILIKH SKOYLIKA	0.80
BAV MEDIA - XRHSTOS NIK. MPELOGIANNHS	28.80
BEE CHANNEL - RADIO ATHOS - ANONYMH ETAIREIA RADIOTHLEOPTIKON EPIX.	6.88
BELISSARIDOY S. & SIA O.E.	4.50
BERGINA A.E.	18.00
BLAXOPOYLOS K. STAYROS	0.90
BOREIA ENHMEROTIKH A.E.	18.00
BOULEVARD FREE PRESS IKE	28.00
BOYZA BAS. GIANNA	0.70
CEO CLUBS GREECE	0.50
CITY NEWS A.E.	91.63
CODEX YPHR DIADIKTIOY POLITH - SIAFAKA MARIELIZE	7.60
CREATIVE INTERNET SERVICES MON E.P.E.	18.00
CRETALIVE E.P.E. DIKTYAKES PYLES	22.00
CRETAPOST.GR	8.80
D. A. ANONYMH EKDOTIKH EMPORIKH SYM/KH ETAIREIA	123.50
D. KOLOKAS & SIA O.E.	1.00
D. KONSTANTOPOYLOS & SIA E.E.	1.50
D. TZEKAS KAI SIA O.E.	0.25
DAFNH KONTARINH - MEDIA GROUP	20.00
DAFNOPOTAMOS MON. E.P.E.	36.00
DANIOYLHS N. DHMHTRIOS	0.91
DELTA THLEORASH A.E.	8.37
DHMHTRIOS K. ZOYGRHS	11.00
DHMHTRIOS SAMOYLHS E.E.	2.50
DHMOKRATIKOS TYPOS A.E.	240.00
DHMOSIOGR. ORGAN. KONDYLH A.E.	3.65
DHMOSIOGR. ORGAN. LAMPRAKH A.E.	876.78
DHMOSIOGRAFIKH A.E.	2.30
DHMOSIOGRAFIKOS ORGANISMOS O XRONOS MONOPROSOPH I.K.E.	6.75
DHMOTIKH EPIX/SHS ENHMEROSHS IOANNINON	0.50
DIAKOFOTHS A DHMHTRIOS - AYTOKINHTISTHS	0.50
DIFONO RADIOFONIKES EKMETALLEYSEIS A.E.	36.28
DIKTYO SERRES NEST ALPHA TV S.A.	4.95
DIOGENHS M.K.O	4.05
DIRECTION BUSINESS NETWORK	22.00
DITIONE LIMITED E.E.	33.00
DMT IDIOTIKH KEFALAIOYXIKH ETAIRIA	5.00
DOL DIGITAL A.E.	24.33
DOUSIS COM E.E. - DOYSHS ANASTASIOS & SIA E.E.	41.50
DPG DIGITAL MEDIA A.E.	381.25
DYO DEKA ANONYMH EKDOTIKH ETAIREIA	51.00
E. LASKARAKHS & SIA E.E.	2.10
E. SPYROY - K. SPYROY & SIA O.E.	4.43
EFHMERIS ESTIA ANONYMH EKDOTIKH ETAIREIA	40.00
EIR. DRAKATOY - M. DRAKATOY O.E.	8.47
EKDOSEIS <<MYRTIA>> PANTOLEON FLOROPOYLOS	0.25
EKDOSEIS ALHTHEIA E.P.E.	1.80
EKDOSEIS EPIKAIRA A.E.	131.00
EKDOSEIS ETHNOS A.E.	966.02
EKDOSEIS NASTA E.P.E.	1.60
EKDOSEIS NEO XRHMA A.E.	72.00
EKDOSEIS PROTO THEMA EKDOTIKH A.E.	1,016.59
EKDOSEIS STAMOYLH A.E.	15.00
EKDOSEIS STO KARFI A.E.	3.00
EKREMES A.E.	11.50
EKSEREYNHTHS - EKSPLORER A.E.	356.81
ELENH I. DIAFONIDOY	2.50
ELEYTHERIA A.E.	3.50
ELEYTHERIA A.E.	45.70
ELEYTHERIA MAKENATZH NOMIDH & SIA E.E.	1.50
ELEYTHERIA SOIMOIRH - SYMBOYLOI EPIXEIRHSEON	41.34
ELEYTHERIOS K. BAROYKSHS & YIOI O.E.	18.00

Creditor	Amounts in thousand €
ELISABET KELESH	1.35
ELLHNIKAI NAUTILIAKAI EKDOSEIS	0.17
ELLHNIKES RADIOFONIKES EPIX/SEIS A.E.	4.70
EMMANOYHL AL. OIKONOMIDHS	10.80
ENA A.E.	41.50
ENIKOS ANONYMH ETAIRIA	96.00
ENOSH APOSTRATON AKSIOMATIKON NAYTIKOY	9.60
ENTYPOEKDOTIKH A.E.B.E.T.	43.00
EPIKOINONIA A.E.	12.40
EPIKOINONIA AIGAIOY A.E.	21.47
EPIMELHTHRIO - 6o PERIF. TM. HPEIROY - EDRA IOANNINA	1.50
ERMHS A.E. RADIOTHL/KH - EKDOTIKH A.E.	48.60
ERMHS ASTIKH ETAIRIA EEA	10.03
ERZ A.E. ELEYTHERH RADIOTHLEORASH ZAKYNTHOY	54.60
EUROMEDIA ACTION A.E.	31.50
EYAGGELOS SPYROY E.P.E.	5.03
EYLAMPIA MPAMPILH	11.00
EYRIPIOTH SOFIA	1.01
EYRYTANIKA NEA	1.50
F. TSIMELAS - P. GEORGOPOYLOS O.E.	12.00
FAIDON GEORGIOS IOANNIDHS TO BHMA THS KO	1.00
FAN & COMMUNICATION A.E.	9.60
FANFANHS ALEKS. STAYROS	9.67
FATSIOS KON. NIKOLAOS	1.22
FELNIKOS HLEKTRONIKON MESON ENHMEROSHS M.E.P.E.	118.00
FILELEYTHEROS EKDOTIKH A.E.	115.00
FILIKH EPIKOINONIAKH E.P.E.	1.50
FILIPPOY BAS. PANAGIOTHS	3.00
FINANCIAL MARKETS VOICE	9.00
FINANCIAL PRESS IKE	18.00
FLOYNET O.E.	10.00
FLY RADIOT/KES EPIX/SEIS ASTIKH ETAIRIA	0.15
FONH THS NAOYSHS O.E.	2.30
FORTHNET MEDIA HOLDINGS A.E.	237.08
FOTAGOGOS E.P.E.	4.00
FOTAKHS NIKOLAOS & SIA E.E.	12.00
FOTEINH D. LAIOY	0.40
FOX DIETHNI KANALIA PSYXAGOGIAS S.A.	12.96
FREE SUNDAY EKDOTIKH A.E.	36.00
FREE SUNDAY EKDOTIKH ANONYMH ETAIREIA & SIA E.E.	20.00
FREENET A.E.	64.00
FOTOPOYLOY MARIANNA	0.70
G. ALEKSIOY & SIA A.E.	4.95
G. MPOKAS & SIA E.E. - ACHELOOS TV	6.30
G.I. PAPAMIXALAKH EKDOTHS PERIODIKON	5.50
G.P. FORWARD YPHR. DIADIKTYOY PROB KAI EPIKOINONIAS MON/PH IKE	2.40
GALANOMATHS GABR. GEORGIOS	1.00
GENIKES RADIOTHLEOPTIKES EPIX. A.E.	25.45
GEORGIADHS KOSMAS & SIA E.E.	2.10
GEORGIOS ALEKSAKHS & SIA O.E.	3.20
GEORGIOS D. KARAIBAZ	12.00
GEORGIOS D. LAKOPOYLOS	1.25
GEORGIOS ROIDHS & SIA E.E.	2.50
GEORGOYLAS ATHA. STAYROS	1.22
GIANNARAS K. MIKES	1.20
GIANNOPOYLOS XAR. NIKOLAOS WOMANDOL	8.00
GIANNOYLH PANAGIOTA MARIA - H ORA THS FOKIDAS	1.20
GKETSHS KOSTAS	10.00
GKOTSOYLIAS NIKOLAOS	0.80
GNOMH M.E.P.E.	2.50
GRAFOTEXNIKH KRHTHS A.E.E.	10.75
GREEN AGENDA MONOPROSOPH IKE	11.00
GREEN BOX EKDOTIKH A.E.	144.88
H AYGH A.E. EKD. & DHMOS ORG.	236.50
H EREYNA A.E. THESSALIKES EKDOSEIS - EKTYP K MME	2.05
H KERKYRA SHMERA XONDROGIANNH XRYSOYLA XRISTINA	0.50
HAPPY PUBLICATIONS - IOANNHS ZOYNALHS MIKE	9.00

Creditor	Amounts in thousand €
HELLASPRODUCTS E.P.E.	5.00
HLIAS KOKKONHS DIADOXOI E.P.E.	0.18
HMERHSIA A.E.E.	6.20
HT PRESS ONLINE MONOPROSOPH IKE	22.00
HXOS KAI RYTHMOS A.E.	88.79
I & E KOYTSOLIONTOY O.E.	19.50
I. DIONATOS & SIA E.E.	13.50
I. KOROMHLHS A.E.	4.00
IANOS OIKONOMIKES EKDOSEIS A.E.	20.00
IATRIDHS DHMHTRIOS TOY PANAG.	0.60
IATROY GEOR. STERGIOS	0.60
ICHOEIKONA/THLEOPT. DIAYLOS KEN/KHS MAK. S.A. - WEST TV	4.95
IDENTITY A.E.	12.17
IDIOTIKH THLEORASH VOREIODYTIKHS ELLADAS S.A.	3.75
IKAROS RADIOTHLEOPTIKES EPIX/SEIS A.E.	183.75
INFOMARKET IKE	24.33
INTERNASIONAL XERALNT TRIMPIOYN - KATHHMERINH AEE	1.63
INTERNATIONAL PUBLICATIONS	0.13
INTERNATIONAL SHIPPING MEDIA PC	17.55
INTERNET COMMERCIAL A.E.	139.50
INTERNET MEDIA SERVICES O.E.	0.70
INTHECITY	9.00
INTRACORD E.P.E.	5.87
IOANNHS - BLADIMHROS X KALOGRITSAS	8.00
IOANNINA TV A.E.	4.00
IRIDA RADIOTHLEOPTIKES - TOYRISTIKES EPIXEIR A.E.	35.11
I-TECH RAFTOPOYLOS	1.00
K S D BUSINESS SOLUTIONS	6.48
K. TSIGKA & SIA E.E. EKDOSEIS - RADIOFONO	28.00
K.G. XARITOPOYLOS KAI SIA E.E.	1.50
KAINOTOMIA & ANAPTYKSH MONOPROSOPH E.P.E.	83.00
KALAFATHS E. GRHGORHS	0.90
KALAITZAKHS EKDOTIKES EPIXEIRHSEIS A.E.	5.40
KALLIOPH KOZYRH - MIXALHS KOZYRHS OEE	1.30
KALOGERAKHS MIX. GEORGIOS	1.50
KANTAS H. IOANNHS	1.50
KANTIANIOYZ IKE	7.20
KAPITAL GR A.E.	282.81
KARAGKOUNI HELEN	0.48
KASMIRLHS DHMHTRIOS	0.90
KATHHMERINES EKDOSEIS ANONYMH ETAIREIA	683.39
KATOPODH ARGYRH	1.00
KATSATOY PHNELOPH KAI SIA E.E.	2.40
KATSAITHS S. GIORGOS	1.00
KATSIPANELHS DHMHTRIOS (BHMA THS PREBEZAS)	1.50
KAZANTZIDHS XARALAMPOS	2.96
KINHMATOGRAFIKH & THLEOPTIKH ABEE	4.34
KINISIS KOIN. S. EP.	0.70
KISS ANONYMH ETAIRIA EPIX. MESON MAZIKHS ENHMEROSHS	308.00
KOKKINO IKE - RADIOFONIKOS STATHMOS	0.50
KOKKINOS GAYROS MON IKE	4.00
KOLHMENOS E. BASILEIOS	1.50
KOLIOS DHMHTRIOS & SIA O.E.	2.50
KOMHTOYDHS DHM. BASILEIOS	2.10
KONTRA IKE	2.50
KONTRA MEDIA MESA MAZIKHS ENHMEROSHS A.E.	234.78
KOOL WORKS A.E.	33.50
KORINTHIAKH HMERA (HMER TOP EFHMER)	1.50
KOSMOS E.P.E. EFHMERIDA EKDOSEIS	1.80
KOSMOS RADIOTHLEOPTIKH A.E.	44.92
KOSTARELLAS NIKOS - EFHMERIDA O XRONOS	1.50
KOSTAS D. KOKKONOS	0.50
KOYFALIS MEDIA CORPORATION A.E.	12.00
KOYPATSHS PAYLOS	0.50
KOYRHS MEDIA GROUP MONOPROSOPH E.P.E.	29.27
KOYTSHS I DHMHTRHS	1.87
KOYTSOGIANNOPOYLOS APOSTOLOS	1.40

Creditor	**Amounts in thousand €**
KRHTIKA EPIKAIRA - BARBERH XRISTINA	2.40
KYKLADIKH	0.90
KYKLOS A.E.	100.00
KONSTANTINOS I. KONSTANTARAS	2.30
LAMIAKOS TYPOS A.E.	1.50
LAMPSH EKDOTIKES & RAD/KES EPIX/SEIS A.E.	3.80
LARGOVIDIARIA THLEOPTIKES YPHRESIES A.E.	1.44
LAZOPOULOS KALLITECHNIKES PARAGOGES P.C.	10.37
LEFT MEDIA ANONYMOS RADIOFONIKH - THLEOPTIKH A.E.	72.01
LEMAS EYAGGELOS - H EPIKAIROTHTA	0.80
LEPANTO - R.TV	7.67
LIQUID MEDIA ETAIREIA PARAGOGHS ANTIPROSOPEION & EMPORIKHS EKMETALLEYSHS PSHFIAKON MME PERIEXOMENOY	179.00
LITHARHS A. & SIA E.E.	0.30
LITHOGRAFIKH - K. MPOYTHAS & SIA O.E.	2.00
LOGOS A.E.E.	2.00
LOIZOS KL. LOIOZOS	1.00
M MEDIA A.E.	18.01
M. MANOYRAS & SIA O.E. - STAR EF EM	0.50
M. XALKOY EKDOSEIS PSHFIAKA M.M.E.	16.50
MAKEDONIKH EKDOTIKH EKTYPOTIKH A.E.	109.60
MAKEDONIKOS POLITISMOS ASTIKH MH KERDOSKOPIKH	0.80
MAKKA DIAMANDO	0.10
MALAPETSAS I. KOSTAS	44.00
MALOYSH AIKATERINH - RADIO RODOPH	0.25
MALOYSHS GEORGIOS & SIA O.E. - RADIO KSYLAGANH	0.25
MANESIOTHS NIK. PSOMIADHS KON. O.E.	35.40
MARIA BASILAKH EKDOTIKES EPIXEIRHSEIS	42.15
MARINA G. TOYLA & SIA O.E.	3.60
MARIOS K. GEORGOYLAS	1.20
MARKETING AND MEDIA SERVICES MONOPROSOPH	21.00
MASTORAS DHM. EYAGGELOS	1.50
MAXHTHS E.P.E.	2.10
MAYRIKOS A.E.B.E.	12.00
MAYROFRYDH BARBARA	0.60
MEDIA - EPIKOINONIA A.E./EKDOTIKH - THLEOPTIKH A.E.	1.50
MEDIA & ART - IOANNHS KYRIAKOPOYLOS & SIA E.E.	6.00
MEDIA CENTER ANONYMH DIAFHMISTIKH ETAIREIA	18.13
MEDIA2DAY EKDOTIKH A.E.	185.00
MEDIAVIEW EKDOTIKH ETAIREIA - NIKOLAOS STASINOS & SIA O.E.	21.75
MEDIHOLD EKDOTIKH DIAFHMISTIKH A.E.	22.12
MELINA XLOROY	3.00
MEMMOS X. - A. & SIA O.E.	13.20
METAMEDIA MON. IKE	2.50
METAMESONYKTIES EKDOSEIS E.P.E.	1.00
METOKHS B. METOKH D. O.E.	0.70
METRON ARISTON	21.50
METRONTHL MON IKE	23.78
MILTIADIS THEODOSIOY	0.15
MONOPROSOPH E.P.E. AMBROSIOY GEORGIOS	0.80
MORAX MEDIA A.E.E.	8.64
MOYKAS XR. BASILEIOS	0.83
MOYSIKES SYXNOTHTES M.E.P.E.	1.00
MOYSIKOS DIAYLOS KOZANHS FM STEREO E.P.E.	1.20
MPAIRAKTARHS K. PANAGIOTHS	0.60
MPALH BAS. SOFIA	10.28
MPANTHS HLIAS MADE IN WEB	0.25
MPARKA - PARASXH ANASTASIA	38.00
MPEXLIBANOS I. XRHSTOS	18.00
MPONIOS G. BASILEIOS	23.90
MPOYSIAS EPIKOINONIES E.P.E.	6.96
N. KATSARAKHS & SIA E.E.	1.65
N.S. ZALONHS	0.60
NATSOYLHS GEORG. XRHSTOS	0.80
NEA THLEORASH A.E.	528.35
NEOKDOTIKH AXAIAS E.P.E.	23.04
NET PROBOLH MONOPROSOPH E.P.E.	0.90

Creditor	Amounts in thousand €
NEW COMMUNICATION	14.25
NEW COMMUNICATION - PAPATRIANTAFYLLOY S. GEORGIOS	1.25
NEW MEDIA NETWORK SYNAPSIS S.A.	157.56
NEW POST PRIVATE COMPANY - DIADIKTYAKES YPHRESIES	58.50
NEWSIT E.P.E.	109.50
NEWSMEDIA E.E.	6.60
NIK. LEON. NIKHTEAS - LEON NIK. NIKHTEAS O.E.	14.40
NIKO ADVERTISING	1.00
NIKOLAOS A. KOLLIAS	5.00
NIKOLAOS XATZHS & SIA O.E.	6.00
NIKOLAOS XR. ZARMPALAS	1.50
NIKOLOPOYLOY EIRHNH	33.00
NIKOLTSANHS DHM. IOANNHS	1.50
NIKOS A. KANHS	2.82
NIOYZ LINK PAROXH HLEKT YPHRESION E.P.E.	13.50
NK HOLDING IKE	25.00
NK MEDIA GROUP E.P.E.	45.00
NTAH BAS. ANTIGONH	1.22
NTOKOY KON. GEORGIA/EFHMER. EPATHLO	12.60
NTOYMNITZE THLEOPTIKH & RADIOFONIKH A.E.	9.90
OLIVE MEDIA A.E.	36.15
OLYMPIAKH RADIOFONIA THLEORASHS A.E.	14.06
OMILOS EPIXEIRHSEON TOTSH A.E.B.E.	0.18
OMILOS KALOPHOLIA A.E.	4.00
ONALERT EFARMOGES DIADIKTYOY E.P.E.	3.00
ORIZONTES E.P.E.	1.50
OTE S.A.	136.88
P. ATHANASIADHS & SIA A.E.	171.05
P. DELHGIANNHS & SIA E.E.	6.00
P. LEOTSAKOS & SIA O.E.	96.00
P.D. EKDOSEIS E.P.E. - DEAL NEWS	133.50
PAGKRHTIA RADIOTHLEORASH A.E.	31.20
PALO PSHFIAKES TEXNOLOGIES E.P.E.	12.00
PANAGIOTHS MPAOS	1.20
PANAGIOTOPOYLOS XRHSTOS & SIA O.E.	25.00
PANELLHNIA SYNOMOSP. ENOSEON AGROT. SYNET. (PASEGES)	6.40
PANHPEIROTIKH THL. S.A.	3.75
PANMAR EKDOTIKH MON. E.P.E.	26.00
PANTHRAKIKH RADIOTHLEORASH S.A.	4.05
PAPADAKHS G. MIXALHS	5.00
PAPADHMHTRIOY DHMHTROYLA	0.75
PAPADOGIANNH MELPOMENH & SIA O.E.	0.21
PAPADOPOYLOS XARALAMPOS	1.50
PAPADOPOYLOY I. BASILIKH	0.50
PAPALEKSHS I. FOTHS	1.50
PARA ENA YPHRESIES DIADIKTYOY DIAFHMISH E.P.E.	120.30
PARAPOLITIKA EKDOSEIS A.E.	274.65
PARARAS ANTONIOS	2.00
PARATHRHTHS ARGOLIDAS - MARGARITA ZERBOY	0.60
PATSIKA PERISTERA & SIA E.E.	2.50
PEGASUS MAGAZINES PUBLICATIONS A.E.E.	17.45
PELOPAS A.E.	4.41
PELOPONNHSOS PATRON EKDOSEIS A.E.	38.60
PHGASOS INTERACTIVE ANONYMH TEXNOLOG. ETAIREIA	35.00
PITROPAKHS IAKOBOS	0.38
PLAN A THL/KES & EKDOTIKES EPIX/SEIS IKE	14.00
PLHROFORHSH KARDITSAS A.E.	2.00
PLIATSIOS P. PANAGIOTHS	0.50
POFANTH M. NIKOLETA	14.00
POLYGIANNHS F. TRYFONAS	1.50
PONTEMEDIA IKE	0.50
POYGARIDHS K. ANTONHS	2.20
PREMIUM A.E. EPIKOIN. PAROXHS YP. & EREYNON	159.00
PRIME APPLICATIONS A.E.	147.70
PRISMA 91,6 - ENERGY MEDIA GROUP IKE	0.80
PRISMANET A.E.	10.00
PROINOS FM E.P.E.	0.50

Creditor	Amounts in thousand €
PROTAGKON A.E.PAROXHS YPHR. DIADIKTYOY & ENTYPON	130.00
PROTH THS HLEIAS A.E.	1.20
PROTOPAPA A.E.	2.00
PSITHYROI 90,3 - ELEYTHERIADHS NIKOS	0.50
PYTHAGORAS EKDOTIKH A.E.	104.80
QUIZDOM ELLADA GREEK BRANCH	20.00
R.E.DH.S.E.	0.60
RAD/KES EPICH. HPEIROS S.A. - HPEIROS TV 1	4.50
RADIO - AIOLOS 92,80	0.14
RADIO AGRINIO - PAPASPYRELIOTHS PANAGIOTHS	1.20
RADIO BERA M.E.P.E.	2.28
RADIO MELODIA - M KOKKALH & SIA E.E.	0.50
RADIO PALMOS O.E.	0.70
RADIO THESSALONIKH A.E.	30.02
RADIO TIMES E.P.E.	8.80
RADIOFONIA ANTENNA E.P.E.	1.80
RADIOFONIA NOTIOY PELOPONNHSOY E.P.E.	0.07
RADIOFONIKES EPIXEIRHSEIS RADIO NORTH 98FM E.P.E.	44.88
RADIOFONIKES EPX/SEIS BHMA FM A.E.	147.74
RADIOFONIKES PARAGOGES A.E./OASIS 88 FM	94.98
RADIOFONIKH EPIKOINONIA A.E.	66.02
RADIOTHLEOPTIKA HLEKTRONIKA EKDOTIKA MESA ELLADOS A.E. TO PARON THS KYRIAKHS	103.00
RADIOTHLEOPTIKES EPICH/SEIS TRIKALON S.A. TV 10	3.30
RADIOTHLEOPTIKES EPIX/SEIS MAGNHSIAS - ASTRA A.E.	4.19
RADIOTHLEOPTIKES EPIXEIRHSEIS A.E.	5.69
RADIOTHLEOPTIKES EPIXEIRHSEIS MYTILHNHS A.E.	2.79
RADIOTHLEOPTIKH KALYMNOY A.E.	0.96
RADIOTHLEOPTIKH KAVALAS S.A.	3.75
RADIOTHLEOPTIKH KILKIS S.A.	1.65
RADIOTHLEOPTIKH S.A.	116.41
RADIOTHLEOPTIKH S.A. - ART STUDIOS - KANALI	4.65
RADIOTHLEOPTIKH XIOY A.E.	4.95
RADIOTHLEORASH PEIRAIA S.A.	7.51
REAL MEDIA MESA MAZIKHS ENHMEROSHS A.E.	250.40
REAL PRESS EKDOTIKH ANONYMH ETAIREIA	9.60
REPORT PRIVATE COMPANY	16.25
RETZEPOGLOY TAMER	1.50
RHGAS LYSANDROS	1.50
ROADSHOW ADVERTISING MONOPROSOPH E.P.E.	10.20
RODOS - KOSMOS ANONYMH THLEOPTIKH ETAIRIA	3.75
ROUCHOTAS DIMITRIS & SIA O.E.	8.72
S. APOSTOLIDHS KAI SIA E.E.	5.80
S. BAGOYRDHS A.B.E.E.	1.67
S. DROSOPOYLOY - E. SPANOYDH O.E.	13.42
S. SKIATHITHS & SIA OE	0.60
S. ZHNIATHS & SIA E.E.	0.50
SABBOPOYLOS ALEKSANDROS	0.50
SABD EKDOTIKH A.E.	289.03
SAMARAS N. ARISTEIDHS	0.50
SAMBO EVENTS DIORGANOSH EKDHLOSEON O.E.	6.00
SAMIAKH THLEORASH S.A.	1.65
SARANTH PAN. KALLIOPH - ARTEMIS	16.00
SARISA E.P.E. EKDOSEIS	117.30
SARONIC PRESS LAOYSH AIKATERINH	6.95
SATKO MEDIA TV	1.23
SBC SINGLE MEMBER PRIVATE COMPANY	44.00
SERRAIKES EKDOSEIS E.P.E.	2.04
SKAI EIDHSEIS NTOT KOM	543.16
SOFIA TSOMPANIDOY & SIA O.E. - RADIO DIAYLOS RODOPH 92,4	0.83
SOKRATHS G. STELLIOS - EFHMERIDA AIXMH	2.70
SOLAR MEDIA A.E.	29.73
SOLARHS GEORGIOS	0.90
SPANOY AGGELIKH IKE - ZOOMNEWS	55.00
SPORT NEW MEDIA MONOPROSOPH IKE	1.40
SPORT TV RADIOTHLEOPTIKH PROBOLH A.E.	326.00
SPORTNEWS YPHRESIES DIADIKTYOY A.E.	18.25
SPYRIDON N. MPOYLHS	0.70

Creditor	Amounts in thousand €
SPYROS KAMPIOTHS & SIA O.E.	52.80
STAMATH L. XARIKLEIA	1.50
STAMOY ELENH	2.50
STAMPERNAS PAYLOS - TRIKALANEWS	0.80
STAR A.E. RADIOTHLEPTIKOS ORGAN. KENTRIKHS ELLADOS	6.95
STAYRIDOY I. STELLA	2.00
STIGMA RADIOFONIKES EPIX/SEIS A.E.	9.69
STO KOKKINO 107,70 SYMEONIDOY D. ELENH	0.50
STOIKOS ST. & SIA O.E.	1.00
SYGXRONH EPOXH EKDOTIKH A.E.B.E.	49.00
SYNDIKATO EPAGGELMATION PERIPTEROYXON	5.00
SYNEIDHSH A.E.	2.50
SYRGKANH LAM PARASKEYH	15.60
SYSTEM MEDIA ART A.E.	7.20
TAOYKTSHS FOTIOS & SIA E.E.	2.40
TB NEWS GEORGIOS & TOLHS MONOPROSOPH E.P.E.	23.39
TEKMHRIOSH M.E.P.E.	6.50
TERZENIDHS AL. KON/NOS	2.50
TETRADH MARIA IOANNA	0.60
THARROS EKDOTIKH E.P.E.	2.10
THE ATHENS PAPER IKE	15.00
THE MACHINE IKE	1.20
THE MONOCLE MEDIA LAB	14.00
THE TOC DIGITAL MEDIA YPHR. ENHM. A.E.	82.01
THEMA RADIO A.E.	44.01
THEODOROY KON/NOS & SIA O.E.	0.80
THEOXARHS SPYR. GEORGIOS	10.00
THESS PRINT A.E.	12.35
THESSALIA T.V. S.A.	4.73
THESSALIKH RADIOFONIA THLEORASH A.E.	54.63
THESTIVAL DIAFHMISTIKH - ASLANIDHS GEORG. DHMHTRIOY	1.00
THHTA EPIKOINONIA E.P.E. (H THESSALIA)	2.80
THL/KES EKD. EPIX/SEIS KERKYRAS A.E. CORFU CHANNEL	1.20
THLEOPTIKES & EKDOTIKES EPIXEIRHSEIS S.A. STAR T.V.	4.89
THLEOPTIKH RETHYMNOY A.E.	20.25
THLEOPTIKOS STATHMOS A.E.	4.20
THLEORASH - RADIOFONIA NOTIODYTIKHS ELLADOS S.A.	6.01
THLEORASH DRAMAS S.A. - STAR TV DRAMAS	4.95
THLEORASH MAKEDONIAS - THRAKHS S.A. - CENTER TV	4.95
THLETYPOS S.A.	523.02
THOMA D. ANTONIA	3.50
THOMA THEOD. - TYPOS XALKIDIKHS	1.00
THRAKH NET	0.72
THRAKIKH EPIKOINONIA E.P.E.	1.00
THRAKIKH MONOPROSOPH I.K.E.	3.60
TICKET 365	50.00
TNC GROUP IKE	12.00
TODAY WORLD PUPLICATION EKDOTIKES EPIX. A.E.	55.00
TOP CHANNEL S.A.	3.30
TOYTOYDAKHS H. & SIA E.E.	18.00
TRAPEZIKO BHMA	12.44
TRAPEZIKOS AGON - I. TOMELITOY - KASTORINH	16.28
TRAVELWORKS A.E.	9.18
TRIBUNE I.K.E.	13.00
TRIGONH GEOR. MARIA	0.50
TRYFON ALEYRITHS M.E.P.E.	3.00
TSAKNAKHS K. EYTHYMIOS	3.50
TSAROYXAS M. & SIA A.B.E.E. - PROINOS LOGOS	1.50
TSIAKOS DIMITRIOS	0.16
TSITAS X. PRODROMOS	2.40
TSOMPOY MAGDALHNH MON E.P.E.	1.05
TSOXLIAS PANAGIOTHS	0.07
TZEKA - PAPAGEORGIOY FOTEINH	1.80
TZEKAS P. XALARAMPOS	2.05
TZONOY TH. ZOH	1.00
TZOYANOY EYTHALIA	20.70
UNIQUE MEDIA A.E.	4.00

Creditor	Amounts in thousand €
USAY M.E.P.E.	15.00
VICE GREECE MON/PH A.E.	100.00
VOIOTIKI RADIOTILEOPTIKI S.A.	1.65
VOTE POSITIVE CRITERION EPIKOINONIES E.P.E.	27.00
WAVE MEDIA OPERATIONS E.P.E.	2.25
WEBCENTER - RATSIKAS EYAGGELOS	0.70
XANIOTIKA NEA A.E.	3.00
XARTHS MONOPROSOPH E.P.E.	1.50
XATZHANTONIOY EYTYXIA	0.35
XATZHIOANNOY ANTONIOS TOY IOANNOY	1.50
XIOTH A. XRISTINA - ANNA <<LAKONIKOS TYPOS>>	2.40
XR. PAPADATOS & SIA E.E.	1.50
XRHSTOS GEOR. TSATSARONHS	15.80
XRISTINA KOYBELH & SIA E.E.	1.00
YELLOWFIELDS NIKOLAOS P. LEMONHS	5.00
YIOI DHMHTRIOY TSOPANAKH E.E.	1.00
YIOI S. TSOPANAKH - H. KOTIADHS O.E.	2.90
YPAITHROS XORA A.E.	123.10
YPERION ADVERTISING - DIMITRA AGG. PAPAGIANNOPOULOU	0.55
YPSILON EPISTHM. ETAIREIA ANAPTYKSHS PERIFEREIAS	4.80
YSTEROGRAFO MEDIA I.K.E.	19.80
ZERBA SYZ. KON/NOY BASILIKH - TOPIKH FONH	1.50
ZHSHS PANAGIOTHS MON. E.P.E.	50.00
ZOH G. LEYKOFRYDOY KAI SIA O.E.	4.80
ZOYGLA G.R. A.E.	182.58
TOTAL	**21,550.31**

II. Payments in a consolidated basis for the year 2016 owing to Grants, Donations and sponsorships (according to par. 2 article 6 of L. 4374/2016)

Creditor	Amounts in thousand €
"CHILDRENS JOY" KINDERGARTEN PANCEVO	0.35
"INDEPENDENCE" JUDICIARY, POLICE AND DEFENSE UNION BRANCH	0.81
"NEW IDEA" NGO	9.00
“APOSTOLI” NGO	11.61
1H YGEIONOMIKH PERIFEREIA ATTIKHS	5.00
A.O SKOPELOY	1.50
ACI ROMANIA - ASOCIATIA PIETELOR FINANCIARE	1.01
ADOPT A KINDERGARTEN, TIRANA MUNICIPALITY	3.72
AGIA SKEPI	1.00
AGROTIKOS SYNETAIRISMOS ZAGORAS PHLIOY	1.61
ALBANIAN BADMINTON FEDERATION	1.43
ALBANIAN ORTHODOX CHURCH	1.00
ALFACOMERCEGROUP LTD.	0.01
AMERICAN - HELLENIC CHAMBER OF COMMERCE	40.00
ANEJARTHTOS FOREAS KINONIKIS STIRIJIS	1.00
ARCHDIOCESE OF THYATEIRA & GREAT BRITAIN	0.12
ARKADIKH OIKOLOGIKH FARMA A.E.	2.00
AROGH DHMOY SOYLIOY	0.30
ARTEXPRESS 2004	0.31
ARXEIOTHHKH A.E.	177.19
ASOC CLUB SPORT BIV RALLY TEAM	5.05
ASOC CULT GREACA ROM NOSTOS	1.50
ASOC GHEORGHE SINCAI	0.22
ASOC. PARINTILOR SI TUTORILOR GRECI	0.67
ASOCIATIA CURTEA VECHE	4.68
ASOCIATIA PENTRU INTERVENTIE PRECOCE IN AUTISM (A.I.P.A.)	0.89
ASSOCIATION OF SERBIAN BANKS	1.00
ASSOCIATION YOUTH NORTHWEST	0.26
ATHLHTIKOS & POLITISTIKOS OMILOS DHMOY BOREIAS KYNOYRIAS AIOLOS	1.34
ATHLHTIKOS OMILOS MELIDONIOY TALOS	0.30
ATHLHTIKOS OMILOS PYLOY	2.00
ATHLHTIKOS OMILOS XAIDARIOY	5.00
ATHLHTIKOS SYLLOGOS EBROS SOYFLIOY	2.00
ATIA PRINT LTD.	0.26
BALKAN MEDIA TEAM	0.98
BASKETBALL CLUB MEGA VIZURA	18.00
BELGRADE STOCK EXCHANGE	2.43
BELHOSPICE CENTER FOR PALIATIVE CARE	5.60
BULGARIAN BOXING FEDERATION	12.78
BULGARIAN NATIONAL TELEVISION	1.02
BULGARIAN RED CROSS	1.53
CACAK HEALTH CENTER	8.13
CAMERA DE COMERT SI INDUSTRIE ELENO-ROMANA	4.36
CENTER FOR ECONOMIC RESEARCHES KOSOVSKA MITROVICA	0.81
CHARITY ORGANIZATION "INTEGRUM"	0.18
CHILDREN BASKETBALL CLUB RADNICKI BEOGRAD	0.81
CLINICAL CENTER OF VOJVODINA	0.53
COEURS POUR TOUS HELLAS	5.00
COMMISSIONER FOR PRIVATE DATA SECURITY	0.74
CRVENI KRST BEOGRAD	8.51
CYPRUS ANTI-CANCER SOCIETY	0.30
CYPRUS ASSOCIATION FOR FAMINE RELIEF	0.09
CYPRUS ASSOCIATION RESERVIST COMMANDO	0.10
D.E.Y.A. PTOLEMAIDAS	1.50
DHMOS AMAROYSIOY	2.50
DHMOS BISALTIAS	1.00
DHMOS DESKATHS	1.00
DHMOS DIONYSOY	3.00
DHMOS ELLHNIKOY	10.50
DHMOS HROIKHS POLHS NAOYSAS	1.00
DHMOS IERAS POLHS MESOLOGGIOY	1.00
DHMOS ILIOY	5.00
DHMOS ISTIAIAS - AIDHPSOY	3.00
DHMOS N. IONIAS	5.00

Creditor	Amounts in thousand €
DHMOS NESTOY	5.00
DHMOS OROPOY	2.00
DHMOS PAYLOY MELA - NOMOS THESSALONIKHS	5.00
DHMOS PYLAIAS - XORTIATH	2.50
DHMOS SYROY - ERMOYPOLHS	1.50
DHMOS THESSALONIKHS	50.00
DHMOS THHBAION	1.00
DHMOS TYRNABOY	0.50
DHMOS ZAXAROS - LAOGRAFIKO MOYSEIO NEAS FIGALEIAS	0.50
DHMOS ZITSAS - NOMOS IOANNINON	1.00
DHMOTIKH EPIXEIRHSH DHMOY EYROTA EYROTEIOS POLITEIA	3.00
DHMOTIKH KOINOFELHS EPIXEIRHSH DHMOY ISTIAIAS	0.50
DHMOTIKH KOINOFELHS EPIXEIRHSH LAGKADA	5.00
DIAZOMA	8.06
DIETHNIS ATHLITIKI E.P.E.	0.38
DIKHGORIKOS SYLLOGOS PATRON	1.35
DIKHGORIKOS SYLLOGOS THESSALONIKHS	50.00
DIKHGORIKOS SYLLOGOS XALKIDAS	1.00
DOCTORS OF THE WORLD	1.42
DONATION CYPRUS RED CROSS	15.00
DOWN SYNDROME FOUNDATION	1.00
DROMEYS EMPORIKH & EPENDITIKI S.A.	5.00
DROPULL MUNICIPALITY	1.49
E.KA.S.TH ENOSH KALATHOSFAIRIKON SOMATEION THES/NIKHS	0.81
E.T.S. EVENTS & TRAVEL SOL	10.00
ECO VOLIS	1.48
EDAP ETEP KRHTHS A.E.	0.50
EDUCATION DIRECTORATE POGRADEC	3.09
EID. LOGAR. KONDYLION EREYNAS PANEPIST. IOANNINON	2.00
EID. LOG. KONDYL. EREYNAS PANEPISTHMIOY KRHTHS	6.00
EIDIKOS LOG/MOS OIKONOMIKOY PANEPISTHMIOY ATHHNON	1.30
EIDIKOS LOG/SMOS DHMOKRITEIOY PANEPIST. THRAKHS	0.81
EIDIKOS LOG/SMOS T.E.I HPEIROY	0.50
EIDIKOS LOGARIASMOS KONDYLION EREYNAS ANOTATHS SXOLHS KALON TEXNON	6.70
EKTHESEIS POSEIDONIA A.E.	0.80
ELLHNIKH ETAIREIA MELETHS THS DIATARAXHS ETHISMOY STO DIADIKTYO	4.07
ELLHNIKH ETAIREIA PROSTASIAS & APOKATASTASEON ANAPHRON PAIDON (ELEPAP)	2.00
ELLHNIKH GYMNASTIKH OMOSPONDIA	15.00
ELLHNIKO INSTIT. EKSYPHR. PELATON	0.40
ELLHNIKO INSTITOYTO ESOTERIKON ELEGKTON	2.42
ELLHNIKOS GEORGIKOS ORGANISMOS DHMHTRA	1.00
ENOSH EPAGGELMATION ASFALISTON NOTIODYTIKHS ELLADOS	0.60
ENOSH KYPRION SYNTAKSIOYXON (E.KY.SY.)	0.35
EPIMELHTHRIO PREBEZAS	5.00
EPISTHMONIKH MASTOLOGIKH ETAIREIA IASH STHRIKSH E.M.E.I.S	2.20
ESTIA XRISTIANIKHS AGAPHS	0.30
ETAIREIA AGROTIKHS OIKONOMIAS (ET.AGR.O)	1.00
ETAIREIA AKSIOP. & DIAX. PERIOYS. PANEPIST. MAKEDONIAS	8.06
ETAIREIA AKSIOP. & DIAX/SEOS PERIOYSIAS TOY APTH A.E.	19.35
ETHNIKO ASTEROSKOPEIO ATHHNON	1.00
ETHNIKO KENTRO EREYNAS PHYSIKON EPISTHMON DHMOKRITOS	5.00
ETHOS MEDIA	2.00
EU TRANSIT	5.00
EUROPA DONNA	0.75
EYROPAIKOS ORGANISMOS DHMOSIOY DIKAIOY	50.00
FARMAKEYTIKOS SYLLOGOS THES/NIKHS	5.00
FILOPTOCHOS ADELFOTIS AGIOY DOMETIOY	0.16
FILOPTOCHOS AGION OMOLITON	0.20
FOOTBALL ASSOCIATION OF BELGRADE	20.25
FOPB	0.26
FS PARAGOGH DHMOSION THEAMATON E.E.	4.84
FUNDATIA CULTURALA GREACA	0.80
FUNDATIA PRINCIPESA MARGARETA A ROMANIEI	3.69
FUNDATIA PROGRES BISTRITA	1.56
GENIKO NOSOKOMEIO ATHHNON G. GENNHMATAS	10.00
GENIKO NOSOKOMEIO PEIRAIA TZANEIO	3.00

Creditor	Amounts in thousand €
GENIKO NOSOKOMEIO THES/NIKHS	0.50
GENIKO NOSOKOMEIO XANION O AGIOS GEORGIOS	5.00
GENIKO PERIPHEREIAKO NOSOKOMEIO PAPAGEORGIOY	2.00
GYMNASTIKH ENOSH ARKADIAS 2000 AMILLA	1.50
HELLAS GIS - SPONSORSHIP FOR PARTICIPATING IN THE 9TH PANHELLENIC CONFERENCE	0.20
HELLENIC CULTURAL FOUNDATION	0.25
HELLENIC EXCHANGES - ATHENS STOCK EXCHANGE S.A.	27.50
HELLENIC MANAGEMENT ASSOCIATION	1.50
HELP FOR ORPHAN CHILDREN IN THE COMMUNITY	2.23
HLIAXTIDA KENTRO FILOKSENIAS ARROSTOY PAIDIOY & OIKOGENEIAS	0.50
HOCKEY FEDERATION OF SERBIA	7.50
I.E.V PENALE	0.55
IATRIKOS SYLLOGOS PEIRAIA NPDD	3.00
ICAP ADVISORY A.E.	3.47
ICAP GROUP S.A.	10.50
ICONHIC O.E.	4.07
IDRYMA A.G. LEBENTHS	0.35
IDRYMA ANDR. D. KAPSALH & DHM. & PHLORAS KAPSALH	0.50
IERA MHTROPOLH TRIPHYLIAS & OLYMPIAS	0.30
IERA MHTROPOLIS IOANNINON	5.00
IERA MHTROPOLIS KITROYS KATERINHS KAI PLATAMONOS	1.00
IERA MHTROPOLIS NEAS IONIAS KAI FILADELFEIAS	20.00
IERA MHTROPOLIS RETHYMNHS KAI AYLOPOTAMOY	5.00
IERA MHTROPOLIS SERRON KAI NIGRITHS	2.50
IEROS NAOS AG. AIKATERINHS NEDOYSHS	0.30
IEROS NAOS EYAGGELISTRIAS PEIRAIOS	0.30
INSTITOYTO EYROPAIKOY & DIETHNOYS POINIKOY DIKAIOY	2.00
INSTITOYTO TOPIKHS AYTODIOIKHSHS (SYNEDRIO "MONTELO DIAXEIRISHS A.S.A.")	1.00
JUNIOR ACHIEVEMENT CYPRUS	0.64
JUNIOR ACHIEVEMENTS IN SERBIA NGO	5.00
KANE MIA EYXH ELLADOS MAKE A WISH	5.00
KARAISKAKIO FOUNDATION	0.40
KATASKHNOSEIS XAROYMENA PAIDIA XAROYMENA NIATA	0.30
KAVAJA SOCIAL CENTER	1.67
KIBOTOS TOY KOSMOY	0.60
KIKLOS FILIAS KYPROY	0.20
KOIN. DHM. EPIXEIRHSH DHMOY AMPELOKHPON - MENEMENHS	4.00
KOINOFELHS EPIXEIRHSH DHMOY AIGINAS	1.00
KOINOTIKO SIMVOYLIO APODIMON EPISKOPIS PAPHOU	0.10
KONSTANTOPOYLEIO PATHSION GENIKO NOSOKOMEIO N. IONIAS	2.00
KORCA MUNICIPALITY CHILDREN'S DAY	3.39
KORCA MUNICIPALITY CITY MAP "DESTINATION MANAGEMENT ORGANIZATION"	0.07
KPMG KYRIAKOU CONSULTANTS S.A.	16.00
LA RONDA SCHOOL OF MUSIC & BALLET	0.12
LAMBROPOULOS PANAGIOTIS/ GREEK FIRESERVICE FORCE - PATRAS	0.29
LEBENTH LOYLA PARASKEYH	4.03
LESXH EPIXEIRHMATIKOTHTAS	12.20
LIFE + NGO	2.50
LIMPEROPOULOS D. & SIA EE	4.00
LLC "THE CHESTNUT RUN" - RUNNING CHARITY EVENT	0.09
LYKEIO TON ELLHNIDON	3.00
MANOR HILL GREEK SCHOOL	0.26
MATHEMATICAL GRAMMAR SCHOOL	10.00
METOXIKO TAMEIO STRATOY	49.05
MINISTRY OF INTERIOR	1.02
MITRIKOS THILASMOS	0.50
MOYSIKOS OMILOS PAFOY	0.10
MPOYSIAS EPIKOINONIES E.P.E.	0.55
MUNICIPALITY OF PIRAEUS	0.25
NEA KAE AEK	10.00
NICOSIA SQUASH ASSOCIATION	2.33
NOMARX. SYLL. ATOMON ME EID. ANAGKES LESBOY H KYPSELH	0.30
NOMIKH BIBLIOTHIKH AEBE	9.00
NONPROFIT ASSOCIATION "ILIAHTIDA"	0.15
NOSOKOMEIO ASKLHPIEIO BOYLAS	6.00
NPDD KOINONIKOS ORGANISMOS DHMOY PATREON	2.00

Creditor	Amounts in thousand €
O.T.A. AMPHIPOLIS	5.00
OMOSPONDIA SYND. GONEON & KHDEMONON DIM. SCHOL. TECHN. EKPAIDEYSHS	0.20
ON AIR STUDIO SRL	3.12
ONE DREAM ONE WISH	1.50
ORGANISMOS MEGAROY MOYSIKHS THESSALONIKHS	3.23
ORGANISMOS POLITISMOY ATHLHTISMOY KAI PERIBALLONTOS DHMOY AGIOY DHMHTRIOY	1.63
ORGANISMOS TOPIKHS AYTODIOIKHSHS DHMOS ARTAION	2.00
ORGANOSI PRESVITERON POLITON KYPROY	0.05
ORTHODOKSOS AKADHMIA KRHTHS	2.00
P.G.S KISSAMIKOS P.A.E.	1.50
PACYKAF	0.10
PAGK. TAMEIO EYHMERIAS ENOSIS KYPRION SYNTAKSIOYXON	0.05
PAN/KO GEN. NOSOKOMEIO ALEKSANDROYPOLIS	1.70
PANELLHNIA OMOSPONDIA GEOTEXNIKON DHMOSION YPALLHLON (POGEDY)	2.10
PANELLHNIOS SYNDESMOS ASFALISTIKON SYMBOYLON	1.50
PANELLHNIOS SYNDESMOS EPIXEIRHSEON PROSTASIAS TOY PERIBALLONTOS	2.00
PANELLHNIOS SYNDESMOS SYNTON. ASFALISTIKON SYMBOYLON	3.90
PANEPISTHMIAKO GENIKO NOSOKOMEIO ATTIKON	6.00
PANEPISTHMIAKO GENIKO NOSOKOMEIO HRAKLEIOY	10.00
PANEPISTHMIO PATRON - EIDIKOS LOG/MOS KONDYLION	10.00
PAPHOS APHRODITE FESTIVAL 2016	3.00
PARADIZE JAZZ FESTIVAL	0.50
PARALIMNI MUNICIPALITY - VOLLEYBALL	0.25
PARAOLYMPIC COMMITTEE OF CYPRUS	0.50
PERIFEREIA DYTIKHS MAKEDONIAS	2.00
PETRO NINI LUARASI HIGH SCHOOL	0.55
PING PONG CHAMPIONSHIP	0.44
PLEGMA ASTIKH MH KERDOSKOPIKH ETAIREIA	6.00
POGRADEC WINE PARTY	4.45
POLICE DIRECTORATE & POLICE ACADEMY	7.84
POLIT. SYLL. KENTRIKIOTON ARTAS O ARAXTHOS	4.00
POLITISTIKO IDRYMA OMILOY PEIRAIOS (P.I.O.P)	3,405.05
POLITISTIKOS & LAOGRAFIKOS SYLLOGOS TRIKALON	0.60
POVERTY HAS NO AGE "NJEREZ DHE IDE"	0.50
PSYCHIATRIC HOSPITAL ELBASAN	1.50
RADIOFONIKES EPIXEIRHSEIS RADIO NORTH 98 FM E.P.E.	1.22
RADIOMARATHON FOUNDATION	0.80
REGIO DIREC HEALTH CARE INS OBLIG FUND ELBASAN	1.47
ROCOACH CONSULT SRL	1.01
SARANDA SOCIAL CENTER	0.59
SCOALA DE ARTE FRANCISC HUBIC	0.11
SCOALA NAT STUDII POLIT ADMIN	1.01
SERBIAN ASSOCIATION OF CLASSICAL GUITARISTS	0.50
SHELBY BULGARIA	2.40
SHKODRA BOXING	0.37
SHKODRA CITY COUNCIL	1.46
SMART PRESS	0.50
SOFIA MUNICIPALITY	0.51
SOMATEIO ERGAZOMENON G.N. THESSALONIKHS O AGIOS DHMHTRIOS	2.00
SOMATEIO ERGAZOMENON NOSOKOMEIOY N.I.M.T.S	2.50
SOMATEIO ERGAZOMENON PGN ATTIKOY ANAGENNHSH	2.00
SOMATEIO ERGAZOMENON PS.N.TH	4.00
SOS CHILDREN'S VILLAGES	2.00
SOS VILLAGE	3.40
ST KATHERINE'S GREEK ORTHODOX CHURCH	1.16
SYL. GONION PAIDION NEOPLASMATIKH ASTHENEIA PHLOGA	0.30
SYL. DIOIK. YPALL. DHMOKRITEIOY PANEP. THRAKHS BIZYHNO	1.00
SYLL. FILON PAIDION ME KARKINO H ELPIDA	0.30
SYLLOGOS APOFOITON KAI FILON ELLHNOGALLIKOY	0.41
SYLLOGOS DHMOTIKON YPALLHLON DHMOY THHBAION	0.50
SYLLOGOS ERGAZOMENON PERIPHEREIAS KENTRIKHS MAKEDONIAS	2.00
SYLLOGOS FILON AMERIKANIKHS GEORGIKHS SXOLHS	130.00
SYLLOGOS MONIMON YPALLILON M.T.S.	5.00
SYLLOGOS MYGDALIOTON ATHHNAS	1.00
SYLLOGOS ORAMA ELPIDAS	0.15
SYLLOGOS PONTION DIABATON "ALEJANDROS YPSHLANTIS"	5.00

Creditor	Amounts in thousand €
SYLLOGOS TRITEKNON NOMOY HRAKLEIOY	0.50
SYLLOGOS TON APANTAXOY DISTRATIOTON ARTAS	1.50
SYLLOGOS YPALLHLON NA HRAKLEIOY	2.85
SYLLOGOS YPALLHLON PERIPHEREIAKHS ENOTHTAS ARTAS	4.00
SYNDESMOI AGONISTON EOKA	1.00
SYNDESMOS AIMOFILIKKON KYPROY	0.10
SYNDESMOS APOSTRATON AKSIOMATIKON & YPAKSIOMATIKON STRATOY	2.00
SYNDESMOS BIOMHXANION BOREIOY ELLADOS (S.B.B.E.)	5.00
SYNDESMOS EKPROSOPON ASFALISTIKON ETAIRION	0.67
SYNDESMOS ELLHNON MESITON ASFALISEON	4.49
SYNDESMOS GYNAIKON XANION	1.00
SYNDESMOS KARDIOPATHON PAFOY	0.30
TACT HELLAS	1.50
TAMEIO YPOTROFION TEI IONION NHSON	0.50
TEATRUL DRAMATIC FANI TARDINI	0.30
TECHNOEKDOTIKI	1.00
TEDXATHENS EVENT COMPANY	25.76
TELETHON	0.35
THE CHILDREN'S HOME FOUNDATION	0.60
THEATRIKOS ORGANISMOS KATO AP΄TH GEFYRA	3.00
THEOTOKOS	0.60
THRIASIO GENIKO NOSOKOMEIO ELEYSINAS	5.00
TO XAMOGELO TOY PAIDIOY	4.25
TOURIST ORGANIZATION OF POZAREVAC	1.22
TOURIST ORGANIZATION OF VELIKO GRADISTE MUNICIPALITY	0.50
UKRAINIAN BAR ASSOCIATION	0.04
UNICEF	15.33
UNION OF BULGARIAN ARTISTS	5.98
VAGONI AGAPIS	1.00
VELIKO TURNOVO MUNICIPALITY	0.51
VOLLEYBALL CLUB MLADI RADNIK POZAREVAC	0.41
VORA HEALTHCENTRE	2.14
XIONODROMIKO KENTRO KALABRYTON OTA	0.81
YPE MAKED. & THRAKHS GEN. NOS. THES/KHS AGIOS PAYLOS	5.00
Total payments to entities other than individuals	**4,797.19**

Total payments to individuals (2.263 Beneficiaries)	**191.07**