PIRAEUS BANK

ANNUAL FINANCIAL REPORT

For the period from 1st January to 31st December 2017

According to Law 3556/ 2007

March 2018

The attached Annual Financial Report has been approved by Piraeus Bank S.A. Board of Directors on 28 March 2018 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

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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The Annual Financial Report for the year ended 2017 is available in the Bank's internet site
http://www.piraeusbankgroup.com/en/investors/financials/financial-statements

Certification of the Board of Directors

Certification by the Chairman of the Board of Directors, the Chief Executive Officer and the BoD member pursuant to Article 4 of Law 3556/2007

We, the members of the Board of Directors of Piraeus Bank S.A. certify that to the best of our knowledge:

(1) The consolidated and separate financial statements for the annual period ended 31 December 2017 have been prepared in accordance with the applicable accounting standards and present a true and fair view of the assets, liabilities, equity and results of operations of the Bank and of the companies included in the consolidation.

(2) The Board of Directors annual report fairly presents the evolution, the performance and the position of the Bank and of the companies included in the consolidation, including the description of the main risks and uncertainties they face.

Athens, 28 March 2018

George P. Handjinicolaou	Christos I. Megalou	Solomon A. Berahas
Chairman of BoD	Managing Director	Non-Executive BoD Member

BOARD OF DIRECTORS' REPORT

For the period from 1st January to 31st December 2017

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BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' MANAGEMENT REPORT 2017

International Environment and Economic Developments

During 2017, global economy's growth rate accelerated, with the real global GDP growth reaching 3.7% against 3.2% in 2016 (IMF data). In more detail, growth rate accelerated in both the developed economies (to 2.3% from 1.7%) and the emerging and developing economies (to 4.7% from 4.4%). The majority of the most important leading economic indicators reached a high level at the end of 2017. For 2018, the global growth rate is expected to further accelerate to 3.9%.

The most important developments for the US economy in 2017, were Congress voting the bill for lower tax rates and the continuation of the return to a tighter monetary policy. The Fed proceeded to three increases of its base rate (from 0.50% - 0.75% to 1.25% - 1.50%) and the initiation of gradual shrinking of its balance sheet. GDP growth accelerated to 2.3% (from 1.5% in 2016), while for 2018 a further acceleration to 2.7% is expected, mainly due to lower tax rates and possibly other measures of fiscal easing. According to the Fed's projections, three base rate increases should be expected (from 1.25% - 1.50% to 2.00% - 2.25%) within 2018, while market expectations are for two rate increases.

In the Eurozone, the GDP growth rate accelerated to 2.5% in 2017 from 1.8% in 2016 as the ECB's quantitative easing program continued (with monthly purchases of € 60 billion). In addition, the political risk lurking in the Eurozone was significantly reduced after the results of the French elections.

For 2018, the ECB has decided to continue its quantitative easing program (at least until September) at half the size of 2017 (€ 30 billion monthly). The GDP growth rate is estimated to slightly decelerate to 2.2% in 2018. In addition, it is possible that ECB's quantitative easing program will be terminated at the end of 2018 or the beginning of 2019.

A positive surprise came from China, where the GDP growth rate accelerated to 6.8% in 2017 (from 6.7% in 2016), despite estimates for a sharp deceleration. 2018 projections call for a slight deceleration of the GDP to 6.6%.

Year 2018 is expected to be characterized by the positive effect of the US fiscal easing to the US and the world economy in combination to the continuation of Fed's return to the "normalcy" of its monetary policy and the softer easing of ECB's policy.

Developments in the Greek Economy and the Greek Banking System

Year 2017 was marked by a series of important developments for the Greek economy, such as the achievement of a positive GDP growth rate, the stability in the fiscal adjustment front, the further relaxation of capital controls, as well as the significant rebound of sentiment and market confidence. The conclusion of the second review for the third Economic Stability Program, as well as the positive prospects for growth and the public finances of Greece, led to the upgrade of the sovereign rating from credit rating agencies, the significant reduction of Greek bond yields and the successful return to capital markets after three years through the issue of a 5 year note and the successful exchange of bonds in December 2017 that had been issued during the PSI.

The average GDP growth rate for 2017 was 1.4%, further strengthening the growth prospects, with 2018 GDP expected to grow by circa 2%. Moreover, the economic sentiment index improved to 96.6 units in 2017 from 91.8 units in 2016, the highest level during the last 3 years. The increase is attributed to the improvement of sentiment in all business sectors as well as the improvement of the consumer sentiment index.

During 2017 inflation returned in the Greek economy after four years of disinflation. The annual consumer price index rose 1.1% on an annual basis versus -0.8% in 2016. The unemployment rate, for the 12 months of 2017, dropped to 21.5% compared to 23.5% the corresponding period of 2016 (based on the non-seasonally adjusted quarterly data), the lowest rate since 2012. In addition, employment increased by 2.2% on an annual basis, albeit with a significant contribution of part time employment.

In 2017, the current account balance posted a deficit of € 1.5 billion, lower by € 418 million against 2016. This development is a result of the improvement in the balance of services which overcame the increase of the deficit in the trade of goods.

Meanwhile, based on state budget execution data, year 2017 fiscal result was better than the target set in the year proposed 2018 fiscal budget document. Specifically, the year 2017 fiscal deficit reached € 4.3 billion, compared to a target of a € 5.1 billion. deficit, while the primary surplus reached € 1.9 billion. compared to a target of € 877.0 million.

The prospects of the Greek economy for 2018 are positive, under the condition that the ESM program will be continued uninterrupted along with the structural reforms. The GDP growth rate for 2018 is expected to surpass 2%, mainly due to the increase of private consumption and strengthening of investment. Exports are projected to further improve assisted by stronger external demand and tourist arrivals. Greece will face many challenges in 2018, as it should take advantage of a stronger international sentiment, fiscal stabilization and the improvement in economic activity, so as to ensure its fast and secure exit from the fiscal adjustment program. At the same time, it should maintain the positive momentum of structural reforms and the necessary change in its economic development model.

The improved prospects for the domestic economy, invigorated the economic sentiment and led to an increases of deposits, sovereign rating upgrades and continuous reduction of dependence of Greek banks from the ELA mechanism. Government bond yields fell to pre-crisis levels, something that allowed the State to access and raise funds in international markets after many years of absence. The reduction of corporate bond yields allowed banks to access the international capital markets and issue covered bonds.

The Greek banking system during 2017 exhibited resilient operating profitability, preservation of its satisfactory capital adequacy levels, reduction of its dependence from ECB financing and more generally expansion of its financing sources, as well as reduction of the level of its non-performing exposures.

With respect to loans in the Greek banking market, the annual adjusted contraction rate of domestic private sector financing in December 2017 reached -0.8% (€ 184 billion) from -1.5% respectively in 2016. The loans-to-deposits ratio for the Greek banking market improved to 111% in December 2017 from 120% in December 2016.

During 2017, domestic business and household deposits increased as a result of the recovery of economic activity and the partial restoration of the public's confidence to the banking system with the relaxation of capital controls. Domestic private and public sector deposits at a comparable basis increased by 5% and amounted to € 137.8 billion. Exposure of all Greek banks to the Eurosystem decreased to € 33.7 billion at the end of December 2017, from € 67 billion a year before, of which € 21.6 billion were covered through ELA liquidity mechanism (-€ 22.1 billion on an annual basis) and € 12.1 billion from ECB refinancing (-€ 10.9 billion on an annual basis).

At the beginning of 2018, the exchange program for EFSF / ESM bonds held by Greek banks - that had been decided in the framework of short term public debt relief measures – was completed. Its result was the deleveraging of Greek banks' balance sheets and the reduction of their dependence on central bank financing.

Considering the implementation of the economic adjustment program and the continuous relaxation of capital controls, and the prospect of the completion of the third review and the initiation of the fourth, it is estimated that Greek banks are in position to further improve their funding profile and strengthen their deposit base.

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 was 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 exposures (NPEs) 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. In September 2017, the operational targets were revised, aiming at a 37% reduction of NPEs during the period June 2017 – December 2019. The level of NPE stock at the end of 2019 is targeted to drop to € 64.6 billion, € 2.2 billion lower than the target set during September's 2016 submission. Operational targets have been incorporated in banks' strategy through their business plans.

To attain the goal of NPE reduction, the legislative framework on insolvency has been reformed and banks have taken significant initiatives. Specifically, electronic platforms for out-of-court workouts (OCW) and for real estate auctions have started operating, the institutional framework governing NPL servicing companies has been amended with a view to facilitating market entry, and the first sales of portfolios of mainly unsecured consumer loans took place. In addition, a new law is offering legal protection to bank executives dealing with loan restructuring and the rights of secured creditors have been strengthened.

Based on September 2017 data, NPEs decreased by 2.4% and 5.5% compared to June 2017 and December 2016 respectively, dropping to € 100.4 billion or 44.6% of total gross loans, while compared to March 2016 (when NPEs had reached their peak), the decrease amounts to € 8.2 billion or 7.6%. The banking system NPE coverage by cumulative provisions has marginally dropped to 48.0% in September 2017 from 48.3% in June 2017, mainly due to extensive write-offs and sales of loans which were characterized by high coverage levels. When collateral is incorporated in the coverage calculations (capped at a maximum value of the remaining balance of the loan before provisions), then the NPE coverage achieved is almost full.

Banks will have to adjust to new challenges in 2018, with the main ones being the adoption of IFRS9, the new rules for the treatment of new NPEs, as well as the completion of the Pan-European stress test exercise form ECB. The announcement of the stress test results is expected to take place in November 2018 for European banks, while for Greek banks the respective date is in May 2018. The announcement of the results at an earlier time for Greek banks is due to the fact that the third economic adjustment program for Greece expires in August 2018 and therefore the stress test results will serve as a useful tool to design the day after for the Greek economy.

Piraeus Bank Developments

2017 was a critical juncture for Piraeus Bank. From a financial point of view, this was the year which signaled the stabilization of the Bank's financial performance, especially during the second half of the year, when market conditions allowed it. The improvement in liquidity and asset quality accelerated and that was visible across financial ratios. On an institutional level, the year was characterized by the completion of the changes in the Board of Directors, in compliance with international best practices and regulatory rules, which was sealed with our new CEO taking office on April 2017. The institutional ring-fencing of the Bank allows further strengthening and unceasing operational continuity to the benefit of our shareholders, customers and employees.

The most important corporate events for Piraeus Bank Group during 2017 and up to the publication of the annual financial statements, were the following:

- During January 2017, within the framework of ECB's QE program, Piraeus Bank sold bonds worth € 0.7 billion in nominal value. After 23 January 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 the 1st quarter 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 bond exchange scheme. During 2017, a notional amount of notes totaling at € 10.9 billion that was held by Piraeus Bank, was exchanged for cash and another € 1.5 billion for fixed coupon notes, which were subsequently exchanged for cash on 17 January 2018, raising the total amount of notes exchanged to € 12.4 billion. Following the exchange on 17 January 2018, the bond exchange scheme has been concluded.
- On 16 February 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 to be used as a collateral for providing liquidity in the interbank repo market.
- On 22 February 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 22 February 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 8 March, 2017, unanimously elected Mr. Christos Megalou as the new CEO of the Bank.
- On 24 May 2017, Piraeus Bank announced its strategic plan for 2020, entitled "Agenda 2020", having the following key goals and objectives: a) reduce NPLs and NPEs according to the operational targets 2017-2019 which have been submitted to regulatory authorities b) create a profitable and sustainable business model, with attractive returns for shareholders over the medium-term c) maintain a strong capital base d) re-establish wholesale market funding access. "Agenda 2020" comprises six specific strategy enablers:

    - De-risk the balance sheet, which will be achieved through the operational but not legal separation of the Group in two operating pillars: the core banking activity - Piraeus Core Bank and the non-core assets / Piraeus Legacy Unit (PLU)

  - Resize and focus
  - Implement a profitable and sustainable business model, leveraging existing valued core client relationships
  - Optimize capital allocation through the implementation of a risk appetite framework that includes a portfolio-based approach
  - Strengthen risk monitoring and controls
  - Adopt superior governance standards

- On 28 June 2017, the new 11-member Board of Directors of Piraeus Bank, which was elected at the Annual General Meeting of Shareholders held on the same day, was constituted as a Body. Mr. Elias Millis (Executive Member) and Ms. Venetia Kontogouris (Independent, Non-Executive Member) were elected in the Board of Directors for the first time, while Mr. Iakovos Georganas, the Vice-President of the Bank until that date, stood down.
- On 28 June 2017, Piraeus Bank's Annual General Meeting of Shareholders, resolved to increase the nominal value of each ordinary share of the Bank from € 0.30 to € 6.00 and simultaneously reduce the total number of ordinary shares of the Bank from 8,733,183,280 to 436,659,164 (reverse split) at a rate of twenty (20) old common shares for one (1) new common share of the Bank. The Bank's share capital remained unchanged versus the pre reverse split status, thus at € 2,619,954,984. The reverse split process was concluded on 3 August 2017 with the commencement of trading of the new shares on the Athens Exchange.
- On 30 August 2017, Piraeus Bank announced that the Bancassurance agreement with NN Hellas, which was due to end on 31 December 2017, has been renewed for 10 years with a further 5-year extension possibility. Piraeus Bank, will continue to offer on an exclusive basis the Life and Health products of NN Hellas to its customers
- On 17 October 2017, Piraeus Bank announced that it has entered into an agreement to dispose of its Serbian banking and leasing operations to Direktna Banka A.D., a local Serbian banking group, for a total cash consideration of € 61.0 million, through a combination of direct sale and simultaneous reduction of capital in Piraeus Bank Beograd AD. The transaction is expected to close in the second quarter of 2018, following the receipt of all necessary corporate and regulatory approvals, including those of the National Bank of Serbia and the HFSF, and is neutral to Piraeus' CET-1 ratio.
- On 31 October 2017, Piraeus Bank issued € 500.0 million of 5 year covered bonds through a new (4^{th}) series of its covered bond program. The issue was placed privately and was fully subscribed by European Investment Bank (EIB), the European Investment Fund (EIF) and the European Bank for Reconstruction and Development (EBRD). It is the first covered bond issuance by Piraeus Bank since the beginning of the financial crisis. The cover for the bond consists of a pool of Greek residential mortgages, while the funds raised from the issue will be used to finance Greek SMEs from all sectors of the economy. The covered bonds are floating rate, bearing a coupon of 3M Euribor + 250 bps.
- On 20 November 2017, Piraeus Bank issued € 1,000.0 million of floating rate covered bonds maturing on May 2019 and bearing a coupon of 3M Euribor + 150 bps, through a new (5^{th}) series of its € 10.0 billion covered bond program. The cover for the bond consists of a pool of Greek residential mortgages. The issue was retained by the Bank to be used as collateral for providing liquidity in the interbank repo market.
- On 21 November 2017, Piraeus Bank announced, regarding the sale of its subsidiary Olympic Commercial and Tourism Enterprises (Olympic) – which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece – that Avis Budget Group, through its subsidiary Zodiac Europe Limited, exercised its rights held under the terms of the franchise agreements for its brands. The relevant terms include Zodiac Europe Limited's Right of First Refusal to acquire the Olympic shares either directly or through a third party nominee under the same financial and contractual terms. Avis Budget Group has indicated its intention to designate as the

ultimate purchaser of Olympic a special purpose company, having as sole shareholders Avis Europe Holdings Limited and an Otokoc Group company with which the Avis Budget Group maintains a longstanding cooperation in many countries. The consideration for the Transaction amounted to €80.6 million, implying an enterprise value (EV) for Olympic of € 318.1 million, and was paid fully in cash. The transaction was completed in March 2018.

- On 21 November 2017, Piraeus Bank S.A. announced that it has entered into an agreement with J.C. Flowers & Co. for the sale of its entire shareholding stake in its banking subsidiary in Romania, Piraeus Bank Romania S.A. ("PBR"). The Transaction has been approved by the Board of Directors of Piraeus Bank and the Hellenic Financial Stability Fund, and is subject to customary conditions, including regulatory approvals by the relevant authorities in Romania. The Transaction is expected to close in the first half of 2018. Its impact on the Group's regulatory capital position is expected to be neutral.
- At its meeting held on 28 November 2017, Piraeus Bank's Board of Directors, following a letter from the HFSF, dated 21 November 2017 and in accordance with the provisions of article 10 of Law 3864/2010, elected Mr. Per Anders Fasth, as Non- Executive Member, HFSF Representative, in replacement of Mrs. Aikaterini Beritsi, who has submitted her resignation.
- At its meeting held on 20 December 2017, Piraeus Bank's Board of Directors elected Mr. George Georgakopoulos, Executive General Manager, as new member, for the remaining tenure of the Board of Directors, in replacement of Mr. Elias Millis, executive member, who has submitted his resignation. Further to the above, the Board of Directors was reconstituted as a corporate body and appointed Mr. George Georgakopoulos as new Executive Member of the Board of Directors of the Bank. It should be noted that on 28 June 2017, the new 11-member Board of Directors with a three-year term, which was elected at the Annual General Meeting of Shareholders held on the same day, was constituted as a Body.
- The composition of the Board of Directors of the Bank on the approval date of Consolidated Financial Statements is as follows:

Georgios P. Handjinicolaou	Chairman (Non-Executive Member)
Karel G. De Boeck	Vice-Chairman of the Board of Directors (Independent Non- Executive Member)
Christos I. Megalou	Managing Director (Executive Member)
Georgios Georgakopoulos	Executive Member
Venetia G. Kontogouris	Independent Non Executive Member
Arne S. Berggren	Independent Non Executive Member
Enrico Tommaso C. Cucchiani	Independent Non Executive Member
David R. Hexter	Independent Non Executive Member
Solomon A. Berachas	Non-Executive Member
Alexander Z. Blades	Non-Executive Member
Per Anders Fasth	Non-Executive Member (HFSF Representative Under Law 3864/2010)

- On 22 December 2017, Piraeus Bank announced that the Board of Directors of the Bank, at its meeting held on 20 December 2017, has appointed Mr. Efthimios Kyriakopoulos, Executive General Manager, as new Chief Risk Officer to head the Group Risk Management Division.

- On 1 January 2018, Piraeus Bank Group applied the requirements of IFRS9 "Financial Instruments", proceeding disclosures which relate to the transition to IFRS9 "Financial Instruments" and are offering information necessary to understand the effect of the first time adoption of the new accounting standard to the financial position of Piraeus Bank Group as of 1st January 2018. The effect of the first time adoption of IFRS 9 to the financial position of Piraeus Bank Group on 1st January 2018, was the reduction of its total equity by €1.6 billion.

Evolution of Volumes and Results of Piraeus Bank Group during 2017

Piraeus Bank has a systemic position in the Greek banking market in terms of assets (€ 67 billion), deposits (29% market share) and loans (30% market share, with 35% in business lending). The Bank's operating model includes the offer of products and services in the whole range of financial services (universal bank). Savings deposits constitute 36% of the total domestic deposits of the Bank with time deposits at 37% and sight deposits at 27%. Business deposits correspond to 24% of the total domestic deposit base at Piraeus Bank with retail deposits at 76%. Piraeus Bank has a dominant position in the SME market, as around 80% of the domestic SMEs are customers of the Bank. Piraeus Bank's domestic loan book consists of business (65%), mortgage (26%) and consumer loans (9%). The Bank holds the most extensive footprint in Greece with 620 branches and a wide customer base of 5.2 million active customers. The free float on its share capital is high with c.30k common shareholders, holding 74% of the Bank's common equity (the HFSF holds 26%). The Bank has adopted best practices of corporate governance, with led it to the appointment of the current BoD, as well as significant reshuffling of top management.

Balance Sheet

Regarding the financial position of Piraeus Group in 31st December 2017, total assets amounted to € 67.4 billion compared to € 81.5 billion in 31st December 2016.

Customer deposits of the Group recovered, mainly during the second half of 2017, and amounted to € 42.7 billion in 31st December 2017, 0.8% higher compared to 31st December 2016. This increase is mainly attributable to the Group's activity in Greece, where deposits increased by 4.0% to € 40.9 billion. The declining trend in time deposits' cost continued throughout 2017, with new time deposits' cost at 0.7% in the Q4 of 2017 versus 0.8% a year earlier. Group international operations deposits amounted to € 1.8 billion in 31st December 2017 from € 3.0 billion in 31st December 2016, as deposits were reduced by € 1.1 billion from discontinued operations in Serbia and Romania.

Utilization of Eurosystem funding was significantly reduced in 2017, to € 9.7 billion in 31st December 2017 reduced from the level of € 11.2 billion in 31st December 2016. In particular ELA funding declined to € 5.7 billion in 31st December 2017 from € 11.9 billion in 31st December 2016. Moreover, access to interbank funding with the use of collaterals amounted to € 1.5 billion in 31st December 2017 from € 6.1 billion in 31st December 2016, reflecting the lower EFSF / ESM bond holdings due to the ongoing exchange in the framework of Short Term measures for Greek Public Debt relief. At 31st October 2017 Piraeus Bank proceeded with a 5-year covered bond issue of € 500.0 million. The issue was privately placed primarily with the European Investment Bank, the European Investment Fund and the European Bank for Reconstruction and Development.

Gross loans before impairments and adjustments in 31st December 2017 totaled € 60.3 billion. Total gross loans in Greece stood at € 57.9 billion, of which € 1.6 billion was related to the disbursement of an agri-loan towards OPEKEPE for the distribution of European Commission subsidies towards approximately 700 thousand farmers (which was repaid in February 2018). Loans stemming from the Group's international operations amounted to € 2.4 billion in 31st December 2017 from € 4.1 billion a year earlier. Per business line, in 31st December 2017, Group business loans were € 39.6 billion, representing 65.7% of the total loan portfolio, while retail loans amounted to € 20.7 billion or 34.3% of the total portfolio. Net loans stood at € 44.7 billion, with the Group's net loans to deposits ratio at 100.9% (excluding OPEKEPE loan), having improved from 31st December 2016 (113.3%).

The Group's loans in arrears over 90 days ratio (NPLs) was 34.4% in 31st December 2017 from 36.6% in 31st December 2016, while the respective ratio for domestic operations was 34.2% from 36.5% respectively. The Group coverage ratio of loans in arrears over 90 days by cumulative provisions stood at 75.0% in 31st December 2017 from 69.5% a year earlier and in Greece at 75.6% from 69.8% respectively. The particularly high level of cumulative provisions over gross loans ratio of the Group should be highlighted, which reached 25.8% in 31st December 2017, as well as the fact that following an increase during the 1st Quarter of 2017 for the whole banking sector, there was negative NPL formation for the Group and domestic operations in all following quarters, through the intensive efforts of the Bank's Recovery Banking Unit. Respectively, the non-performing exposures (NPEs) over total gross loans ratio for the Group stood at 54.5% in 31st December 2017 from 53.8% in 31st December 2016, a small rise on an annual basis, mainly due to the continuous deleveraging of the loan portfolio.

It is worth noting that non-performing loans over 90 days past due declined to € 20.7 billion in 31st December 2017 from € 24.4 billion in 31st December 2016, while non-performing exposures declined to € 32.9 billion from € 36.2 billion at the respective dates, 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 December 2019, by approximately 41% and its non-performing loans over 90 days past due by 58% respectively (at the parent level). To note, that the respective Piraeus Bank's target of 31st December 2017, 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 NPEs 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 NPEs is going hand in hand with our target of maximizing shareholders value;
- 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:

- 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
- proceed 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 assesses a number of alternatives, such as the engagement in servicing platforms, and sales.

Profit & Loss

The Group's net interest income amounted to € 1.7 billion during 2017 from € 1.8 billion during 2016, despite the improvement from the reduction of cost of funding, due to asset deleveraging and the mild decline in average loan rates. Net commission income amounted to € 0.4 billion, with 19.6% annual rise, driven by higher fees mainly from cards, while a € 35.0 million bancassurance persistency fee is included in Q3. Total net revenues for 2017 were € 2.2 billion, at the same level as 2016.

The Group's total operating expenses in 2017 stood at €1.2 billion, -1.9% compared to 2016 (€ 1.2 billion), as a result of cost containment efforts that Piraeus Bank continues to implement.

As a result of the above, Group profit before provisions, impairment and income tax for the full year 2017 amounted to € 1.0 billion, stable (-0.0%) compared to full year 2016. The results of 2017 were burdened by impairment losses on loans amounting to € 2.0 billion, compared to € 1.0 billion in 2016. 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 at the same level as in 2016.

The Group's profit before income tax in 2017 amounted to a loss of € 1.2 billion (€ -150.6 million in 2016), while profit after tax from continuing operations attributable to shareholders amounted to a gain of € 1.5 million in 2017 comparable to a gain of € 36.8 million in 2016, positively affected from the recognition of deferred tax in impairments for losses on loans.

Capital

As at 31st December 2017, the Group's total equity amounted to € 9.5 billion from € 9.8 billion a year earlier, mainly due to the payment of interest of € 165.5 million for the contingent convertible bonds of € 2.0 billion at the fourth quarter of 2017 (€ 117.4 million net of tax). The Group's Basel III total capital adequacy ratio stood at 15.1% in 31st December 2017, equivalent to the Common Equity Tier 1 (CET 1) 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, 2017 was € 4.0 billion. The Group's fully loaded CET 1 stood at 14.3%.

Following the conclusion of the SREP (Supervisory Review and Evaluation Process) for year 2017, the ECB informed Piraeus Group of its total capital requirement, valid from January 1st 2018. According to the decision, Piraeus Bank has to maintain, on a consolidated basis, an overall capital requirement ratio of 13.625%, which includes: (a) the minimum Pillar I total capital requirements (8.00%) as per article 92(1) of Regulation 575/2013/EU; (b) the additional Pillar II capital requirement (3.75%) as per article 16(2) of Regulation 1024/2013/EU; and (c) the transitional capital conservation buffer of Regulation 575/2013/EU, which for 2018 is set at 1.875%.

It is worth noting that on 27 February 2018, Moody's Investor Services upgraded the long term deposits and senior debt rating of Piraeus Bank to Caa2 with a stable outlook from Caa3 with a stable outlook.

Presence

Piraeus Group branch network at 31st December 2016 totaled 753 units, of which 620 operated in Greece and 133 in 5 other countries. The branch network in Greece was reduced by 40 units and abroad by 128 units during 2017 as a result of the rationalization plan. At the same time, the Group's headcount totaled 15,115 employees in the continuing operations, of which 13,253 were employed in Greece (2016: 18,075 and 14,492 respectively).

The Group's international continuing operations on 31st December 2017 accounted for 6.0% of its total assets, 17.7% of its branch network and 12.3% of its headcount.

Share Capital

On 31st December 2017, the share capital of the Bank stood at the sum of € 2,619,954,984 divided into 436,659,164 ordinary shares bearing a voting right and at a nominal value of € 6.00 each. Common shares of Piraeus Bank are intangible and listed on Athens Exchange.

January 2, 2018 was the final date (T) for the exercise of Piraeus Bank Warrants. In the ninth and final exercise process of Warrants, 7,136 Warrants on shares issued by the Bank and owned by the HFSF have been exercised, resulting in 15 common shares of Piraeus Bank which commensurately increased its free float. The Warrants which were not exercised by that date amounted to 843,629,886 and they automatically expired and were cancelled by the HFSF after the settlement date of the exercise orders on 5 January 2018 (T+3). The number of the outstanding shares of the Bank post the completion of the final exercise process of the Bank's Warrants, is the following:

Number of common shares owned by the HFSF / Percentage of total share capital	115,375,400	26,42%
Number of common shares owned by private investors / Percentage of total share capital	321,283,764	73,58%
Total number of outstanding common shares / Percentage of total share capital	436,659,164	100,00%

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 2017, as well as the treasury shares owned as 31/12/2017, 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 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 € 2,040.0 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.

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)

During the course of 2017, 98.0% of the operational needs of the Bank were covered through internal reallocation of human resources, a similar percentage as in 2016. Particular emphasis was given to strengthening the Recovering Banking Unit (RBU) with 126 people, in addition to 250 already having been placed in 2016. Moreover, the process of staffing the branch network, according to the new operational model, was concluded. In particular, 139 Hub branches and 329 Spoke branches were staffed.

The percentage of employees that were promoted reached 10.4% during 2017, while the attrition rate of voluntary exits was just 0.3%, at the same level of the previous year.

Moreover, the process for the Annual Performance Assessment for the year 2016 was completed in 2017 for 96% of total employees, recording a slight increase compared to the evaluation process of 2015, completed by approximately 94.0%

respectively. Furthermore, almost all (94.5%) Senior and Middle Management employees of the Bank were evaluated in order to strengthen and grow their leadership skills, through the Lead 360o feedback system.

Regarding training and development of the Group's human resources, 2,767 internal and external training programs were organized, totaling 624,446 man-hours of training in 2017. This represented an average of 47 hours of training per employee, at the same level as in the previous year. Moreover, 7,579 participations were recorded in internal and external programs for Leadership Development.

In compliance with the legal and regulatory framework, regarding operational risk monitoring, the Group's Human Resources & Organizational Training Unit is responsible for monitoring regularly the risk training and response indicators in addressing the Group's operational risks. To this end, in 2017 298 executives were certified in the field of investment and 478 in insurance services, while 965 already qualified executives renewed their certification. Furthermore, in 2017, 18% of the training participations concerned compliance, fraud and corruption action plans, as well as a healthy and safe working environment, protection of human rights and corporate social responsibility issues.

Respect for Human Rights and the equal opportunities principle transpire all human resources management policies, focusing on addressing discrimination, while at the same time acknowledging and respecting diversity. The Human Rights Policy and the Complaints Management Process are available to all employees through the internal communication channel HR Portal, while the principles of Human Rights policy are published on the Group's corporate website. Thus, 87.6% of human resources were trained by the end of 2017 through the e-learning seminar "Human Rights, Equal Opportunities and Diversity in the Workplace" which was also offered to the employees of 5 subsidiaries of the Group in Greece, as well as 4 abroad.

With respect to the Bank's operational risk monitoring, the Group's Human Resources & Organizational Training Unit is regularly observing the risk indicators regarding compliance with the legal and regulatory framework. This is also achieved through training on anti-money laundering and Financing of Terrorism and on employees' psycho-social issue management, combined with the development of action plans to mitigate such risks. To this end, the Bank's Operational Risk Unit monitors closely both the evolution of the risk indicators, as well as the course of the action plans. Throughout 2017, 5 such Actions plans were completed, among which was the "Signature Administration Redesign and Management".

In order to ensure that all human resources are aligned with the Bank's behavioral principles to the greatest extent possible during their employment, all employees are informed regarding the Bank's Code of Conduct and sign a solemn declaration of the Code's receipt and notification. The Framework of Employee Relations and the Code of Conduct are available at the internal website of the Bank, HR Portal.

In the course of 2017, 1,501 executives of the Bank were trained through an e-learning course regarding "Identification and Management of Risky Behaviors", increasing the total percentage of the management team being trained to 81.0% at the end of 2017 versus 58.0% in 2016. This percentage is aligned with the annual target of the respective risk indicator for the reduction of psycho-social risk deriving from the human factor.

With the aim to unify the Group's employee benefits, all Bank employees in Greece were included in a comprehensive Life, Permanent Disability and Healthcare Group Insurance Programme in March 2017. In December 2017, the Child's Savings Plan programme was made available to all employees' children in Greece. Following its homogenization, 2,062 new members (employees' children) were assigned to the programme.

There exist six Unions representing approximately 85% of the Bank's human resources. During the regular meetings between Top Management and Union representatives in 2017, various issues were addressed regarding institutional and financial requests, resolving to a Collective Employment Agreement signed between the representative Union of Piraeus Bank Employees (SETP) and the Management for the period of 5/2017 – 5/2018.

Moreover, the Bank is fully aligned with the legislation in force regarding security and health issues in the workplace, offering 10,544 hours of doctor and security technician appointments, in 766 of its Headquarters in 2017. During the course of the year, only one accident was recorded in a bank branch.

Focusing on sustainable growth and acknowledging the value of collegiality and solidarity, 75 volunteer actions took place in 2017, numbering an excess of 10,000 employee participations. Finally, during the 2nd trimester of 2017, an Employee Commitment Survey was concluded in Greece, titled "Transforming the Employee Experience". Employee participation in this survey numbered 10,833 (81%% of the total human resources in Greece).

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) since 2007 and is a signatory 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".

In the context of its environmental policy, the Bank is committed to constantly reducing its environmental and energy consumption footprint. To this end, it measures the environmental effects of its operations annually, while concurrently implementing actions aimed to reduce its environmental footprint. The above data is disclosed annually in the Sustainability Report and in the Environmental Statement.

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. In 2017, the Bank's EMS was updated in order to adapt to the new ISO 14001:2015 standard. The latter takes into account risk management and opportunity factors relating to environmental aspects, and require commitments to sustainability and social responsibility, in addition to greater involvement on behalf of the top management.

Incorporating more than 750 buildings and over 900 employees directly involved in the EMS (7% of the employees in Greece), the Bank is one of the largest institutions in Europe implementing such a strict environmental management standard. In the context of the EMS, total carbon dioxide emissions and paper consumption per employee measured from 2008 until 2016 were reduced by 36% and 29% respectively. Accordingly, electricity consumption per square meter decreased by 19%. [1] During 2017 Piraeus Bank Group secured Guarantees of Origin for the first time, ensuring that all electrical power consumed within 2016 originates from Renewable Energy Sources (RES). Environmental benefits aside, estimated net operating cost savings pertaining to the Bank's environmental programs' implementation amount to € 5 million annually.

Piraeus Bank performs an annual calculation of the climate risk 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

[1] For more information: http://www.piraeusbankgroup.com/el/corporate-responsibility/environment/environmental-fields-of-action/environmental-management

Risk Management Application, which assesses on financial terms the climatic exposure of Greek businesses and was developed by the Bank. The total climate exposure of the Bank's business borrowers was calculated for 2016 at € 592 million, that is 1.3% of their total turnover, and for 2015 at € 674 million, i.e 1.6% respectively. Only 6.7% over the total number of Bank's business borrowers are considered to be operating in sectors that are exposed to high climate risk.

In 2017, Piraeus Bank Group completed the development of the Environmental and Social Management System (ESMS), which consists of procedures for effective management of environmental and social risks arising from the Group's financing exposures.

With its implementation, corporate financing processes were reinforced, adopting environmental as well as social criteria, according to the national, European and international standards. Simultaneously, transparency is enhanced, as is lending portfolio quality and timely customer notification and support in managing possible risks. During 2017, amendments of loan contracts and required systemic adaptations were integrated, aiming at an effective and intact ESMS application.

Finally, the Bank participates in the "EU Business @Biodiversity Platform" European initiative. The objective of this platform is to develop principles, measuring tools and approaches incorporating biodiversity in entrepreneurship.

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 2017, and a relevant detailed reference is included in the Group's 2017 financial statements.

Risk Management

Risk Management is an area of particular interest and continuous focus for the Bank's senior management having as its target the most effective risk monitoring and control, at the Bank and Group level, and aiming at the preservation of stability and continuity of operations. The prudent application and continuous development of the risk management framework constitutes a priority and is taken into account when designing the operating and strategic plans of the Group.

The Group has established well defined processes and sufficient mechanisms for the control of risk, in order to identify / manage / monitor / report risks.

The Group, recognizing its exposure to various types of bank related risks, has developed a framework to manage them.

<u>Financial Risks Management</u>

- Implementation of a program for the adoption of IFRS 9
- Design, preparation and simulation of stress tests (EBA Stress Test 2018)
- Development of a Value Based Management (VBM) framework
- Development of Data Governance Framework and Policy
- Design, preparation for and implementation of the transition to the new framework for offering investment services MiFiD & PRIPs (under Directive 2014/65/EU)

- Design, preparation and implementation of Regulation 2016/867/EU for the collection of analytical credit and credit risk data (Credit Dataset, AnaCredit)

Credit Risk Management

Credit risk is defined as the potential risk to realize financial losses stemming from the possibility that counterparties fail to meet their contractual / transactional obligations. 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

During the past year the major initiatives, aiming at upgrading the Group's Credit Risk Management Framework, were the following:

- Project implementation for the automated production of reports for regulatory reporting requirements (Credit Risk - FINREP) through the enhanced intra-group platform Moody's Risk Authority
- Creation of a consolidated historical database of ratings for business clients at Moody's Risk Authority as well as their main financial data and financial ratios, to achieve a complete access to business units and management information
- Implementation of projects in order to improve the monitoring of business credit limits and loans as well as the management of troubled assets
- Participation in the project of regulatory reporting via PEE102
- Update of procedure manual of Retail Credit Control
- Implementation of 12 projects under the IFRS 9 program and participation in the project of independent validation of IFRS 9 models
- Development of 4 models for IRB & IFRS 9 purposes (special case financing portfolios)
- Support/participation in the IRB program – projects for the creation of a historic database, a model for governance of examples and a model for the development/validation of models
- Support/participation in the project VBM – cost or risk, in the framework of estimation of the economic value added at the level of VBM category
- Development of a model for the purposes of evaluation of new loan requests stemming from the agriculture portfolio

Market & Liquidity Risk Management

Liquidity risk is the risk that a financial institution will not be able to meet its financial obligations as they become due. The Bank acknowledges that the effective management of liquidity risk is positively contributing to the ability to meet financial obligations, without the risk of significant economic losses.

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 and commodity prices and foreign exchange rates. Piraeus Bank measures market risk using the Value at Risk Method (VaR) for both the trading and the available for sale (AFS) portfolios. The total VaR ranged at relatively low levels.

During the past year the major initiatives, aiming at upgrading the Group's Market & Liquidity Risk Management Framework, were the following:

- Completion of conducting gap analysis and development of a framework for interest rate risk management in the banking book (IRRBB) and stress testing based on EBA requirements
- Completion of the methodology and evolving implementation of the project for the full application of the regulatory framework and the calculation of the regulatory ratios of Liquidity Risk (CRD IV liquidity framework implementation)
- Development of a model for the recording of liquidity risk in the documents for cooperation proposal and position representing a creditor / creditor's Group
- Update and submission to regulatory authorities of the Group Recovery Plan
- Update of internal procedures for managing liquidity risk and procedure for managing foreign exchange risk of domestic subsidiaries
- Modification of flows acquisition of market data with the aim to access data through the Quantify platform of the Bank and reduction of operating cost and risk (continued)
- Support/participation in the calculation of the MRM market risk index and performance scenarios, as required by MiFID II framework.
- Optimization of the systemic procedures for recognition and reporting of data on the Bank's bond commitments in the framework of regulatory reports

Operational Risk Management

Operational risk is the risk of a loss stemming from the inadequacy or failure of internal controls and systems, from the human factor or external events.

During the past year the major initiatives, aiming at upgrading the Group's Operational Risk Management Framework, were the following:

- Coordination of the project for the strengthening of the Bank's Internal Audit System (IAS) which focuses on a) the creation of enhanced roles (liaisons of operational risk) in the structures of business units b) strengthening of the role of the Operating Risk Management units, which will be connected as a line of reporting with the above structure and will have a pivotal role to IAS issue.
- Development of a framework for recognition of points of control of operating risk and evaluation of their effectiveness
- Expansion of both processes and infrastructure for the collection and management of operational risk incidents and losses with emphasis to incidents related to credit risk
- Completion of the development of infrastructure and procedures for the collection and reporting of incidents and losses related to Information & Communication Technology (ICT) Risk.
- Gradual integration of all the function of operating risk management in the new management platform, which is already installed and operating.
- Support/participation in projects of improving mitigation mechanisms for operating risk related to the fire safety framework, the monitoring of liabilities from court decisions / contracts and the management of internal fraud incidents

Capital Management

- Coordination, management and implementation of planned projects for the Group's transition to IRB approach for credit risk

- Upgrade of the tool estimating risk weighted assets and completion of a pilot test in the framework of the 2nd phase of the project for the expansion of the use of credit risk weighted assets in the approval process (cooperation proposal and position), a project aiming to strengthen the business decision procedure and the optimization of regulatory capital use.
- Conduct of tests for the quantitative impact of future regulations on capital adequacy (new standardized approach for credit risk, counterparty risk, CVA, Fundamental Review of the Trading Book – FRTB), and actions for the acquisition of intermediate tools for FTRV calculation
- Implementation of the project for the incorporation of the provisions of Regulation (EU) 2017/2395 on the transitional application of IFRS 9 provisions in the regulatory capital and the calculated capital adequacy ratios

Group Risk Coordination & Model Validation

- Completion of the development of a Risk Based Pricing system for both mortgages and SME loans
- Coordination and development of Risk & Capital Strategy and the framework for Risk Appetite Framework for 2018 at a Group level, including subsidiaries
- Coordination and implementation of the risk recognition procedure for 2018 with the participation of the central units of the Bank and the domestic subsidiaries
- Development of a model validation framework

Corporate Credit Control

- Conduct of independent assessments and regular monitoring of developments in the quality of post approval credit exposures as well as of review practices of the Group's business portfolio credit risk.
- Update of the model and the evaluation criteria used in the evaluation of business portfolios
- Support/participation in the data governance projects framework and the risk data model (continued)
- Support for the production of the connected borrowers' exposure development report and production of the credit extension margin report for these borrowers, aiming at complying with a relevant commitment to DG Comp.
- Support in setting up a policy for evaluation and re-evaluation or real estate and loan sale policy (continued)

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 area would have implications on the Bank's liquidity, asset quality, its financial results and its capital base.

In addition, risks related to the failure of conclusion of Greece's financial adjustment program which expires in August 2018, and/or the absence of a convincing macroeconomic strategy for the day after, could bear an adverse effect on the economy and the Greek banking system and to reduce confidence to the prospects of the Greek economy. Nevertheless, lagging investments and the high stock of non-performing loans remain the most significant challenges that need to be confronted.

Estimates for the Development of Piraeus Group's Operations in 2018

The first months of 2018 undoubtedly constitute a positive conjuncture 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 anticipate a positive GDP growth of circa 2% for Greece in 2018, albeit lower than initial estimates.
A necessary condition is the successful conclusion of Greece's financial support programme, which is expected to have positive effects in the restoration of confidence in the Greek economy.

However, in order to achieve a smooth conclusion of the financial support programme and the country to return to a viable growth trajectory, it is imperative to continue the reform and privatization efforts, the first step being the lift of the obstacles around the large privatizations, and to preserve the recent the fiscal achievements.

Piraeus Bank, in the context of its business planning, is concentrating on all potentials and opportunities for recovery. The main issues to address for 2018 remain: a) improvement of asset quality, through the consistent achievement of the 2018-2019 operational targets, b) the improvement of liquidity through the gradual restoration of deposits and full elimination of the ELA funding, c) safeguarding solid capital base d) the return to profitability, through constant improvement of revenue sources, as well as operational efficiency. Moreover, the effort for further deleverage, mainly of the Bank's foreign assets, is expected to continue and conclude, in accordance to the commitments of the Restructuring Plan.

Finally, Piraeus Bank has completed the overall revamp of its Board of Directors, incorporating members with international financial expertise, strengthening its corporate governance. Furthermore, it has reinvigorated its top management, strengthening its executive management team and thoroughly review of all internal control functions and policies.

We now possess the necessary know-how, the experience and the decisiveness to address today's challenges and to ensure that the Bank is well positioned to deliver against the demanding operational and corporate governance requirements, which are derived from the best international practices, as well as from ECB's recommendations.

CORPORATE GOVERNANCE STATEMENT

This Statement on Corporate Governance of Piraeus Bank forms part of the Management Report of the Board of Directors and contains information regarding the matters of article 43bb) of Codified Law 2190/1920 as at the reporting date of 31/12/2017.

In particular, Chapter I describes the institutional and regulatory framework that the Bank applies in terms of corporate governance and operation as well as the elements of its Corporate Governance Structure and Operating Regulation. Chapter II includes the analysis of the composition and manner of operation of the Bank's management, administrative and supervisory bodies and committees, including Internal Control System, Compliance and Risk Management System implemented by the Bank.

I. APPLICATION OF INSTITUTIONAL FRAMEWORK & CORPORATE GOVERNANCE STRUCTURE AND OPERATING REGULATIONS

Piraeus Bank, in its capacity as a Société Anonyme company listed on the Athens Stock Exchange, in parallel with the provisions of Codified Law 2190/1920 and its Articles of Association, applies the provisions on Corporate Governance of listed companies set out in Law 3016/2002. Furthermore, Piraeus Bank, as a financial institution, supervised by the Bank of Greece, applies the most stringent special provisions of Law 4261/2014 and of the Bank of Greece Governor's Act 2577/9.3.2006 regarding principles of operation of credit institutions and the criteria for evaluating their Internal Control System.

Furthermore, Piraeus Bank has established and applies the Corporate Governance Structure and Operating Regulation ("the Regulation"), which constitutes an internal document of the Bank. The Regulation incorporates the regulations arising from the mandatory institutional framework (especially Law 3016/2002, Law 4261/2014, Bank of Greece Governor's Act 2577/9.3.2006, Capital Market Commission Resolution No. 5/204/14.11.2000, the provisions of the Athens Stock Exchange Regulations) and adopts the international Corporate Governance practices, including the Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance (2004).

Both the Bank's Articles of Association and its Regulation, which have been submitted to the Hellenic Capital Market Commission in writing, are posted on the Bank's website, www.piraeusbankgroup.com.

The main objectives of the Regulation:

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 with a clear definition of the competencies and areas of accountability of each administrative unit of the Bank, constitutes the basis upon which the functions and operations of the Bank are founded. Particular emphasis is given to the setting up of a clear organizational structure with distinct, transparent and consistent lines of responsibility, the establishment of efficient and detailed procedures for conducting the Bank's operations and of adequate control mechanisms in respect of such procedures, as well as to the identification, management, 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 control 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.

Moreover, in the context of the provisions of Law 3864/2010, a Relationship Framework Agreement ("RFA")[2] dated 27.11.2015 was entered between the Bank and the Hellenic Financial Stability Fund ("HFSF"). The RFA regulates the relationship between the Bank and the HFSF on matters related to, amongst others, (a) the Corporate Governance of the Bank, (b) the monitoring of the implementation of the Restructuring Plan, (c) the monitoring of the implementation of, and performance on, the Bank's NPL management framework, (d) the rights and obligations of the HFSF's Representative on the Board, (e) the obligatory approval of the HFSF on material matters, as well as (f) the monitoring of the Bank's risk profile as against the approved Risk and Capital Strategy.

II. MANAGEMENT, ADMINISTRATIVE AND SUPERVISORY BODIES AND COMMITTEES

1. General Meeting of shareholders

1.1 The responsibilities of the General Meeting

The General Meeting of the Shareholders of Piraeus Bank is the supreme body of the Bank and among other functions, it is responsible inter alia for electing the members of the Board of Directors, the external auditors and for the approval of Annual Financial Report that incorporates the Board of Directors' Report and the Consolidated and Separate Financial Statements. The responsibilities of the General Meeting are as provided by the legislative provisions in force and the Bank's Articles of Association.

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

1.2 Convening of General Meeting

The General Meeting of Shareholders must meet at the Bank's registered office, or within the boundaries of any other municipality in the registered office's prefecture, or within those of an adjacent municipality or in the region of the municipality in which the Athens Stock Exchange is registered, at least once each fiscal year, in accordance with the applicable law and the Bank's Articles of Association. The General Meeting is convened at least twenty (20) days prior to the session (not including the days of invitation and session) by Board of Directors' invitation to the shareholders.

The invitation of the General Meeting is posted, according to the law, on the Piraeus Bank's website http://www.pirauesbankgroup.com as well as on the General Commercial Registry -GEMI. In the event of iterative General Meetings of Shareholders the invitation is announced as described above at least ten days before the meeting. No notice of further convocation is required if the initial convocation states the location and timing of iterative meetings, in the absence of a quorum, provided at least ten (10) full days elapse between the postponed meeting and the iterative one.

Furthermore, from the day of the announcement of the invitation of the General Meeting of Shareholders until the day of the General Meeting the following minimum information is posted on Piraeus Bank's website:

- Explanatory Note for each Item of the Agenda, which will be proposed for approval by the General Meeting
- Form of proxy for the participation and voting in the General Meeting via representative
- Extensive Information, according to art. 26 par. 2b of Codified Law 2190/1920 regarding the shareholder's minority rights, as defined to art. 2, 2a, 4 και 5 of article 39 of Codified Law 2190/1920 as in force, for the minority rights and the terms to exercise them and
- the total number of shares and voting rights, as existing at the convocation date of Piraeus Bank's shareholders to the General Meeting.

The General Meeting is in quorum and takes decisions on the issues of the daily agenda, which are considered valid, if the shareholders representing at least 1/5 of the paid-up share capital are present or represented.

In the absence of a quorum, the General Meeting is convened again within twenty (20) days from the date of the cancelled session, provided that it has been invited at least ten (10) days before the convening, while at the first repeating session, the meeting is in quorum and takes decision for the issues of the initial daily agenda, which are considered valid, irrespective of the represented part of the paid-up share capital.

On an exceptional basis, for the decisions concerning the change of Bank's nationality, change of the Bank's main activity, augmentation of shareholders' liabilities, share capital increase that it is not provided for in the articles of association, according to the paragraphs 1 and 2 of the article 13 of the Codified Law 2190/1920, unless it is dictated by the law or performed by capitalization of reserves, share capital decrease, unless it is performed according to the paragraph 6 of the article 16 of the Codified Law 2190/1920, change of the way of appropriating the profits, merger, division, conversion, revival, extension of duration or winding-up of company, renewal of Board of Director's power or granting the Board of Directors power to increase the share capital, according to paragraph 1 of the article 13 of the Codified Law 2190/1920, and in any other case as specified by the law, the meeting is in quorum and takes valid decisions on the issues of the daily agenda, when the shareholders representing the two thirds (2/3) of the paid-up share capital are present or represented in it.

In the absence of a quorum, the General Meeting is convened once again within twenty (20) days from the date of the cancelled session, provided that it has been invited at least ten (10) days before its convening, while at the first repeating session, the meeting is in quorum and takes valid decisions on the issues of the initial daily agenda, when at least the ½ of the paid-up share capital is represented. If no quorum is reached, the General Meeting is convened once again within twenty (20) days from the date of the cancelled session, provided that it has been invited at least ten (10) days before its convening, while at the second repeating session, the meeting is in quorum and takes valid decisions on the issues of the initial daily agenda, when at least the 1/5 of the paid-up share capital is represented.

A more recent invitation is not required for the convening of the first or second repeating session, if the initial invitation specifies the place and time of repeating sessions, which are provided for by the law in the absence of quorum, under the condition that at least ten (10) full dayselapse between each cancelled session and each repeating one.

The General Meeting's decisions are taken by an absolute majority of the votes represented in the session. On an exceptional basis, the decisions provided for in the par. 3 and 5 of the article 29 of the Codified Law 2190/1920 are taken by a majority of 2/3 of the votes represented in the session.

1.3 Right to participate and vote

Shareholders having the right to participate and vote in the General Meeting are those registered at the opening of the fifth day prior to the date of the General Meeting (Record Date), in the electronic registry of the Dematerialized Securities System ("DSS"), managed by "Hellenic Central Securities Depository" (HCSD) and kept by Hellenic Exchanges S.A. ("HELEX").

In the event the required quorum is not met at the General Meeting, the Shareholders having the right to participate and vote at the Iterative General Meetings are those registered in the above registry (Record Date of the Iterative General Meetings).

The Shareholder status on the Record Date and the Record Date of the Iterative General Meetings is verified through the direct electronic linkup of the Bank with the records of the Dematerialized Securities System ("DSS"). No share blocking is required during the period between the Record Date or the Record Date of the Iterative General Meetings and the date of the relevant General Meeting.

1.4 Procedure for participation and voting by Proxy

Shareholders participate in the General Meeting either in person or by proxy whom they can appoint and revoke in accordance with the provisions of law as in force.

1.5 Shareholder Minority Rights

Shareholders representing at least one twentieth (1/20) of the paid-up share capital may request, that the Board of Directors includes additional items on the agenda of the General Meeting (GM) by means of an application submitted at least fifteen (15) days prior to the date of the GM. In this instance this application must be delivered to the Board of Directors at least fifteen (15) days prior to the date of the GM. The application for the inclusion of additional items on the agenda for the GM is accompanied by a justification or a draft decision to be approved at the GM. The revised agenda is then published, as in the case of the previous agenda, at thirteen (13) days prior the GM date. At the same time, the revised agenda is made available to Shareholders through its being posted on the Company's website, together with the justification or the draft decision which the Shareholders have submitted, pursuant to article 27, par. 3 of Codified Law 2190/1920.

Shareholders representing at least one twentieth (1/20) of the paid-up share capital may request of the Board of Directors, upon submission of a respective application, to provide the Shareholders with draft resolutions for items included in the initial or revised GM agenda, by uploading the same at least six (6) days prior the date of the GM, to the Bank's website (http://www.piraeusbankgroup.com). This application must be submitted to the Board of Directors at least seven (7) days prior to the date of the GM.
Following a request submitted by any Shareholder to the Bank at least five (5) full days before the GM, the Board of Directors must provide to the GM the requested specific information on the Bank' s affairs, to the extent that the requested information is useful for the actual assessment of agenda items. The Board of Directors may give a comprehensive reply to Shareholders' applications with the same content. Information disclosure liability does not exist, in the case that the relevant information is already available on the Bank's webpage, particularly in the form of questions and answers. Also, at the request of Shareholders representing one twentieth (1/20) of the paid up share capital, the Board of Directors must announce to the GM the amounts that have been paid during the last two years to each Member of the Board or the Bank's directors as well as any benefits that were granted to the above persons for any reason or on the basis of their agreement with the Bank. In all of the above cases, the Board of Directors may decline the provision of information for an adequate and substantial reason, mentioned in the minutes.

Following a request of Shareholders representing one fifth (1/5) of the paid up share capital, submitted at least five (5) full days prior to the GM, the Board of Directors must provide to the GM information on the progress of corporate affairs and the Bank's assets. The Board of Directors may decline to provide the requested information for an adequate and substantial reason, mentioned in the minutes.

In all of the cases referred to above, requesting shareholders must prove their capacity as a shareholder during the exercise of such a right. Such proof can be an attestation from the organization where the securities are kept or verification of Shareholder status through direct electronic connection between the organization and the Bank.

Information on the operation and decisions of the General Meetings of the Bank's shareholders is available on the Bank's website, trough the following link: http://www.piraeusbankgroup.com/el/investors/corporate-governance/general-meetings

2. The Board of Directors

2.1. Composition

In accordance with article 8 of its Articles of Association, as in force today, the Bank is managed by a Board of Directors (BoD) 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 and his responsibilities are determined in 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) the BoD must be composed of no fewer than seven (7) and no more than fifteen (15) members. Only an odd number of members is permitted, including the HFSF's Representative on the Board, according to Law 3864/2010, b) the Chairman of the Board must 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 must be comprised 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 Law 3016/2002 and the Recommendation 2005/162/EC, and d) the BoD must include at least two (2) executive members.

The Board of Directors has adopted a Policy on the Nomination of Board Members which was updated in 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 assessment of the suitability of BoD members (2012), and 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 dedication of sufficient time for the operations of the BoD, (d) criteria with respect to financial experience within the banking sector, commitment on the application of international best banking practices with particular emphasis on risk management, compliance and the Internal Control System (ICS), sufficient knowledge of the 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 Board of Directors and the Nomination Committee, such person:

(a) must meet the suitability criteria (fit and proper) set out under (a) below,
(b) may have no potential conflicts of interest with the Bank,
(c) must be able to commit sufficient time to the BoD of the Bank depending on the position for which they are recommended, and
(d) 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:** Candidates, based on their background, must be able to inspire the trust required for a member's accession to the highest management body of the Bank. The Committee ensures that all candidates have an impeccable reputation.
2. **Expertise and prior Professional Experience:** Candidates must possess adequate expertise and have a successful career in their line of business. They must be able to provide relevant evidence of their prior professional experience in satisfaction of the requirements set out herein.
3. **Independence of mind:** Candidates should be able to form opinion and express their independent opinion on all issues undertaken by the Board of Directors.

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

The Nominations Committee and the BoD ensure that candidate Directors possess such professional capacities as are compatible with the role of 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, in accordance with the provisions of the Bank's Corporate Gorvanance Structure and the regulatory framework, applicable from time to time, and in particular article 23 of Cod. Law 2190/1920.

All candidates must, prior to their final election, submit a statement that no conflict of interest with the Bank will arise following their election as Members of the BoD.

(c) Commitment of time

All candidates must be able to dedicate sufficient 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 they may hold outside of 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 Article, Directors may not hold more than one of the following combinations of directorships at the same time: (a) one position as executive member of a board of directors and two positions as non-executive members of boards of directors; or (b) four positions as non-executive members of boards of directors.

(d) Desired Director skillset

It is desirable that each candidate possesses one or more of the following attributes, and that the BoD collectively possesses 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 (the "ICS").
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 Bank 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 HFSF.

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 the Codified Law 2190/1920 for the completion of this appointment, including the required notification to the General Assembly.

The term of office for the members of the Bank's Board of Directors is three years, and is extended until the Annual General Meeting (AGM) which convenes following the expiry of their term. The current BoD was elected on the General Meeting held on 28 June 2017 and consequently its term of office expires on 28 June 2020, to be extended according to the aforementioned.

If a Board member resigns, passes away or forfeits his/her office in any way, or whose office is declared forfeited 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 Board of Directors of Piraeus Bank S.A. elected by the Annual General Meeting of 28/06/2017 and was reconstituted on same date as a corporate body with the following composition:

1.	George Handjinikolaou, son of Petros	Chairman of the Board, Non-Executive Member
2.	Karel De Boeck, son of Gerard	Vice Chairman of the Board, Independent Non-Executive Member
3.	Christos Megalou, son of Ioannis	CEO, Executive Member
4.	Ilias Milis, son of Demetrios	Executive Member
5.	Venetia Kontogouri, daughter of Gerasimos	Independent Non-Executive Member
6.	Arne Berggren, son of Sten	Independent Non-Executive Member
7.	Enrico Tomasso Cucchiani, son of Clemente	Independent Non-Executive Member
8.	David Hexter, son of Richard	Independent Non-Executive Member
9.	Solomon Berahas, son of Albertos	Non-Executive Member
10.	Alexander Blades,son of Zisis,	Non-Executive Member

11.	Aikaterini Beritsi, daughter of Konstantinos	Non-Executive Member, Representative of the Hellenic Financial Stability Fund to the Board of Directors pursuant to Law 3864/2010

As at 31/12/2017, and on the date of publication of this Annual Financial Report, the Board of Directors has the following composition, as such was formed following amendments (resignations, replacements of Members) the reconstitution of the Board as a body and the appointment of executive and Non-Executive Members pursuant to Law 3016/2002:

1.	George Handjinikolaou, son of Petros	Chairman of the Board, Non-Executive Member
2.	Karel De Boeck, son of Gerard	Vice Chairman of the Board, Independent Non-Executive Member
3.	Christos Megalou, son of Ioannis	CEO, Executive Member
4.	Georgios Georgakopoulos, son of Gregorios,	Executive Member
5.	Venetia Kontogouri, daughter of Gerasimos	Independent Non-Executive Member
6.	Arne Berggren, son of Sten	Independent Non-Executive Member
7.	Enrico Tomasso Cucchiani, son of Clemente	Independent Non-Executive Member
8.	David Hexter, son of Richard	Independent Non-Executive Member
9.	Solomon Berahas, son of Albertos	Non-Executive Member
10.	Alexander Blades,son of Zisis,	Non-Executive Member
11.	Per Anders Fasth, son of Jörgen	Non-Executive Member, Representative of the Hellenic Financial Stability Fund to the Board of Directors pursuant to Law 3864/2010

In particular, the amendments made to the BoD composition after its election by the Annual General Meeting of 28/06/2017 were the following:

- The Board of Directors at its meeting dated 28/11/2017, and further to a letter dated 24/11/2017 from the Hellenic Financial Stability Fund and in accordance with article 10 of L. 3864/2010, elected Mr. Per Anders Fasth as the new Non-Executive Member of the Board and representative of the Hellenic Financial Stability Fund in replacement of Mrs. Aikaterini Beritsi who had submitted her resignation.
- The Board of Directors at its meeting dated 20/12/2017, elected Mr. Georgios Georgakopoulos, Senior General Manager, as a new member to the Board of Directors for the remainder of the Board of Directors' term of office, in replacement of Mr. Ilias Milis, Executive Member who has submitted his resignation.

According to the revised RFA, an Observer attends the Board of Directors meetings without voting rights. Finally, a representative of the Monitoring Trustee also attends the Board of Directors' meetings (see below).

The Board of Directors of the Bank consists of members with international leadership expertise and knowhow and particularly in the areas of banking restructurings and the reduction of non-performing loans. Moreover, the new members of the Board possess in depth knowledge and experience of the banking market. In addition, it became apparent by the assessment performed by the HFSF pursuant to article 10 of L. 3864/2010, with the assistance of an internationally recognized expert, that the members of the Board of Directors actively contribute to the improvement of the corporate governance framework, are driving the respective required amendments whilst actively participating in the creative debates and the quest for solutions to the challenges faced by the Bank.

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)

2. 2 Diversity of the BoD members

In December 2016, upon suggestion of the Board Nomination Committee, the Board of Directors adopted the Board of Directors Diversity Policy[3]. 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.

Both the changes of the BoD composition during 2016 and the election of the Board of Directors by the Annual General Meeting of 28/06/2017 were effected inter alia subject to the limitations set by the strict criteria of Law 3864/2010, the general principles set out in the Board of Directors Diversity Policy, in line with areas mainly related to skills and educational and professional background as well as the ethnic origin of every member. 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 women 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 is working on that direction despite 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 to be taken on the basis that the non-executive members of the Board Members exercise critical control to the Management.

2.3 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.

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

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 Director or the Executive Director appointed for that purpose by the Board, 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")[4]. In this

[4] 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").

context, representatives of the Monitoring Trustee participate as observers in the meetings of the Board and in executive committees and other important committees, including the Risk Management and Audit Committees.

The Board of Directors held seventeen (17) meetings during the year 2017.

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

Board Members Participation in the BoD and the respective committees

	Board of Directors		Risk Management Committee		Nomination Committee		Remuneration Committee		Audit Committee		Strategic Planning Committee		Group Executive Committee	
	Average Participation: 89%	Total Number of Meetings: 17	Average Participation: 92%	Total Number of Meetings: 13	Average Participation: 100%	Total Number of Meetings: 5	Average Participation: 78,6%	Total Number of Meetings: 9	Average Participation: 83%	Total Number of Meetings: 13	Average Participation: 87,5%	Total Number of Meetings: 6	Average Participation : 93%	Total Number of Meetings: 32
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
George Handjinicolaou	100%	17/17									100,0%	6/6	-	-
Karel De Boeck	82%	14/17	100%	13/13					92,0%	12/13	83,3%	5/6	-	-
Christos Megalou (BoD.: from 08.03.2017)	87%	13/15											95%	20/21 (from 26.04.2017)
George Georgakopoulos (BoD.: from 20.12.2017)	0%	0/1											88%	7/8 (from 28.09.2017)
Venetia Kontogouris (BoD.: from 28.06.2017)	75%	6/8					50,0%	1/2			50,0%	1/2	-	-
Arne Berggren	100%	17/17	77%	10/13	100,0%	5/5	100,0%	9/9	100,0%	6/6	83,3%	5/6	-	-
Enrico Tommaso Cucchiani	88%	15/17			100,0%	5/5	72,0%	5/7	20,0%	1/5	83,3%	5/6	-	-
David Hexter	94%	16/17	85%	11/13	100,0%	5/5	85,0%	6/7	100,0%	13/13	100,0%	6/6	-	-
Solomon Berahas	100%	17/17	100%	11/11	100,0%	5/5	100,0%	5/5	100,0%	11/11			-	-
Alexander Blades	100%	17/17	100%	11/11	100,0%	5/5	100,0%	9/9			100,0%	6/6	-	-
Per Anders Fasth (BoD.: from 28.11.2017)	100%	1/1	100%	1/1	100,0%	1/1			100,0%	1/1			-	-
Aikaterini Beritsi (BoD.: until 28.11.2017)	100%	16/16	100%	12/12	100,0%	4/4	100,0%	9/9	100,0%	12/12	100,0%	6/6	-	-
Ilias Milis (BoD.: until 20.12.2017)	88%	7/8											100%	32/32
Iakovos Georganas (BoD.: until 28.06.2017)	100%	9/9	100%	2/2									-	-
George Poulopoulos (BoD.: until 28.06.2017)	89%	8/9											100%	32/32
Apostolos Tamvakakis (BoD.: until 22.02.2017)	100%	1/1	50%	1/2			50,0%	1/2					-	-
Stavros Lekkakos (BoD.: until 22.02.2017)	100%	1/1					50,0%	1/2	50,0%	1/2			-	-
Charikleia Apalagaki (BoD.: until 22.02.2017)	100%	1/1											-	-
Vasilios Koutentakis	-	-											100%	8/8 (from 28.09.2017)
Spyridon Papaspyrou	-	-											87%	20/23 (until 14.09.2017)
Konstantinos Georgiou	-	-											91%	21/23 (until 06.09.2017)
Efthichia Kasselaki	-	-											100%	24/24 (until 25.09.2017)
Thymios Kyriakopoulos	-	-											94%	16/17 (from 29.06.2017)
George Kormas	-	-											100%	17/17 (from 29.06.2017)
Ioannis Sgourovasilakis	-	-											93%	14/15 (until 03.07.2017)
Athanasios Arvanitis	-	-											91%	29/32
Pinelopi Lazaridou	-	-											92%	11/12 (until 19.05.2017)
Georgios Mantakas	-	-											97%	31/32
Constantinos Loizides	-	-											69%	22/32
Konstantinos Paschalis	-	-											91%	29/32

2.4. Responsibilities

Pursuant to Article 15 of the Bank's Articles of Association, 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 objectives in general. The Board of Directors may not resolve on issues which, in accordance with the law and the Articles, fall within the exclusive responsibility of the General Meeting.

Under Article 16 of the Bank's Articles of Association, the Bank is represented by its Board of Directors, which may in writing delegate authority relating to 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[5].

2.5. Assessment of the Board of Directors

In July 2017, the HFSF proceeded with the assistance of Promontory Financial Group, an independent consultant of international reputation, to the assessment of the Bank’s corporate governance system in accordance with par.5, art.10 of Law 3864/2010, which focused more on the assessment of the BoD and of the Audit and Risk Management Committees. Following such assessment, the recommendations which were addressed to the Bank in September 2017 concerned mainly the improvement of the design and the implementation of the Risk Appetite Framework, the oversight of the Internal Control System, the alignment of the business strategy with the aforesaid systems and the management of Non Performing Loans. On the other hand, the significant improvement of the corporate governance system of the Bank was acknowledged with respect to the operation and effectiveness of the BoD and its Committees. The conclusions of such assessment acknowledge in particular, that the new Chairman of the Board as well as the Board members are focused on the improvement of the corporate governance and are driving changes. Moreover, the Board of Directors is focusing on the constructive exchange of views and the pursuit of solutions to the challenges faced by the Bank.

It is noted that the Bank has already completed actions in order to eliminate some of the weaknesses identified in the assessment of the HFSF and has implemented and will complete within 2018, remediation ameliorative actions in respect of the rest of the weaknesses. In this context, inter alia:

- a new performance evaluation system of management officers is being designed (which will include the CEO), which includes as core elements the personal target setting (different per person and aligned with the Risk Appetite Framework of the Bank) and the evaluation of corporate values.
- as part of the secretariat support to the Board members, a new electronic system for uploading, provision to and cataloguing and archiving of all necessary documents has already been implemented

[5] 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.

- the risk culture has already been enhanced through: a) the new governance in the areas of Core Banking and RBU Committees, b) the in progress update enhancement of the Risk Appetite Framework, c) the enhancement of the Internal Control System d) the enhancement of the monitoring and reporting of the write-offs.
- the current management succession planning policy of the Bank is already being processed
- corrective interventions to the remuneration system of the Bank being examined, taking into consideration legislative and regulatory limitations
- induction programs are being carried out on a more frequent basis whilst the annual Strategy Seminar for the member of the Board is being carried out in parallel.

In addition to the above, the BoD performed and concluded its own self-assessment for the year 2017 via questionnaires which were circulated to the members. The members of the BoD were asked to assess several areas of interest including inter alia with respect to the Board mandate, strategy and culture, the team dynamics and the Board Committees.

The analysis of the feedback received on the aforesaid indicative areas revealed the following basic conclusions:

PART 1: BOARD MANDATE, STRATEGY & CULTURE	Important Changes Required	Small Changes Required	Meets Expectations	Above Average	Excellent	Don't know	Scoring Average	Overall Scoring
1. The board has a clear view of the board's own purpose and values	0	0	0	4	7	0	4.64	EXC
2. The governance framework determining authority levels for board, committees, and executives is clear	0	0	1	5	5	0	4.36	AA
3. Directors have a common understanding of the Bank's purpose, its culture, its values and the standards and behaviours which it wishes to promote	0	0	0	3	8	0	4.73	EXC
4. The board ensures the promotion of the Bank's values throughout the organisation	0	0	0	4	7	0	4.64	EXC
5. The board has assured itself that an ethical corporate culture is clearly articulated and being sustained in all aspects of the business, throughout the organisation and in interactions with stakeholders	0	0	0	5	6	0	4.55	EXC
6. The board is sufficiently involved in - and has sufficient input into - the shaping and development of the Bank's strategy	0	1	1	2	7	0	4.36	AA
7. The board is committed to ensuring that the long-term strategy is aimed at delivering a sustainable business through exceptional client experiences and superior value	0	1	0	2	8	0	4.55	EXC
8. The board is confident that the key strategic challenges of the next 1-3 years are being effectively addressed by management	0	0	2	4	5	0	4.27	AA
9. The board is confident that the key strategic opportunities of the next 1-3 years are being effectively pursued by management	0	0	4	4	3	0	3.91	AA
10. The board is of sufficient size that the requirements of the business can be met	0	0	3	4	4	0	4.09	AA
11. The board has the right balance of independent Non- Executive Directors and Executive Directors	0	1	1	3	6	0	4.27	AA
12. Non- Executive Directors are able to commit sufficient time to the company to discharge their responsibilities effectively	0	0	1	3	7	0	4.55	EXC
13. Members of the board are able to make their own sound, objective and independent decisions and judgements	0	0	1	2	8	0	4.64	EXC

The above table, Part 1: Board Mandate, Strategy & Culture concludes that the Directors are satisfied with the overall operation of the Board. Moreover, as depicted in table Part 4: Team Dynamics below, the Directors rank the trust, openness, collaboration and Board Culture very highly.

PART 4: TEAM DYNAMICS	Important Changes Required	Small Changes Required	Meets Expectations	Above Average	Excellent	Don't know	Scoring Average	Overall Scoring
37. The board is well chaired	0	0	0	6	5	0	4.45	AA
38. The chairman enables a culture of openness and idea-sharing during and in-between meetings	0	0	1	2	8	0	4.64	EXC
39. The chairman and Bank chief executive enjoy a relationship of mutual trust, respect and co-operation	0	0	0	6	5	0	4.45	AA
40. The chairman manages the interaction between the Bank chief executive and the NEDs appropriately	0	0	1	5	5	0	4.36	AA
41. The executive directors (EDs) and the NEDs enjoy a relationship of mutual trust, respect and co-operation	0	0	1	3	7	0	4.55	EXC
42. The board emanates a culture of collaboration and openness	0	0	0	4	7	0	4.64	EXC
43. The board works well as a team at times of extreme pressure: this board can be relied on to handle a crisis well	0	0	0	6	5	0	4.45	AA
44. The board and executives are aligned with each other on the Bank's strategy	0	0	0	8	3	0	4.27	AA
45. The quality of debate and decision making is high	0	0	1	6	4	0	4.27	AA

An analysis of the table Part 7.2 Committees below, reveals that the Board Members are consistently very satisfied (mostly Excellent and Above Average) with the Board Committees and their operation in the key dimensions of good governance, structure, skills, follow up and chairmanship.

PART 7.2: COMMITTEES	Important Changes Required	Small Changes Required	Meets Expectations	Above Average	Excellent	Don't know	Scoring Average	Overall Scoring
79. Committees are effective in discharging their duties on behalf of the board:)	0	0	0	0	0	0		
Audit committee	0	0	1	2	4	0	4.43	AA
Nomination committee	0	0	1	4	3	0	4.25	AA
Remuneration committee	0	1	1	3	1	0	3.67	ME
Risk committee	0	0	1	2	4	0	4.43	AA
80. Agendas are well structured, minutes are clear, accurate and comprehensive:)	0	0	0	0	0	0		
Audit committee	0	0	1	2	4	0	4.43	AA
Nomination committee	0	1	0	2	5	0	4.38	AA
Remuneration committee	0	1	1	2	2	0	3.83	AA
Risk committee	0	0	1	3	3	0	4.29	AA
81. Agreed actions are followed up and tracked systematically:)	0	0	0	0	0	0		
Audit committee	0	0	1	2	4	0	4.43	AA
Nomination committee	0	0	0	4	4	0	4.50	EXC
Remuneration committee	0	0	0	4	2	0	4.33	AA
Risk committee	0	0	0	3	4	0	4.57	EXC
82. Overall, the committee has the adequate skills/experiences/qualifications to deliver its remit:)	0	0	0	0	0	0		
Audit committee	0	0	1	1	5	0	4.57	EXC
Nomination committee	0	0	0	2	6	0	4.75	EXC
Remuneration committee	0	1	0	2	3	0	4.17	AA
Risk committee	0	0	1	1	5	0	4.57	EXC
83. Committee chairmanship is effective:)	0	0	0	0	0	0		
Audit committee	0	0	0	3	4	0	4.57	EXC
Nomination committee	0	1	0	3	4	0	4.25	AA
Remuneration committee	0	1	1	2	2	0	3.83	AA
Risk committee	0	0	0	3	4	0	4.57	EXC
84. The quality and clarity of the information provided to the committee is appropriate:)	0	0	0	0	0	0		
Audit committee	0	0	1	2	4	0	4.43	AA
Nomination committee	0	0	2	1	5	0	4.38	AA
Remuneration committee	0	0	3	1	2	0	3.83	AA
Risk committee	0	0	1	3	3	0	4.29	AA

3. 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. The Operating Regulation pertains to all the BoD Committees, as well as other Executive and Administrative Committees and Councils subject, however, to the specific Operating Regulation of each Committee which prevails to the extent that it deviates from the general rules laid down to the Committees Operating Regulation.

Composition and Competencies of Committees: Subject to the provisions of the legal and regulatory framework and their specific Operating Regulations, the composition, the mission and the competencies of each Committee are defined by the decisions of the body, which is responsible for the incorporation 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).

Operation of Committees

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, in accordance with the provisions of the operation regulation of each Committee and, within this framework, they participate in the Committee's meeting, as required, following the relevant notice by the Committee's secretary.

Each Committee's Operation Regulation may provide for the participation of the Bank's employees, officers or advisors in the meetings of the same, on the condition that their participation is considered to be necessary, due to their area of expertise, for the more effective operation of the Committee The aforementioned 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- Secretariat: 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 in the Board Members Participation in the BoD and the respective committees table above.

A) Board of Directors Committees

1) Audit Committee

The Audit Committee is comprised of Non-Executive members of the Board, the majority of which are independent within the meaning of the provisions of Law 3016/2002. The Audit Committee is chaired 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 Audit Committee, with full voting rights. The Audit Committee is supported by an Executive Secretary and its operation is governed by the Bank of Greece Governor's Act 2577/2006, article 44 of Law 4449/2017, the respective notices, explanations and recommendations of the Supervisory Authorities and additionally by its Operating Regulation.

At the Annual General Meeting of Shareholders on 28/06/2017, in accordance with the provision of article 37 of Law 3693/2008 and the Bank of Greece Governor's Act 2577/2006, the following persons were appointed members of the Audit Committee:

1.	David Hexter	Independent Non-Executive Member
2.	Karel De Boeck	Independent Non-Executive Member
3.	Arne Berggren	Independent Non-Executive Member
4.	Solomon Berahas	Non-Executive Member
5.	Aikaterini Beritsi,	Non-Executive Member, Representative of the HFSF

On 31/12/2017, and on the date of the publication of the Annual Financial Report, the composition of the Audit Committee, following the replacement of Ms. Aikaterini Beritsi, due to her resignation by Mr. Fasth Per Anders, new representative of the HFSF in accordance with Law 3864/2010, is as follows:

Chairman	David Hexter	Independent Non-Executive Member
Members	Karel De Boeck	Independent Non-Executive Member
	Arne Berggren	Independent Non-Executive Member
	Solomon Berahas	Non-Executive Member
	Per Anders Fasth	Non-Executive Member, HFSF Representative
Executive Secretary	Christina Koutkia	Assistant Manager
Secretary	Efi Shiza	Senior Officer

The Monitoring Trustee Observer and HFSF's Observer attend the meetings of the Committee.

It is noted that the Chairman of the Audit Committee Mr. David Hexter, Independent Non-Executive member of the BoD, fulfils the criteria of the RFA, has, inter alia, extended experience in Internal Audit and he is considered an expert within the meaning of art.10 of Law 3864/2010. The Committee as a whole possesses appropriate competence and experience for the effective performance of its duties.

The Committee meets at least four times a year, of each calendar quarter and extraordinarily, if the circumstances so require. The Committee convened thirteen (13) times during year 2017 and all its decisions were taken unanimously. Members' attendance rates in the Committee meetings is depicted in in the Board Members Participation in the BoD and the respective committees table 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 Bank and the Group;
- supervision of the audit 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 a proposal for their replacement or rotation; the Committee is responsible for the tender procedure for the appointment of the auditors in accordance with article 16 of Regulation (EU) no. 575/2014 in conjunction with art.44 of Law 4449/2017 and art.13 of Law 3864/2010;
- ensuring the independence of auditors in accordance with applicable law;
- identify weaknesses, make recommendations 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 Control System (IAS) on individual basis and Group level, based on the data and information provided by 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 audits it carries out, the priorities determined by changes in the economic environment, the systems and in the level of risks and the overall efficiency of its operation
- determining the examination areas and selecting and appointing chartered public auditors, to assess the adequacy of the Internal Control 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 the Report of the Competent Executive on Money Laundering and Terrorist Financing.

In the exercise of its competencies during the year 2017, the Audit Committee inter alia:

- Reviewed and approved the financial statements prior to their publication, discussing and asking for clarifications on the accounting standards implemented
- Discussed with the Management of the Bank matters related to the financial statements as well as the implementations of corrective measures adopted, following recommendations of the Internal and External Auditors and the Supervising Authorities
- Examined and discussed reports and information regarding the ICS pursuant to the Quarterly Reports complied by the Group Internal Audit Division
- Reviewed and approved of the assignment of additional audit and non-audit related activities to the statutory auditor
- Approved the remuneration of the statutory auditor
- Monitored the implementation of the of the Internal Audit Department's Annual Action Plan for year 2017
- Monitored the implementation of the Group Compliance Divisions Annual Action Plan for year 2017

- Was notified of the Internal Audit Division's Annual Action Plan for year 2018, approved its implementation and submitted it for approval to the Board of Directors (January 2018)
- Was notified of the Internal Group Compliance Division's Annual Action Plan for year 2018, approved its implementation and submitted it for approval to the Board of Directors
- Was notified of the Bank of Greece's audits and assigned additional special audits to Group Internal Audit
- Was notified on progress of the IFRS 9 project
- Proceeded to its annual self- assessment

The Audit Committee promoted the continuous strengthening of the ICS as a strategic priority for the Board of Directors (BoD) and Management of the Group, as well as the procedure for the development and integration of appropriate control mechanisms, with the objective of the further improvement of the operational risks that the Group faces in the totality of its operations.

It is noted that the Audit Committee's final evaluation in respect to the operation of the ICS, will be submitted to the Bank of Greece – in accordance with the provisions of Bank of Greece's Governor's Act 2577/9.3.2006– within the first six months of 2018, together with the respective ICS Annual Evaluation Report, which is drawn up by the Group's Internal Audit Division and is submitted to the Bank's Management and the Board of Directors through the Audit Committee.

Following the Committee's assessment in accordance with article 10 of Law 3864/2010, performed by the independent consultant of international experience Promontory Financial Group on behalf of HFSF it was acknowledged that the Audit Committee works effectively and that the introduction of new members has contributed to the independence and the enrichment of experience and ideas. In parallel, the Chairman, who has an active role and substantial participation, adopts a stricter approach which results in the greater discipline and engagement of the members. Moreover, the quality of discussions and negotiations of the Committee has improved significantly. The recommendations were mainly in respect of the enhancement of the role of the Internal Audit in the management of the NPLs and the participation of the compliance unit in the financing procedure. The Audit Committee, through the Group Internal Audit Division, has already implemented actions in order to fully comply with the first recommendation while compliance with the second recommendation has already been completed.

Finally, the Committee proceeded, under its new composition, to its self-assessment in early 2018. The analysis of the feedback received revealed that the Audit Committee performs its duties effectively and without any detected problems.
In particular, it was noted that with respect to its operation, the Committee carried out its duties in accordance with the written Operating Regulation which is in full compliance with the applicable legal and regulatory framework in force, and is approved by the Board of Directors of the Bank. Moreover, the composition of the Committee on the level of knowledge, professional experience, as well as the availability and cooperativeness of its members, ensured its independence and effectiveness of its work. Furthermore, during the year 2017 the Committee convened thirteen (13) times and during each such meeting the examination and settlement of all of the items of each Daily Agenda was achieved, subject to the prior circulation of the requisite informational documentation and, as appropriate, the scheduled participation of the competent managerial officers, external auditors and other experts.

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 Law 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 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 (Bank of Greece Governor's Act 2577/2006). In the performance of his duties, the Executive Secretary reports directly to the Risk Management Committee and is subject to audit by the Internal Audit Division.

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 31/12/2017 and up to the date of publication of the Annual Financial Report, the Risk Management Committee had the following composition:

Chairman	Karel De Boeck	Independent Non-Executive Member
Members	Arne Berggren	Independent Non-Executive Member
	David Hexter	Independent Non-Executive Member
	Alexander Blades	Non-Executive Member
	Solomon Berahas	Non-Executive Member
	Per Anders Fasth	Non-Executive Member, HFSF Representative
Executive Secretary	Georgios Mantakas	Chief Risk Officer
Secretary	Panagiota Kotsakou	Head

It is noted that until November 2017 the Representative of the HFSF, Ms. A. Beritsi participated on the Committee and was replaced, as per the provisions of art. 10, Law 3864/2010 by Mr. Per Fasth Anders.

As at the date of publication of this Statement the composition of the Risk Management Committee, following the replacement on 01/01/2018 of Mr. Georgios Mantakas by Mr. Efthymios Kyriakopoulos, is as follows:

Chairman	Karel De Boeck	Independent Non-Executive Member
Members	Arne Berggren	Independent Non-Executive Member
	David Hexter	Independent Non-Executive Member
	Alexander Blades	Non-Executive Member
	Solomon Berahas	Non-Executive Member
	Per Anders Fasth	Non-Executive Member, HFSF Representative
Executive Secretary	Efthymios Kyriakopoulos	Chief Risk Officer
Secretary	Panagiota Kotsakou	Head

Moreover, the Observers of the Monitoring Trustee's and the HFSF attend the meetings of the Committee.

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 Law 3864/2010.

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 identification, 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 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.

The Chairman convenes the Committee as often as it is deemed necessary to carry out its duties, but no less than once per month. In order to fulfil its duties, the Risk Management Committee held thirteen (13) meetings during 2017. Members' attendance rates in the Committee meetings are depicted in in the Board Members Participation in the BoD and the respective committees table above.

The Committee, inter alia, proceeded to:

- the assessment and submission of amendments to the Board of Directors in respect to the Risk & Capital Strategy and Risk Appetite Framework
- the assessment of the adequacy and effectiveness of the risk management policies of the Bank and the Group and in particular, of their compliance with the determined risk appetite levels
- the overview and update of the Board of Directors with respect to the reports of the Group Risk Management regarding the most significant risks undertaken and their alignment with the approved risk appetite limits, the perimeter of the risks and exposures of the Bank and the Group
- the overview and update of the Board of Directors on the management of troubled assets, including:
  - non-performing loans (NPLs and NPEs) and operational targets for their reduction
  - loans under restructuring or under renegotiation
  - exposures written off for accounting purposes but in respect of which the Bank continues to claim partial or complete recovery
- the evaluation and submission to the Board of Directors of the reports of the Group Risk Management with respect to the development, documentation, periodic re-assessment and monitoring of the:
  - implementation of the Internal Capital Adequacy Assessment Process
  - implementation of the Internal Liquidity Adequacy Assessment Process
  - Recovery Plan
  - Liquidity Coverage Ratio Restoration Plan
- the evaluation and submission to the Board of Directors of the amendments in respect of the Credit Policy, Write-off Policy, Impairment Policy and Business Continuity Policy

It is noted that, during the assessment conducted by the international consultant Promontory Financial Group on behalf of HFSF, the further improvement of the Committee's functioning was ascertained, proven, inter alia, by the in depth analysis of the items, the increased commitment of the members and its Chairman and the enhancement of its supervision on matters falling under its competencies.

In parallel, in response to recommendations concerning the enhancement of the culture of the Bank on matters of risk management through the holistic approach of such issues, the adjustment of the control framework to the new governance structure of the Bank, and the more active engagement with types of risk other than credit risk, the Bank has already ensured that the Committee will oversee projects related to the new governance structure, and the enrichment of daily agenda of the Committee's meetings and the contents of the reports submitted to it.

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 Law 3864/2010. 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/her at any time.

On 31/12/2017 and the date of the public of the Annual Financial Report, the Remuneration Committee had the following composition:

Chairman	Arne Berggren	Independent Non-Executive Member
Members	Enrico Tomasso Cucchiani	Independent Non-Executive Member
	Venetia Kontogouri	Independent Non-Executive Member
	Alexander Blades	Non-Executive Member
	Per Anders Fasth	Non-Executive Member, HFSF Representative
Executive Secretary	George Poulopoulos	Senior General Manager
Secretary	Maria Zapanti	Corporate Secretary, Senior Director of Corporate Governance & Corporate Secretariat

It is noted that until November 2017 the HFSF Representative, Mrs Beritsi Aikaterini, participated in the Committee and was subsequently replaced, in accordance with art.10, Law 3864/2010 by Mr. Fasth Per Anders.

The Chairman of the Audit Committee Mr. Arne Berggren is considered an expert within the meaning of art.10 of Law 3864/2010.

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 nine (9) meetings during 2017. Members' attendance rates in the Committee meetings is depicted in the Board Members Participation in the BoD and the respective committees table 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 Act 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 the performance of its duties, the Remuneration Committee during 2017, inter alia, proceeded to:

- the review of the Remuneration Policy of the Bank and provided a statement that it is in compliance with the provisions of Laws 3864/2010, 4261/2014 and with the Bank of Greece Governor's Act 2650/2012, as in force.
- reviewed the Rules of Operation of the Remuneration Committee
- drew up and recommended to the BoD the policy for the compensation and undertaking of expenses of the Board members, and drew up the Board's recommendation to the General Meeting of shareholders concerning the annual remuneration of the members of the Management,
- reviewed the variable remuneration schemes (risk takers, non-risk takers, etc.) which are tied to incentives and commercial targets.
- reviewed the most significant Human Resource Management projects

Remuneration Committee Statement

According to its operating regulation, the Remuneration Committee, in its meeting held on 31/01/2018, 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 Bank of Greece Governor's Act 2650/19.01.2012.

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.

The BoD Members 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 Act 2577/2006.

On 31.12.2017 and on the date of the publication of the Annual Financial Report, the composition of the Nomination Committee has as follows:

Chairman	Arne Berggren	Independent Non-Executive Member
Members	Enrico Tomasso Cucchiani	Independent Non-Executive Member
	David Hexter	Independent Non-Executive Member
	Alexander Blades	Non-Executive Member
	Solomon Berahas	Non-Executive Member
	Per Anders Fasth	Non-Executive Member, HFSF Representative
Executive Secretary	George Liakopoulos	Group General Counsel
Secretary	Maria Zapanti	Corporate Secretary, Senior Director of Corporate Governance & Corporate Secretariat

It is noted that until November, 2017 the HFSF Representative, Mrs Beritsi Aikaterini, participated in the Committee and was subsequently replaced, in accordance with art.10, Law 3864/2010 by Mr. Fasth Per Anders. Moreover, the Observers of the Monitoring Trustee and of the HFSF attend the meetings of the Committee.

The main role of the BoD Members 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 based on its judgment 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 Members Nomination Committee in the performance of its duties, takes into account on an ongoing basis and to the extent feasible, the need to ensure that during its decision taking, the Board is not unduly affected by the will of one person or of a small group in a manner prejudicial to the interests of the Bank as a whole.

The BoD Members Nomination Committee may use any resources it deems appropriate, including external consultants, and is provided with adequate funding in order to meet that objective.

During 2017, the BoD Members Nomination Committee convened a total of six (6) times and, inter alia, proceeded to:

- Assessment of the proposal to the Board of Directors for the filling of the vacant position of CEO;
- Assessment and proposal to the Board of Directors of candidates for the Board of Directors to be elected by the Annual General Meeting of Shareholders and the candidates for the Audit Committee.
- Assessment and proposal to the Board of Directors of candidate members to replace members who resigned.

- Engaged the international consulting firm Korn Ferry for the selection of candidates from Greece and abroad, in order to fill Non-Executive Board member vacancies;

Members' attendance rates in the Committee meetings is depicted in the Board Members Participation in the BoD and the respective committees table 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).

5) Strategic Planning Committee

The Committee is constituted of Non-Executive members of the Board of Directors and is chaired by the Chairman of the Board. The Representative of the HFSF participates in the Committee with full voting rights. The Observers of the Monitoring Trustee and of the HFSF also attend the meetings of the Committee. The Committee is supported by a Secretary who is appointed by the Board of Directors.

The Strategic Planning Committee has the following responsibilities:

1. it defines the objectives of the Bank's Strategic Plan and provides guidelines on the Bank's Business Plan which will be drawn up by the CEO and the Executive Committee and submitted for approval to the Board of Directors
2. monitors and controls the implementation of the approved Business Plan
3. Follows up on a regular basis, analyzes and submits its suggestion to the Board of Directors on issues concerning strategic choices of the Bank (e.g. capital increases or decreases, acquisitions, mergers, investments or liquidation of strategic participations, strategic alliances, etc), assigns to managers' special missions for the achievement of targets and, when necessary, submits a respective proposal to the Board of Directors
4. monitors, tracks and analyzes arising risks in the implementation of the approved Business Plan and submits to the Board of Directors recommendations on how to address them
5. proposes the above issues for inclusion on the Daily Agenda of the Board of Directors or of the General Meeting of the Bank
6. Monitors and submits suggestions to the Board of Directors on all issues of strategic importance for the Group
7. operates as a crisis management committee

The competencies of the Strategic Planning Committee are in respect of both Piraeus Bank and the Group subsidiaries.

The Strategic Planning Committee meets on a quarterly basis, at the time and place and with the Daily Agenda determined by its Chairman. The Chairman may 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 propose or add issues towards further discussion by the Committee. The issues are put to the attention of the Chairman of the Committee in order to be added onto the Daily Agenda of the next scheduled or extraordinary meeting of the Committee.

The meetings of the Committee may be conducted using video conferencing technologies which do not require the physical presence of members on the same site.

In addition to the members of the Strategic Planning Committee can be attended, the following persons are called upon to attend the meetings without voting rights:

a. the Chief Executive Officer
b. the members of the Group Executive Committee, following respective request by the Chief Executive Officer
c. the management or executives responsible for various issues tabled for discussion by the Committee following the request of the Chief Executive Officer
d. the Chairman's advisor who is responsible on issues of strategy.

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 takes decisions with a quorum of at least half its members and a 2/3 majority of the members present.

During 2017, the Strategic Planning Committee convened a total of six (6) times and, inter alia:

- Reviewed of the current strategy
- Examined the strategy going forward 2017 – 2020
- Examined the Piraeus strategy 2020 titled «Agenda 2020».
- Examined the action plan per business area for the execution of Piraeus Bank Group Strategic Plan «Agenda 2020».
- Took knowledge of the sensitivity analysis of projected Piraeus Bank Group CET-1 ratio for period 2017 – 2019 under baseline and adverse scenarios for NPL/ NPE evolution.
- Updated the actions for the execution of 2017 strategy on net fees and operating costs.
- Took knowledge of the Greek Economic Outlook
- Took knowledge of the Value Based Management project
- Reviewed the Piraeus Group Structure/ Organizational Design
- Updated for the Competition
- Updated for the Piraeus Bank's and the market's KPIs as well as for the Outlooks of the quarterly results

On 31/12/2017 and on the date of the publication of the Annual Financial Report, the Strategic Planning Committee has the following composition:

Chairman	George Handjinikolaou	Chairman of the Board, Non-Executive Member
Members	Karel De Boeck	Vice Chairman of the Board, Independent Non-Executive Member
	Arne Berggren	Independent Non-Executive Member
	Enrico Tomasso Cucchiani	Independent Non-Executive Member
	David Hexter	Independent Non-Executive Member
	Venetia Kontogouri	Independent Non-Executive Member
	Alexander Blades	Non-Executive Member
	Per Anders Fasth	Non-Executive Member, HFSF Representative

Executive Secretary	Maria Zapanti	Corporate Secretary, Senior Director of Corporate Governance & Corporate Secretariat

It is noted that until November, 2017 the HFSF Representative, Mrs Beritsi Aikaterini, participated in the Committee and was subsequently replaced, in accordance with art.10, Law 3864/2010 by Mr. Fasth Per Anders.

B) 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 31/12/2017, the Group Executive Committee had the following composition:

Chairman	Christos Megalou	Managing Director, Executive Member (CEO)
Vice Chairman	George Poulopoulos	Senior General Manager, COO
Members	Ilias Milis	Senior General Manager, Corporate & Investment Banking
	George Georgakopoulos	Senior General Manager, Non Core Business & Restructuring Portfolio
	Vasilios Koutentakis	Senior General Manager, Retail Banking & Distribution Networks
	George Kormas	Senior General Manager, Vice Chairman & CEO Piraeus Real Estate SA
	Efthymios Kyriakopoulos	Senior General Manager
	George Mantakas	General Manager, CRO
	Athanasios Arvanitis	General Manager, Group Treasurer
	Konstantinos Paschalis	Deputy General Manager, CFO
	Constantinos Loizides	Head of International Banking & Non-Core Assets
Executive Secretary	George Liakopoulos	Group General Counsel
Secretary	Aikaterini Stampoulelli	Head, Corporate Governance & Corporate Secretariat

It is noted that the Board of Directors of the Bank, at its meeting held on 20/12/2017, has appointed Mr. Efthimios Kyriakopoulos, Executive General Manager, from 01/01/2018, as new Chief Risk Officer to head the Group Risk Management Division, in replacement of Mr. George Mantakas.

On the date of the publication of the Annual Financial Report the Group Executive Committee has the following composition:

Chairman	Christos Megalou	Managing Director, Executive Member (CEO)
Vice Chairman	George Poulopoulos	Senior General Manager, COO
Members	George Georgakopoulos	Senior General Manager, Non Core Business & Restructuring Portfolio
	Vasilios Koutentakis	Senior General Manager, Retail Banking & Distribution Networks
	Efthymios Kyriakopoulos	Senior General Manager, Chief Risk Officer
	Fotini Ioannou	General Manager, Corporate & Investment Banking
	Athanasios Arvanitis	General Manager, Group Treasurer
	Constantinos Loizides	Head of International Banking & Non-Core Assets
	Konstantinos Paschalis	General Manager, CFO
	George Kormas	Senior General Manager, Vice Chairman & CEO Piraeus Real Estate SA
	Emmanouil Bardis	Assistant General Manager, CCO
Executive Secretary	George Liakopoulos	Group General Counsel
Secretary	Kyriaki Gavriilidou	Manager, Corporate Governance & Corporate Secretariat

The Observer of the Monitoring Trustee attends the meetings of the Committee.

The Committee meets every second Monday upon the invitation of its Chairman, and extraordinarily whenever convened by its Chairman. The invitation sets the Daily Agenda, the time and place of the meeting of the Executive Committee.

In order for the Group Executive Committee to reach 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 invite 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 responsibilities 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 responsibilities, 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 Control System

The Internal Control System (ICS) is a set of detailed, written control mechanisms and procedures covering continuously every activity and transaction and contributing to the Bank's efficient and safe operations.

The Group monitors, systematically the adequacy and effectiveness of the existing ICS and implements promptly immediately any actions required for a sustained response to and mitigation of Operating Risk, while in the same time takes care of the development and enhancement of the ICS on an individual as well as on a Group level. At the same time, with appropriate early warning systems, the Group controls the consistent application of the ICS in the Units, as well as the full compliance of all concerned with the principles and objectives of the ICS.

The establishment of the ICS 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 financial position of the Bank and the Group
- to conduct periodic and/or occasional audits by the relevant Units of the Group Internal Audit Division to establish consistent application of prescribed rules and procedures by all Business Units of the Bank and the Group.

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

The following are responsible for implementing the ICS:

- the Audit Committee
- the Internal Auditor
- 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 ICS 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.

The Piraeus Bank S.A. Group faces significant business risks from the growing dependence on information and integrated information systems that they host and process, from the growing systems interfaces with clients and third parties, from the ongoing organizational and technological changes imposed by business needs, but also by the daily appearance of new technological and other threats. In order to minimize the aforementioned risks and protect its IT Assets, Piraeus Bank S.A has designed and implemented strong IT Security controls. These controls include but not are limited to following areas:

- User Access Management over applications, operating systems and databases
- Change Management processes governing changes to applications and systems
- Monitoring of daily IT operations (system interfaces, scheduled data flows/jobs and system backups)

The key objectives of the IT Controls, is the appropriate management of the user access rights within its IT infrastructure. The ultimate goal is to eliminate unauthorized access, omissions of errors during access management and compliance with regulatory requirements and standards. In order to meet the above objectives, the following have been implemented:

- Comprehensive and clear User Access Management Policies and Procedures.
- Implementation of a Centralized User Access Control System (IdM). Access provisioning, user termination and job code changes are performed automatically by IdM through a daily feed from HRMS (Human Resource Management System) eliminating human intervention.
- Access rights are based on duties resulting from the job role (Role-Based Access Control - RBAC Method).
- In order to maintain segregation of duties, roles are designed by Organization Department and uploaded in IdM by Group IT security and Control Office.
- User access provisioning as well as termination to shared file folders and specific applications are managed by an authorization procedure.
- Periodic reviews of users with privileged access are performed in applications that are not managed via IdM. Any deviation is recorded and corrective actions are taken.
- Periodic reviews of the domain administrator list and users with remote access via RSA tokens are performed by Group IT Security and Control Office.
- Foreign subsidiaries users access are reviewed in order to identify terminated employees with access to Piraeus Bank Domain.
- Privileged access rights are controlled by special security mechanisms that include strict access control limited to persons that is completely necessary to have such privileges as well as password management. That is supported by full documentation and management of all privileged Used IDs and by the implementation of a password and access control management system (Thycotic) that monitors and logs actions when privileged access is used.
- Logging and reviewing of administrators actions are performed on critical systems (Observe IT, ArcSight)

Information and Telecommunication Systems are critical components for the achievement of Group's and the Bank's business objectives and strategies and decisively contribute to the implementation and management of its business functions. In order to protect Confidentiality and ensure Availability and Integrity of data and systems, Piraeus Bank S.A has designed and implemented strict and comprehensive Change Management Policies and Procedures aiming to govern the changes performed over Applications, Equipment, Operating Software and Databases. Change requests are prioritized, logged, approved and tracked by a change management tool.

The Change Management framework also ensures that the appropriate Security Requirements are implemented during a change of an existing system or the development of a new one.

Communication networks, and telecommunications in general, are one of the Group's most important information resources. The use of networks achieves interconnection between information systems, faster execution of tasks and reduction of operating costs. The use of networks, however, creates several risks, especially in regard to security of the data being routed, but also, more generally, of the interconnected systems. In order to protect the network of the whole

Group and the network within the Main Data Centre (MDC), the Bank has designed and implemented a large number of security controls in order to create peripheral protection in a multi-layer architecture. The main security checks include the following:

- Policies and procedures that set the basic principles for designing, implementing and managing networks and network infrastructures.
- Network segmentation into different protection zones.
- Installation of Firewalls at specific points in the network in order to protect communications to and from the MDC. Protection is established for both branches and central offices of the Bank (internal perimeter), as well as for external partners and internet (external perimeter).
- Design and installation of Intrusion Detection, Intrusion Prevention (IDS/IPS) systems and Web Application Firewall (WAF), in order to protect against external malicious attacks, such as DDoS (Distributed Denial of Service Attacks) and Cyber Attacks.
- Processes for Change Management on Firewalls that are supported by the specific Change Management System (Tuffin).
- Continuous monitoring and on a 24-hour basis response to messages and alerts generated by security systems

For the smooth operation of the Main Data Centre and the support of all technological infrastructure, the Bank has implemented a large number of policies and procedures to guarantee the quality of IT services provided throughout the Bank. All system interfaces and critical data flows/jobs are monitored by a dedicated operators team on a continuous basis and based on formalized schedules and execution guidelines. Identified issues are documented and followed up as appropriate until successfully resolved. Among other things, the following are performed:

- Maintenance and technical support of systems based on manufacturer specifications and other needs that come across.
- System Updates with newer software versions and security patches.
- Procedures for managing operating system parameters.
- Work planning procedures.
- Logging and troubleshooting procedures.
- Capacity, load and performance management procedures for systems and networks.
- Continuous monitoring of the availability of systems and networks.
- Adequate back-up procedures.

In addition, the Bank has an effective Disaster Recovery Plan activated in case of catastrophic events as well as an Alternative Computer Center that can support, if required, the full operation of the Bank. Please note that the MDC is ISO 27001: 2013 and PCI DSS certified.

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, who are the members 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 function. 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 Regulatory 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 Act 2577/9.3.2006 as an independent unit that is responsible for implementing the policy adopted by the Bank's Board of Directors in order to comply with the relevant applicable 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 Act 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) consists of eleven members, its Chairman being the Bank's Managing Director & CEO. Members of the Committee are Senior General Managers, General Managers, as well as other 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 unit in relation to other units of the Bank, which have executive authority or authority for making or recording transactions and it exercises the duties of the Risk Management Unit under the provisions of Bank of Greece Governor's Act 2577/9.3.2006, and of the Credit Risk Control Unit in accordance with the Bank of Greece Governor's Act number 2589/20.8.2007 and the Bank of Greece Governor's Act 2594/20.8.2007 respectively. The Group Chief Risk Officer supervises the Group Risk Management Division; for issues within his area of responsibility he reports to the Risk Management Committee and through it to the Board of Directors and for administrative matters he reports to the CEO.

The Group Risk Management Division is subject to audit 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 responsibilities 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 valuation
- Review of the appropriateness of values used in the valuation process
- Monitoring of the valuation 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 Codified Law 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.

EXPLANATORY REPORT

This explanatory report of the Board of Directors of Piraeus Bank is addressed to the Ordinary General Meeting of its shareholders and contains detailed information on the matters of paragraph 7 of article 4 of Law 3556/2007 with reference date the 31/12/2017.

1) Structure of the share capital of the Bank

The Ordinary General Meeting of the shareholders of Piraeus Bank which took place on 28.06.2017 resolved upon, inter alia, the increase of the nominal value of each ordinary share from €0.30 to €6.00 and the simultaneous reduction, due to reverse split, of the total number of ordinary shares of the Bank from 8,733,183,280 to 436,659,164 at the ratio of one (1) new ordinary share in replacement of twenty (20) old ordinary shares of Piraeus Bank. As such on 31/12/2017 the Bank's share capital amounted to two billion six hundred and nineteen million nine hundred and fifty four thousand nine hundred eighty and four euros (€ 2,619,954,984) divided into four hundred and thirty six million six hundred and fifty nine thousand one hundred and sixty four (436,659,164) ordinary registered voting shares of a nominal value of six euros (€ 6.00) each. The ordinary shares of Piraeus Bank are dematerialised and listed on the Athens Stock Exchange.

Subject to the provisions of Law 3864/2010 setting forth special rights and restrictions for the ordinary shares held by the Hellenic Financial Stability Fund (hereinafter the "HFSF" or the "Fund") (see details below under 4 and 5), each ordinary share of Piraeus Bank incorporates all the rights and obligations stipulated by law and its Articles of Association, and especially:

- The right to vote and participate in the General Meeting of shareholders.
- The right to receive dividend from the Bank's profits. After the deduction of the percentage stipulated by law and the Articles of Association for the formation of the statutory reserves, each fiscal year a percentage of 35% of the profit for the period is distributed to the shareholders as statutory dividend, whereas the General Meeting decides in its discretion on the distribution of the remaining amount. The determination date for the shareholders entitled to receive dividend is announced at the Ordinary General Meeting. Dividend is paid to the shareholders within approximately seven (7) business days from the determination date, as more specifically announced through the Press. The right to receive payment of the dividend is time-barred and the respective unclaimed amount is devolved to the Greek State 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 as long as the Bank is subject to the provisions of Law 3864/2010, the total dividend distribution cannot exceed the aforementioned statutory dividend. Moreover, in accordance with Cabinet Act 36/2.11.2015 no dividend is distributable in respect of ordinary shares of the Bank in the event the Bank does not make interest payments on the Contingent Convertible Bonds (CoCos) which were taken up by the HFSF for the purposes of providing capital support during the recapitalization of the Bank in December 2015.
- The right to receive a pro rata share of the Bank's net liquidation proceeds or all or part of the nominal value of any shares in the event of a total or partial redemption of the Bank's share capital pursuant to a relevant resolution of the General Meeting of the Bank's shareholders. The General Meeting of the shareholders retains all of its rights during the liquidation procedure. It is noted that in accordance with the provisions of L. 3864/2010 for the period during which the HFSF holds shares of the Bank, in the event that the Bank is placed under liquidation, the HFSF

in its capacity as shareholder is preferentially satisfied from the liquidation proceeds in priority to all other shareholders.

- A pre-emptive right in each increase of the Bank's share capital in cash and issuance of new shares unless the General Meeting resolves otherwise.
- The right to receive prior to the Ordinary General Meeting copies of the Annual Financial Report, incorporating, inter alia, the auditors' and Board of Directors' reports and the consolidated and separate respective financial statements.

2) Restrictions on the transfer of shares of the Bank

Transfers of Piraeus Bank's ordinary shares are carried out as prescribed by law and its Articles of Association do not impose any restrictions in respect thereof.

The disposal of the shares held by the HFSF is subject to the provisions of art. 8 of Law 3864/2010, as in force.

It is noted that within the framework of the share capital increase of the Bank decided upon by the Second Repeat General Meeting of Shareholders dated 23/04/2013 (SCI 2013) and in accordance with the provisions of Law 3864/2010 and of Cabinet Act 38/9.11.2012 in conjunction with Cabinet Act 6/5.6.2013, the Hellenic Financial Stability Fund issued to private sector investors who participated in the share capital increase 849,195,130 certificates representing rights to acquire shares (warrants). Each warrant incorporated 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 Act 38/9.11.2012 as amended by Cabinet Act 43/2.12.2015 and in force) a fixed number of the Bank's ordinary shares which the HFSF acquired in the context of its participation in the aforesaid share capital increase. The purchase rights could be exercised on a six-monthly basis and up to 54 months from the date of issuance of the warrants. According to paragraph 7 of Article 3 of Cabinet Act 38/9.11.2012, apart from transfers which were effected as a result of the exercise of warrants, the HFSF could not transfer the shares underlying the warrants, for a period of 36 months from the date of issue of said warrants. Following the expiry of the said 36 months period and up to the final date for the exercise of the warrants (54 months from their date of issue), the HFSF could transfer the shares underlying the warrants provided that it had complied with the procedure for the notification and invitation of the warrant holders set out in paragraph 7 of Article 3 of the Cabinet Act 38/9.11.2012. It is noted that the 02.01.2018 was the last date for the exercise of the warrants and, based on the provisions of L.3864/2010 and Cabinet Act 38/2012, in conjunction with Cabinet Act 6/2013, the 843,629,886 warrants which were not exercised up to that date automatically lapsed and were cancelled by the HFSF on 5/1/2018.

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

On 31/12/2017 the HFSF directly held a total of 115,375,.415 ordinary shares of the Bank representing 26.42% of the total voting rights of the Bank, of which 2,042,082 are subject to the restrictions of article 7A para.2 of L. 3864/2010 with respect to the exercise of the voting rights attached thereto.

Furthermore, on 31/12/2017 "Paulson Co. Inc." held (indirectly) 39,848,042 voting rights corresponding to an equal number of ordinary, registered, voting, dematerialized shares (namely 9.12% of the total voting rights of the Bank) and warrants which, if exercised in full, would have corresponded to 60,728 voting rights (namely 0.01% of the total voting rights of the Bank). It is noted that, pursuant to the provisions of Law 3864/2010 and Cabinet Acts 38/2012, 6/2013 and 43/2015, the warrants which were not exercised until the final date for their exercise automatically expired and were cancelled by the

HFSF on 05.01.2018. Paulson & Co. Inc. is an investment advisor registered with the US SEC under the Investment Advisors Act of 1940 and provides investment advice to and manages investment funds.

Pursuant to the records kept by the Bank, as at 31/12/2017 no other shareholder (individual or legal person) holds on an individual basis (directly or indirectly) more than 5% of the total number of ordinary shares of Piraeus Bank.

4) Shares grating special control rights

With the exception of the ordinary shares held by the HFSF, which carry the rights arising from the provisions of Law 3864/2010 and the Relationship Framework Agreement (RFA) dated 27/11/2015 entered into by the Bank and the HFSF, there are no shares of the Bank granting special control rights to their holders.

The ordinary shares held by the HFSF in the share capital of the Bank carry the special rights of Article 10 of Law 3864/2010, as amended and in force, including, inter alia:

- the right to be represented with one member on the Board of Directors. The Representative of the HFSF has the right:
  - a) to request the convocation of the General Meeting of shareholders;
  - b) to veto any decision of the Bank's Board of Directors:
    - i) in respect of the distribution of dividends and the remunerations and bonuses policy for the Chairman, the Managing Director and the other members of the Board of Directors, as well as those persons having the position of or exercising the competencies of general managers as well as their deputies;
    - ii) provided that the matter at hand may set at risk the interests of depositors or may materially affect the liquidity or the solvency or in general the prudent and orderly operation of the Bank (such as the business strategy, and asset management);
    - iii) in respect of corporate actions of par. 3 art. 7A of Law 3864/2010 which may significantly affect the participation of the HFSF's in the share capital of the Bank;
  - c) to request an adjournment of a Board meeting for three (3) business days in order to receive instructions from the HFSF Executive Committee. This right may be exercised until the adjournment of the meeting of the Board of Directors of the Bank.
  - d) to convene the Board of Directors of the Bank;
  - e) to approve the appointment of the Chief Financial Officer.
- the right to access the books and records of the Bank through executives and consultants of its choice;
- the right to monitor and evaluate the corporate governance framework of the Bank, the members of the Board of Directors and of its Committees on the basis of specific criteria in accordance with international best practice and, in the event of non-satisfaction of such criteria, the right to proceed, under specific conditions, to the convocation of the General Meeting of Shareholders and/or the publication of the results of its evaluation;
- the right to preferential satisfaction from the proceeds of liquidation in priority to all other shareholders in the event that the Bank is placed under liquidation.

Further to the aforementioned, pursuant to the provisions of the Relation Framework Agreement, the HFSF, for the period during which it holds shares or warrants of the Bank, has the additional rights set out in the RFA, amongst which, the following:

- the HFSF Representative on the Board of Directors of the Bank participates in the Committees of the Board of Directors, namely the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Board Nomination Committee and the Strategic Planning Committee. In addition thereto, the Observer appointed by the HFSF participates without voting right in the meetings of the Board of Directors and the above Committees;
- the HFSF Representative on the Board of Directors may request the inclusion of items on the agenda of the meetings of the Board and of the Committees on which he/she participates;
- the HFSF Representative may request the inclusion of items on the agenda of the General Meeting of Shareholders convened by the Board of Directors;
- the HFSF provides its prior consent for a number of items characterized in the RFA as material, including inter alia (a) the Restructuring Plan and any amendments thereof (b) any material transactions and corporate reorganizations above a set threshold, (c) the policy on connected borrowers and any amendments, revisions or deviations therefrom, (d) the policy on management of NPLs and any amendments, revisions and deviations therefrom;
- the HFSF reviews the annual self-assessment exercise of the Board of Directors. On the basis of this assessment and/or following the assessment performed by the HFSF under art. 10 of Law 3864/2010, the HFSF may propose specific suggestions for improvements or potential amendments 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 in respect to the same.

According to the RFA, the HFSF ensures that, in exercising their rights, the HFSF, the HFSF Representative and the HFSF Observer shall respect the Bank's business autonomy and independence in the decision making of the Bank in compliance with the Restructuring Plan and act according to the terms of the Law and the RFA.

5) Restrictions on Voting Rights

The Bank's Articles of Association do not impose restrictions on the voting rights or the exercise periods of voting rights attached to its ordinary shares.

According to Article 7A par. 2 case a) and par. 3 of Law 3864/2010, the HFSF exercises the voting rights attached to the shares acquired during the abovementioned share capital increase of 2013 only in respect of decisions amending the Articles of Association, including the increase or reduction of capital or the provision of a respective authorization to the Board of Directors of the Bank, merger, division (demerger), transformation, revival, extension of duration or dissolution, transfer of assets, including the sale of subsidiaries, or on any other issue requiring increased majority pursuant to 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 aforementioned.

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

6) Shareholders' Agreements

The Bank has not been made aware of any agreements between its shareholders regarding restrictions in the transfer of the Bank's ordinary shares or the exercise of the voting rights attaching to such shares.

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

Pursuant 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 the management and representation of the Bank without replacing the departed member(s) provided that the remaining members are at least nine (9). In the event that the number of the members of the Board of Directors falls below nine (9), the Board is obliged to elect replacements for the remaining term of the departed member(s), in order to ensure that the Board of Directors is comprised of at least nine (9) members. This election resolution must be published according to the provisions of article 7b of Codified Law 2190/1920, as in force and effect, and is announced by the Board of Directors in the upcoming General Meeting of Shareholders, which may replace the elected directors even if there is no respective item on the agenda. In every event, the actions of a member of the Board of Directors elected in such manner are deemed valid, even if such member is subsequently replaced by the General Meeting.

The rules set out in the Bank's Articles of Association regarding members' appointment and replacement, as well as amendment of the provisions of the Articles of Association, do not deviate from the corresponding provisions of Codified Law 2190/1920.

The HFSF pursuant to art. 10 para. 2 of Law 3864/2010 is represented with one member on the Board of Directors of the Bank with the aforementioned rights.

Supervisory assessment of Board members' suitability conducted by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB): Pursuant to art. 93 of Regulation (EU) 468/2014 of the ECB, the appointment or replacement of the members of the Board of Directors or the renewal of their term of office is subject to their suitability assessment by the SSM.

In addition, for as long as the HFSF holds ordinary shares or CoCos of the Bank, the members of the Board of Directors must satisfy the criteria set out in Law 3864/2010 and are subject to the assessment provided for in said law and in the RFA.

8) Authority of the Board of Directors to issue new or to acquire own shares

There is no subsisting authorization to the Board of Directors of the Bank to increase the share capital with the issuance of new shares, other than the authorization granted by the Extraordinary General Meeting dated 15.11.2015 to the Board to decide, with the quorum and majority prescribed by law, on 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 article 13 par.1 of C.L. 2190/1920 and to determine the terms of same, including the subscription price for the new shares and to proceed to all necessary actions for the issuance and allocation of the shares. The abovementioned authorization is valid for five years.

According to paragraph 1 of Article 16C of Law 3864/2010, during the period of participation of the HFSF in the share capital of the Bank, the Bank is not permitted to acquire own shares without the approval of the HFSF. Moreover, during the term of the revised Restructuring Plan as approved by the European Commission, the Bank cannot acquire own shares unless the European Commission provides its consent thereto by way of exception.

9) Significant agreements which enter in force, are amended or terminated in the event of change of control following a public takeover bid

There are no significant agreements of the Bank which come into force, are amended or terminated upon a change of control of the Bank following a public takeover bid.

10) Agreements between the Bank and members of its Board of Directors or its employees

There are no agreements between the Bank and members of its Board of Directors or its employees which provide for their compensation in the event of their departure as a result of a public takeover bid.

George Handjinicolaou

Chairman of the Board of Directors

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

#	Performance Measure	Definition
1	PPA adjustment	PPA adjustments relating to the acquisition of the seven banks [i.e. 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.] amounting to € 5.8 billion
2	Gross Loans before impairments and adjustments / Gross Loans	Loans and advances to customers before allowances for impairments on loan losses gross of PPA adjustments relating to the acquisition of the seven banks (i.e. 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.) amounting to € 5.8 billion
3	Net Loans	Loans and advances to customers before allowances for impairments on loan losses gross of PPA adjustments relating to the acquisition of the seven banks (i.e. 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.) amounting to € 5.8 billion
4	Net Loans to Deposits Ratio	Net loans over deposits due to customers
5	NPLs - Non Performing Loans	Loans and advances to customers in arrears over 90 days past due gross of PPA adjustments relating to the acquisition of the seven banks [i.e. 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.]
6	NPEs - Non Performing Exposures	On balance sheet credit exposures before allowances for impairments on loan losses gross of PPA adjustments relating to the acquisition of the seven banks [i.e. 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.] that are: (a) 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) subject to contagion from (a) under EBA rules

7	Coverage Ratio of Loans in Arrears over 90 days (NPLs) by cumulative provisions	Allowances for impairment on loan losses gross of PPA adjustments relating to the acquisition of the seven banks [i.e. 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.] over Non-Performing Loans
8	NPE Coverage Ratio by cumulative provisions	Allowances for impairment on loan losses gross of PPA adjustments relating to the acquisition of the seven banks [i.e. 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.] over Non-Performing Exposures
9	NPL formation	Change of the stock of adjusted NPLs adding back write-downs or other adjustments i.e. loan sales or debt to equity transactions over loans and advances to customers before allowances for impairment on loan losses
10	Net Result	Profit/ (loss) for the period attributable to equity holders of the parent
11	Cumulative Provisions	Allowance for impairments on loans and advances to customers including PPA adjustments relating to the acquisition of the seven banks (i.e. 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.) amounting to € 5.8 billion
12	Pre Tax Results	Profit/ (loss) before income tax
13	Balance Sheet	Statement of Financial Position

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TRUE TRANSLATION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Separate and the Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of Piraeus Bank S.A. (the Bank), which comprise the separate and consolidated statement of financial position as at 31 December 2017, and the separate and consolidated statements of income, total comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of Piraeus Bank S.A. and its subsidiaries (the Group) as at 31 December 2017 and their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as they have been incorporated into the Greek legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report. During the whole period of our appointment, we remained independent of the Bank and the Group, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek legislation and the ethical requirements relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our ethical responsibilities in accordance with the provisions of the currently enacted legislation and the requirements of the abovementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key audit matters	How our audit addressed the Key audit matters
Allowance for impairment on loans and advances to customers	
Loans and advances to customers amounted to 44,884,572 thousand for the Bank and € 44,719,530 thousand for the Group at 31 December 2017 (€48,720,105 thousand for the Bank and € 49,707,608 thousand for the Group at 31 December 2016) and impairment losses on loans (charge for the period) amounted to € 1,979,372 thousand for the Bank and € 2,012,792 thousand for the Group for the year ended 31 December 2017 (€ 961,129 thousand for the Bank and € 1,014,620 thousand for the Group for the year ended 31 December 2016). Measurement of the allowance for impairments on loans and advances to customers is considered a key audit matter as the determination of the assumptions used by Management in estimating the allowance is highly subjective due to the high degree of judgement required for performing the measurement. The Bank and the Group establish allowances for impairments on loans and advances to customers for incurred credit losses on both an individual and on a collective basis. The most significant judgements relate to: • Methodologies applied by Management in the context of individual assessment for impairment and significant assumptions used, including valuation of collaterals and estimation of the future discounted cash flows relating to these loans. • Methodologies applied by Management as well as significant assumptions made to measure the collective allowance for impairment, recovery rates from liquidation of collaterals and cash recoveries, loss emergence periods, cure rates of impaired loans and probability of impairment ratios. Management has provided further information about principles and accounting policies for determining the allowance for impairment on loans and advances to customers, management of credit risk and the review of impairment in Notes 2.15, 3.1, 4.1 - 4.4 to the separate and consolidated financial statements. From 1 January 2018, the Bank and the Group have adopted IFRS 9, resulting in recognition of credit losses when they are expected rather than when they have been incurred. Management has disclosed information regarding the estimated transition impact of IFRS 9 in notes 45 and 49 to the separate and consolidated financial statements, respectively.	Based on our risk assessment and following a risk-based approach, we have evaluated the impairment methodologies applied and assumptions made by Management in relation to this key audit matter, which included, inter alia, the following audit procedures: For individually assessed loans • Assessed design and implementation of internal controls relevant to the audit, including controls around methodologies applied, significant assumptions made, inputs and calculations. • Assessed the appropriateness of impairment provisioning methodologies and policies adopted by Management. • On a sample basis, tested the completeness of loans identified as impaired by the Management and assessed the reasonableness of significant assumptions used in the measurement of impairment, including valuation of collaterals (where we also made use of our real estate specialist) as well as assumptions used for estimating future discounted cash flows. • Assessed the completeness and accuracy of disclosures in accordance with the provisions of the relevant accounting standards. For collectively assessed loans: • Assessed design and implementation of internal controls relevant to the audit, including controls around methodologies applied, significant assumptions made, inputs and calculations. • Assessed the appropriateness of the policy and methodologies used by reference to the requirements of IFRSs and credit risk practices. • With the support of our credit risk specialists, we assessed the appropriateness of Management's significant assumptions, including the recovery rates from liquidation of collaterals and cash recoveries, loss emergence periods, cure rates of impaired loans and probability of impairment ratios. • With the support of our credit risk specialists, we tested model calculations through examination of the code used. We assessed the estimated transition effect of IFRS 9 with particular focus on the methodology, policies and significant assumptions applied to determine the expected future credit losses, with the assistance of our credit risk specialists. In addition, we assessed the completeness and accuracy of IFRS 9 transitional disclosures.

Key audit matters	How our audit addressed the Key audit matters
Deferred Tax Asset Recoverability	
The Bank and the Group have recognized a deferred tax asset of € 6,438,830 thousand and € 6,542,813 thousand respectively, as at 31 December 2017 (€ 5,264,510 thousand for the Bank and € 5,318,348 thousand for the Group as at 31 December 2016), out of which an amount of € 569,365 thousand for the Bank and € 571,247 thousand for the Group (€ 642,686 thousand for the Bank € 648,755 thousand for the Group as at 31 December 2016) relates to deferred tax asset recognized on prior year tax losses. Recognition and measurement of deferred tax asset is considered a key audit matter as it involves high degree of judgement and significant assumptions made by Management around the future profit forecasts, preparation of budgets, the impact of the Group's restructuring plan and business strategic plans, the tax planning strategies, the assessment of historical tax losses, and the impact of changes to tax legislation. Management has provided further information about deferred tax asset in notes 2.28, 14 and 35 to the separate financial statements and notes 2.29, 15 and 37 to the consolidated financial statements.	Based on our risk assessment, we have evaluated the method used to determine the amount of deferred tax asset recognized and assessed the significant assumptions based on which Management prepared the budget and tax planning strategy. Our examination, with the assistance of our tax specialists, included the following procedures: • Assessed the design and implementation of the controls relevant to the audit, around the preparation and review of budgets and forecasts, including the controls over the significant assumptions, inputs, calculations and methodologies used. • Evaluated Management's assessment of recent changes to tax law affecting deferred tax balances. • Assessed the reasonableness of Management's significant assumptions and forecasts of future profits in light of the historical accuracy of such forecasts, current results and restructuring plan requirements.
Information Technology General Controls and controls over financial reporting	
The Bank's and the Group's financial reporting processes are highly dependent on Information Technology (IT) systems supporting automated accounting and reconciliation procedures, thus leading to a complex IT environment, pervasive in its nature and in which a significant number of transactions are processed daily, across numerous locations. This is a key audit matter since it is important that controls over access security, system change, datacenter and network operations are designed and operate effectively to ensure complete and accurate financial records/information. Management has provided further information about Information Technology General Controls in Section 3 "Internal Control System" of Corporate Governance Statement" included in the Board of Directors Report.	Based on our risk assessment, we have tested the design and operating effectiveness of Information Technology General Computer Controls (ITGCs) relevant for financial reporting. Our assessment included the evaluation of access over applications, operating systems and databases as well as the process followed over changes made to application systems/programs. Our audit tests included, among others, testing of: • User access provisioning and de-provisioning process. • Privileged access to applications, operating systems and databases. • Periodic review of user access right process. • Change management process over applications, operating systems and databases (user request, user acceptance testing and final approval for promotion to production). • Datacentre and network operations.

Other Matter

The separate and consolidated financial statements of the Bank and the Group for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2017.

Other Information

Management is responsible for the other information. The other information, included in the Annual Financial Report prepared in accordance with Law 3556/2007, comprises the Board of Directors' Report, referred to in the section "Report on other Legal and Regulatory Requirements" and the Statement by the Members of the Board of Directors, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that that there is a material misstatement in this information, we are required to report that fact. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

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

In preparing the separate and consolidated financial statements, Management is responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (art. 44 of Law 4449/2017) of the Bank and the Group is responsible for overseeing the Bank's and Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as they have been incorporated into Greek legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

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Auditor's Responsibilities for the Audit of the Separate and the Consolidated Financial Statements

As part of an audit in accordance with ISAs as they have been incorporated into the Greek legislation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Bank's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

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Report on Other Legal and Regulatory Requirements

1) **Board of Directors Report**
Taking into consideration that Management is responsible for the preparation of the Board of Director's Report which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 of Law 4336/2015 (part B) we note the following:

a) The Board of Director's Report includes the Corporate Governance Statement, which provides the information required by article 43bb of Greek Codified Law 2190/1920.
b) In our opinion, the Board of Director's Report has been prepared in accordance with the applicable legal requirements of article 43a and 107a and paragraph 1 (cases c and d) of article 43bb of Greek Codified Law 2190/1920 and its content is consistent with the accompanying separate and consolidated financial statements for the year ended 31 December 2017.
c) Based on the knowledge we obtained during our audit of the Piraeus Bank S.A. and its environment, we have not identified any material inconsistencies in the Board of Director's Report.

2) **Additional Report to the Audit Committee**
Our audit opinion on the separate and consolidated financial statements is consistent with the additional reports provided to the Audit Committee referred to in article 11 of European Union (EU) Regulation 537/2014.

3) **Non Audit Services**
We have not provided to the Bank and the Group any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014.
The allowable non-audit services we have provided to the Bank and the Group during the year ended 31 December 2017 are disclosed in Note 43 and 46 to the accompanying separate and consolidated financial statements respectively.

4) **Appointment**
We were first appointed as statutory auditors by the General Assembly of the shareholders of Piraeus Bank S.A. on 28 June 2017. The year ended 31 December 2017 is the first year we serve as statutory auditors.

Athens, 28 March 2018

The Certified Public Accountant

Dimitris Koutsos- Koutsopoulos
Reg. No. SOEL: 26751

Deloitte Certified Public Accountants S.A.
3a Fragoklissias & Granikou Str.,
151 25 Maroussi
Reg. No. SOEL: E 120

PIRAEUS BANK

PIRAEUS BANK GROUP

Consolidated Financial Statements

31 December 2017

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Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED INCOME STATEMENT	Note	Year ended 31 December 2017	Year ended 31 December 2016
Interest and similar income	6	2,247,209	2,480,659
Interest expense and similar charges	6	(576,928)	(716,096)
NET INTEREST INCOME		**1,670,281**	**1,764,563**
Fee and commission income	7	431,315	359,016
Fee and commission expense	7	(61,930)	(50,238)
NET FEE AND COMMISSION INCOME		**369,385**	**308,778**
Dividend income	8	8,316	8,633
Net income from financial instruments designated at fair value through profit or loss	9	20,140	(7,642)
Results from investment securities	10	52,558	163,685
Other income/ (expenses)	11	95,661	(11,528)
TOTAL NET INCOME		**2,216,341**	**2,226,490**
Staff costs	12	(562,506)	(555,505)
Administrative expenses	13	(499,864)	(535,285)
Depreciation and amortisation	27, 28	(102,711)	(99,001)
Gains/ (losses) from sale of property and equipment and intangible assets		(1,358)	634
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,166,439)**	**(1,189,157)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**1,049,902**	**1,037,334**
Impairment losses on loans and advances to customers	23	(2,012,792)	(1,003,921)
Impairment losses on other assets	31	(92,355)	(111,989)
Impairment losses on other debt securities - receivables		-	(5,118)
Impairment on participations and investment securities	26, 41	(20,414)	(28,125)
Impairment of property and equipment and intangible assets	27, 28	(77,689)	(14,906)
Impairment on assets held for sale	30	583	(1,641)
Other provisions	36	(24,717)	(4,042)
Share of profit/ (loss) of associates and joint ventures	26	(30,932)	(18,169)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(1,208,414)**	**(150,577)**
Income tax benefit/ (expense)	15	1,205,810	181,588
PROFIT/ (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**(2,603)**	**31,011**
Profit/ (loss) after income tax from discontinued operations	14	(201,702)	(71,154)
PROFIT/ (LOSS) FOR THE YEAR		**(204,305)**	**(40,143)**
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity		1,526	36,790
Non controlling interest		(4,129)	(5,779)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity		(201,921)	(71,776)
Non controlling interest		219	623
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):			
From continuing operations			
- Basic	16	0.0035	0.0843
- Diluted	16	0.0018	0.0443
From discontinued operations			
- Basic	16	(0.4626)	(0.1644)
- Diluted	16	(0.2430)	(0.0864)

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME	Note	Year ended 31 December 2017	Year ended 31 December 2016
CONTINUING OPERATIONS			
Profit/ (loss) for the year (A)		**(2,603)**	**31,011**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	17	87,750	(31,370)
Change in currency translation reserve	17	(4,119)	(14,576)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	17	(2,285)	(18,207)
Other comprehensive income, net of tax (B)	17	**81,346**	**(64,154)**
Total comprehensive income, net of tax (A)+(B)		**78,743**	**(33,143)**
- Attributable to equity holders of the parent entity		82,757	(27,407)
- Non controlling interest		(4,014)	(5,736)
DISCONTINUED OPERATIONS			
Profit/ (loss) for the year (C)		**(201,702)**	**(71,154)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	17	(415)	(20,277)
Change in currency translation reserve	17	344	(1,874)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	17	(181)	(189)
Other comprehensive income, net of tax (D)	17	**(252)**	**(22,339)**
Total comprehensive income, net of tax (C)+(D)		**(201,953)**	**(93,493)**
- Attributable to equity holders of the parent entity		(202,172)	(94,109)
- Non controlling interest		218	615

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Note	31 December 2017	31 December 2016
ASSETS			
Cash and balances with Central Banks	18	1,449,240	1,527,016
Loans and advances to credit institutions	19	2,147,758	1,663,631
Financial assets at fair value through profit or loss	21	1,499,824	193,861
Derivative financial instruments - assets	20	459,993	449,482
Reverse repos with customers	22	90,253	30,005
Loans and advances to customers	23	44,719,530	49,707,608
Available for sale securities	24	2,203,803	2,740,246
Debt securities - receivables	25	23,109	13,246,257
Held to maturity	24	-	6,634
Assets held for sale	30	18,110	2,494
Investment property	29	1,120,627	1,208,647
Investments in associated undertakings and joint ventures	26	251,374	232,637
Property and equipment	28	1,041,435	1,498,411
Intangible assets	27	300,771	281,965
Deferred tax assets	37	6,542,813	5,318,348
Other assets	31	3,264,380	3,394,568
Assets from discontinued operations	14	2,283,542	2,562
TOTAL ASSETS		**67,416,562**	**81,504,371**
LIABILITIES			
Due to credit institutions	32	11,435,086	27,020,940
Due to customers	33	42,715,252	42,364,829
Derivative financial instruments - liabilities	20	402,233	657,127
Debt securities in issue	34	435,277	69,515
Current income tax liabilities		2,437	44,582
Deferred tax liabilities	37	34,432	47,061
Retirement benefit obligations	38	194,162	196,634
Other provisions	36	52,959	67,211
Other liabilities	35	959,670	1,211,252
Liabilities from discontinued operations	14	1,640,856	1,483
TOTAL LIABILITIES		**57,872,365**	**71,680,633**
EQUITY			
Share capital (ordinary shares)	40	2,619,955	2,619,955
Share premium	40	13,074,688	13,074,688
Contingent convertible securities	40	2,040,000	2,040,000
Less: Treasury shares	40	(379)	(842)
Other reserves	41	11,022	(65,845)
Retained earnings	41	(8,326,871)	(8,004,333)
Capital and reserves attributable to equity holders of the parent entity		**9,418,415**	**9,663,623**
Non controlling interest		125,782	160,115
TOTAL EQUITY		**9,544,198**	**9,823,738**
TOTAL LIABILITIES AND EQUITY		**67,416,562**	**81,504,371**

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 1st 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	-	-	-	-	(86,529)	-	(86,529)	36	(86,493)
Profit/ (loss) for the year 2016	41	-	-	-	-	-	(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)	41	-	-	-	-	-	(117,803)	(117,803)	-	(117,803)
Prior year dividends of ordinary shares		-	-	-	-	-	-	-	(48)	(48)
(Purchases)/ sales of treasury shares	40, 41	-	-	-	(381)	-	(142)	(524)	-	(524)
Transfer between other reserves and retained earnings	41	-	-	-	-	6,767	(6,767)	-	-	0
Acquisitions, disposals and movement in participating interest	41	-	-	-	-	(179)	(4,000)	(4,179)	52,402	48,223
Balance as at 31st December 2016		**2,619,955**	**13,074,687**	**2,040,000**	**(842)**	**(65,845)**	**(8,004,334)**	**9,663,623**	**160,116**	**9,823,739**
Opening balance as at 1st January 2017		**2,619,955**	**13,074,687**	**2,040,000**	**(842)**	**(65,845)**	**(8,004,334)**	**9,663,623**	**160,116**	**9,823,739**
Other comprehensive income, net of tax	17, 41	-	-	-	-	80,980	-	80,980	115	81,094
Profit/ (loss) for the year 2017	41	-	-	-	-	-	(200,395)	(200,395)	(3,910)	(204,305)
Total recognised income for the year 2017		**0**	**0**	**0**	**0**	**80,980**	**(200,395)**	**(119,415)**	**(3,795)**	**(123,211)**
Payment to the holders of contingent convertible securities (net of tax)	41	-	-	-	-	-	(117,481)	(117,481)	-	(117,481)
Prior year dividends of ordinary shares		-	-	-	-	-	-	-	(24)	(24)
(Purchases)/ sales of treasury shares	40, 41	-	-	-	463	-	(83)	380	-	380
Transfer between other reserves and retained earnings	41	-	-	-	-	(4,113)	4,113	-	-	0
Disposals, liquidations and movement in participating interest	41	-	-	-	-	-	(8,691)	(8,691)	(30,514)	(39,205)
Balance as at 31st December 2017		**2,619,955**	**13,074,687**	**2,040,000**	**(379)**	**11,022**	**(8,326,871)**	**9,418,415**	**125,783**	**9,544,198**

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT	Note	Year ended 31 December 2017	Year ended 31 December 2016
Cash flows from operating activities from continuing operations			
Profit/ (Loss) before tax		(1,208,414)	(150,577)
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		2,227,384	1,169,747
Add: depreciation and amortisation charge	27, 28	102,711	99,001
Add: retirement benefits and cost of voluntary exit scheme	12	27,419	15,546
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		25	26,908
(Gains)/ losses from investing activities		218,783	(22,128)
Cash flows from operating activities before changes in operating assets and liabilities		1,367,909	1,138,497
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Banks		(80,442)	285,251
Net (increase)/ decrease in financial instruments at fair value through profit or loss		1,420,636	28,619
Net (increase)/ decrease in debt securities - receivables		11,740,636	3,757,435
Net (increase)/ decrease in loans and advances to credit institutions		337,859	111,679
Net (increase)/ decrease in loans and advances to customers		1,911,439	(135,924)
Net (increase)/ decrease in reverse repos with customers		(60,248)	(29,364)
Net (increase)/ decrease in other assets		(173,213)	274,817
Net increase/ (decrease) in amounts due to credit institutions		(15,558,242)	(7,451,491)
Net increase/ (decrease) in liabilities at fair value through profit or loss		-	(2,514)
Net increase/ (decrease) in amounts due to customers		1,578,464	2,829,806
Net increase/ (decrease) in other liabilities		(404,416)	(342,575)
Net cash flow from operating activities before income tax payment		2,080,383	464,234
Income tax paid		(11,128)	(16,309)
Net cash inflow/ (outflow) from continuing operating activities		**2,069,255**	**447,926**
Cash flows from investing activities of continuing operations			
Purchases of property and equipment	28, 29	(215,357)	(209,328)
Sales of property and equipment and intangible assets		12,694	24,915
Purchases of intangible assets	27	(34,744)	(29,582)
Purchases of assets held for sale	30	(1,662)	(1,890)
Sales of assets held for sale		10	17,987
Purchases of investment securities	24	(5,969,369)	(6,278,528)
Disposals/ maturity of investment securities	24	5,970,629	6,298,277
Acquisition of subsidiaries excluding cash & cash equivalents acquired		(2,353)	(1)
Sales of subsidiaries excluding cash and balances sold		(1,842)	(289,879)
Establishments, acquisition and participation in share capital increases/ decreases of associates and joint ventures		(31,746)	(14,868)
Sales of associates		-	11,436
Dividends received		8,316	8,788
Net cash inflow/ (outflow) from continuing investing activities		**(265,424)**	**(462,674)**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		347,911	(47,273)
Increase of share capital		-	-
Share capital increase expenses	40	-	-
Purchases/ sales of treasury shares and preemption rights		380	(524)
Payment to the holders of contingent convertible securities	41	(165,467)	(165,920)
Net cash inflow/ (outflow) from continuing financing activities		**182,825**	**(213,717)**
Effect of exchange rate changes on cash and cash equivalents		212	5,618
Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)		**1,986,867**	**(222,848)**
Net cash flows from discontinued operating activities		150,778	(64,641)
Net cash flows from discontinued investing activities		(193,539)	(104,510)
Net cash flows from discontinued financing activities		-	-
Exchange difference of cash and cash equivalents		5,444	(12,134)
Net incease/ (decrease) in cash and cash equivalents from discontinued activities (B)		**(37,317)**	**(181,285)**
Cash and cash equivalents at the beginning of the year (C)	43	**2,237,960**	**2,642,092**
Cash and cash equivalents at the end of the year (A) + (B) + (C)	43	**4,187,510**	**2,237,960**

Amounts in thousand euros (Unless otherwise stated)

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 regarding to banks.

Piraeus Bank (parent company) is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis st., Athens. The duration of the Bank lapses on 6/7/2099. Piraeus Bank and its subsidiaries (hereinafter "the Group") provide services in the Southeastern and Western Europe. The Group employs in total 18,581 people of which 3,035 people, refer to discontinued operations (Olympic Commercial & Tourist Enterprises S.A.., Imithea S.A.., ATE Insurance Romania S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd).

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

The composition of the Board of Directors on the approval date of these Consolidated Financial Statements is as follows:

George P. Handjinicolaou	Chairman (Non-Executive Member)
Karel G. De Boeck	Vice-Chairman of the Board of Directors (Independent Non-Executive Member)
Christos I. Megalou	Managing Director (Executive Member)
George G. Georgakopoulos	Authorized Executive Director (Executive Member)
Venetia G. Kontogouri	Independent Non-Executive Member
Arne S. Berggren	Independent Non-Executive Member
Enrico Tommaso C. Cucchiani	Independent Non-Executive Member
David R. Hexter	Independent Non-Executive Member
Solomon A. Berachas	Non-Executive Member
Alexander Z. Blades	Non-Executive Member
Per Anders J.Fasth	Representative of the Hellenic Financial Stability Fund pursuant to the provisions of L. 3864/2010 (Non – Executive Member)

The Directors are elected by the Bank's General Meeting of Shareholders for a maximum term of 3 years and may be re-elected. The term of the above members expires at the annual General Meeting of the Bank's shareholders in 2020.

These Consolidated Financial Statements have been approved for issue by the Bank's Board of Directors on 28 March 2018 and are subject to approval from the Bank's Annual Shareholders Meeting in 2018.

2 Summary of significant 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 consolidated financial statements of the Group for the year ended 31 December 2017 (the “consolidated financial statements”) have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (the “IASB”), as endorsed by the European Union (the “EU”) issued and effective as at the time of preparing these consolidated financial statements.

The amounts are stated in Euro, rounded to the nearest thousand (unless otherwise stated). Any differences, between the amounts of the consolidated financial statements and the relevant amounts presented in the notes, are due to roundings. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

The consolidated financial statements have been prepared under the historical cost convention, except for available for sale financial assets, financial assets and liabilities held at fair value through profit or loss and all derivative financial instruments and investment property which have been measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: allowance for impairments on loans and advances to customers, fair value of available for sale portfolio, recoverability of deferred tax assets (“DTA”), estimation of investment property fair value, estimation of the fair value of over the counter derivative instruments, impairments of associated companies and joint ventures and greek public sector.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Going concern

Conclusion

Management has concluded, after taking into account the factors mentioned below, regarding the macroeconomic environment the Group’s liquidity and capital adequacy, that the consolidated financial statements of the Group have been appropriately prepared on a going concern basis as of 31 December 2017.

Macroeconomic environment

In 2017, significant developments in the Greek economy give the picture of stability to the side of fiscal adjustment, but also recovery of confidence and trust in the market side.

In the framework of the 3rd financial adjustment programme in 2017, a range of short-term debt relief measures were implemented, the second review was completed with success, while in the 1st quarter of 2018 the completion of the third review was achieved. Moreover, in the beginning of 2018 Moody’s, S&P and Fitch raised Greece’s credit risk rating to “B3”, “B” and “B” respectively maintaining the positive Outlook.

In 2017, the economic sentiment indicator (ESI) improved to 96.8 points from 91.9 points in 2016, at the highest level in the last three years. In addition, ESI is in an upward trend, at 103 points on average, in the first two months of 2018. In 2017, the consumer price index rose 1.1% against -0.8% in 2016, with the Greek economy returning to a positive inflation levels after four years of deflation. Real GDP in 2017 increased on average by 1.4% on an annual basis (by 1.3% according to seasonally adjusted data), enhancing growth prospects of the economy. Moreover, based on the average non-seasonally adjusted data, the unemployment rate fell to 21.5% from 23.5% in 2016, with a 2.2% increase in employment in 2017. Furthermore, 2017 is a new tourism record year, as travel receipts rose to € 14.6 billion (€ 14.1 billion in the previous record year, 2015), driven by a 10.5% annual increase. On the fiscal front, in 2017 the state budget deficit, in a modified cash basis, stood at € -4.3 billion, against the target that has been incorporated in the 2018 Budget introductory report, of deficit of € 5.1 bilion. The state budget primary balance amounted to a surplus of € 1.9 billion.

The maintenance of the fiscal stability, the gradual strengthening of the international confidence in the sustainability of the country's public finances, as well as the positive effects on economic activity from the boosted domestic credibility, that will be greatly reinforced by focusing economic policy to the necessary reforms for development, will ensure the growth trajectory of the Greek economy.

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, while geopolitical developments in the wider region are an additional secondary risk factor. To this end, adverse developments regarding the implementation of the country's economic adjustment program would potentially have a negative effect on the Bank's liquidity (i.e. stop attracting or loosing deposits, reducing repo interbank transactions with third parties, downgrading of securities of the Greek State that are used for liquidity purposes from the Eurosystem, increasing funding through Emergency Liquidity Assistance ''ELA'' mechanism) and on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio, possible negative assessment of the credit risk of the Greek State in which the Greek banks have significant direct and indirect exposure). Piraeus Bank's Management closely monitors the developments and assesses periodically the negative impact that might have on its operations.

Liquidity

During 2017, domestic market deposits (private and public sector,) increased by 4% to € 137.8 billion. The exposure of all Greek banks in the Eurosystem was reduced from € 66.6 billion as at 31 December 2016 to € 33.7 billion as at 31 December 2017, of which € 21.6 billion, was covered by the 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) and € 12.1 billion from ECB's Main Refinancing Operations and ECB's Targeted Longer-Term Refinancing Operations II ("TLTRO II").

During 2017, the Piraeus Bank's Group exposure to the Eurosystem reduced by € 11.2 billion to € 9.7 billion as at 31 December 2017 compared to € 20.9 billion as at 31 December 2016, mainly assisted by access to international repo markets, further deleveraging of the loan portfolio, the Bank´s participation in the ECB´s program of Quantitative Easing ("QE") with the sale of EFSF bonds of notional amount € 0.7 billion during the 1st quarter 2017 and its participation in ESM's bond exchange program with cash (€ 10.9 billion). Piraeus Bank's financing through the ELA was reduced by € 6.2 billion during the period 1/1-31/12/2017 and amounted to € 5.7 billion as at 31 December 2017 versus € 11.9 billion as at 31 December 2016. It is noted that during 2017, the deposits of the Piraeus Bank Group in Greece increased by € 1.6 billion or 4.0%, mainly due to the increase in the second half of the year, despite the decrease during the first quarter.

In January 2017 the governing bodies of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) approved the implementation of a set of short term measures for the relief of Greek public debt that was agreed on 25 May 2016. Among the aforementioned set of measures, a bond exchange scheme was also included, where floating rate notes disbursed by ESM and EFSF to Greece for recapitalization of Greek banks and funding gaps stemming from acquisitions/mergers were exchanged for fixed coupon notes or cash. During 2017 a notional amount of notes totaling at € 10.9 billion that was held by Piraeus Bank, was exchanged for cash and another €1.5 billion for fixed coupon notes, which were subsequently exchanged for cash on 17 January 2018, raising the total amount exchanged to €12.4 billion. Following the exchange on 17 January 2018, the bond exchange scheme has been concluded.

Furthermore, Greek banks can participate in the 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 II is four years, while Piraeus Bank participated only in the first auction on 23 June 2016 with € 4.0 billion, shifting at the same time the € 2.7 billion of TLTRO I to TLTRO II.

Capital adequacy

The Common Equity Tier 1 (CET1) ratio of the Group as at 31 December 2017 stood at the satisfactory level of 15.1% versus 16.9% as at 31 December 2016.

Please refer to Note 4.15 for further details on the Group's capital adequacy.

2.3 Adoption of International Financial Reporting Standards ("IFRSs")

New accounting standards, amendments and interpretations to existing accounting standards effective from 1 January 2017

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

A) The following amendments in IFRSs have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and are effective from 1/1/2017:

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 treatment for deferred tax assets on unrealized losses arising from financial instruments measured at fair value.

IAS 7 (Amendment) "Disclosure Initiative" (effective for annual periods beginning on or after 1 January 2017). These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

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.

The above group of amendments 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 2017. They are not effective in 2017 nor have they 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. The adoption of the revised provisions is optional. As permitted the Group has elected to retain the IAS 39 hedge accounting requirements.

The Group will fully implement IFRS 9 as at 1 January 2018, without restating the relevant comparatives and with all the required transitional disclosures being made. Please refer to the relevant IFRS 9 transitional disclosures is Note 50.

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 adopted IFRS 15 as of 1 January 2018 and the adoption of the standard will not to have a material effect to the consolidated financial statements.

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.

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019). IFRS 16 has been issued in January 2016 and will supersede 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 standard has been endorsed by the EU.

The Group has not early adopted this standard and will evaluate the impact of IFRS 16 on its consolidated financial statements.

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: 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.

Annual Improvements to IFRSs 2014-2016 (December 2016)

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.

IFRS 1 "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2018). The amendment deletes the paragraphs E3–E7 regarding the short-term exemptions.

(C) The following new IFRSs, amendments, improvements and interpretations to IFRSs have been issued by the International Accounting Standards Board but have not yet been endorsed by the EU up to December 2017 and they have not been adopted by the Group:

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.

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.

IFRS 17 "Insurance contracts" (effective for annual periods beginning on or after 1 January 2021). The new standard replaces IFRS 4. The scope of the standard is the consistent accounting treatment of all insurance contracts and measurement of the insurance liabilities in current amounts instead of the historical cost based on a) current estimations of future cash flows and b) discount rates which reflect the characteristics of the above mentioned flows as well as non financial risks. The standard has not yet been endorsed by the EU.

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019). The amendment allows companies to measure symmetrical options which include prepayable features with negative compensation at amortised cost or at fair value through other comprehensive income instead of at fair value through profit or loss.

IAS 28 (Amendments) "Long-term interests in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that companies account for long-term interests in an associate company or a joint venture—to which the equity method is not applied—using IFRS 9.

IAS 19 (Amendments) "Employee benefits" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that if a plan amendment, curtailment or settlements occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. Furthermore, the amendment clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

IFRIC 23 "Uncertainty over Income Tax Treatments" " (effective for annual periods beginning on or after 1 January 2019). The interpretation aims to reduce diversity in how companies recognise and measure a tax liability or tax asset when there is uncertainty over income tax treatments regarding the determination of taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Annual Improvements to IFRSs 2015 – 2017 (December 2017)

IFRS 3 (Amendment) "Business Combinations (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

IFRS 11 (Amendment) "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 (Amendment) "Income taxes" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that all income tax consequences on dividends (i.e. distribution of profits) should be recognized in the Consolidated Income Statement, regardless of how tax arises.

IAS 23 (Amendment) "Borrowing costs" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

2.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank, its subsidiaries, its associates and joint ventures, i.e. entities controlled by the Bank.

2.4.1. 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 subsidiary,
(b) exposure or rights to variable returns from its involvement to the subsidiary and
(c) the ability to use its power over the subsidiary, in order to affect the amount of the Bank's returns.

In order to assess the existence of control 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, as well as any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activity at the time that decisions need to be made. 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 for 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 each reporting date.

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 is less than the fair value of the net identifiable assets, the Group recognizes the resulting gain in the Consolidated 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 Statement of Financial Position.

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

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 the Consolidated Income Statement.

2.4.2. 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 Consolidated 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 or 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 Consolidated 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.

2.5 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 Consolidated Income Statement. Non monetary items in foreign currencies, except for those valued at fair values which translated using the exchange rates at the date when the fair value was measured, 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 Consolidated 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 Consolidated 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.

2.6 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 currency and interest rate swaps, forward rate agreements, 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 additionally 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).

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.

The interest income or interest expense from interest rate swaps, FX forwards and currency swaps are recorded in the interest and similar income or interest expense and similar charges, respectively.

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 Consolidated 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 highly 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 Consolidated 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 Consolidated 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 amortization is based on the recalculated effective interest rate at the date the amortisation commences. The unamortized 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 Consolidated Income Statement. Amounts accumulated in equity are recycled to the Consolidated 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 Consolidated Income Statement. When a future transaction is no longer expected to occur, the accumulated gain or loss in equity is directly transferred to the Consolidated 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 Consolidated Income Statement. Gains and losses accumulated in equity are included in the Consolidated Income Statement when the foreign subsidiary is disposed of.

2.7 Recognition of deferred day one profit or 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 arise from observable market prices. 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 initial difference between the transaction price and the model value, commonly referred to as "deferred day one profit and loss'', is not recognised directly in the Consolidated Income Statement.

The timing of recognition of "deferred day one profit or loss" is determined individually. It is either amortised over the life of the financial instrument, 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 or loss". Subsequent changes in fair value are recognised immediately in the Consolidated Income Statement without reversal of "deferred day one profits or losses".

2.8 Interest income and expense

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably.

Interest income and expense is recognised on an accrual basis in the Consolidated 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 and advances to customers, are deferred and recognized in the Consolidated 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 and advances to customers are recognised 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.

2.9 Fees and commission income and expense

Fees and commission income and expense are recognized on an accrual basis when the relevant services are provided.

Loan syndication fees are recognised as income 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. Fees and commissions 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.

2.10 Dividend income

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

2.11 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 Consolidated 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".

2.12 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 Consolidated 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.

2.13 Investment portfolio

The Group categorizes securities at the various portfolios upon their acquisition.

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 Consolidated Income Statement. The objective evidence that a held to maturity investment has been impaired or it is non collectable is stated in Section 2.15.

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 IAS 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 Consolidated 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 the Consolidated Income Statement.

Impairment losses recognised in the Consolidated Income Statement for an investment in an equity instrument classified as available for sale cannot be reversed through the Consolidated Income Statement. On the contrary impairment losses for a debt instrument that is classified as available for sale, can be reversed in the Consolidated Income Statement 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 the Consolidated Income Statement.

2.14 Reclassification of financial assets

Reclassification of financial assets out of the "Available for sale securities" category to "Loans and receivables" 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" 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 the Consolidated Income Statement or the available-for-sale reserve until the date of reclassification shall not be reversed. The new effective interest rate of the financial assets reclassified to "Loans and receivables" category and "Held to maturity" category is calculated based on the expected cash flows at the date of 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.

Investments in equity instruments cannot be reclassified out of the Available for Sale portfolio.

2.15 Loans and advances to customers

Loans and advances to customers 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 and advances to customers drawn 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 and advances to customers 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 on loans and advances to customers is recognised. The amount of the allowance for impairment on loans and advances to customers 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 on loans and advances to customers is recognised in the Consolidated 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 who are active in the same industry 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).
vi. Submission of an application for bankruptcy by a company of any form within the group of related companies of the borrower.

The Group first assesses whether objective evidence of impairment exists 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, or no impairment loss is calculated for an individually significant loan, the loan is included in a pool of loans with similar credit risk characteristics and is collectively assessed for impairment. Loans and advances to customers that are individually assessed but for which no impairment loss is calculated due to adequate collateral are excluded from the collective impairment assessment.

For the purpose of the collective impairment assessment, loans and advances to customers are grouped on the basis of similar credit risk characteristics (i.e. arrears bucket, industry sector, business/product segment, 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 impairment losses are also calculated for performing loans (zero days past due).

Future cash flows for a group of loans that are collectively assessed 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 gain is recognised in the Consolidated Income Statement.

Forborne loans are loans and advances to customers for 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” in the Consolidated Income Statement.

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

Note 4.1.11 is relevant to the policy of forborne loans.

2.16 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.

2.17 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.

Modification of financial assets

In case that the renegotiation or modification of the contractual cash flows of a financial asset does not lead to the derecognition of the existing financial asset, the Group recalculates the carrying amount of the financial asset as the present value of the revised contractual cash flows, discounted at the financial asset's original effective interest rate. The adjustment is recognised in the Consolidated Income Statement. The Group also continues with its current accounting treatment for the existing asset that has been modified.

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 Income Statement.

2.18 Investments in associates and joint ventures

Investments in associates and joint ventures are recognized at cost net of any impairment losses. The Group assesses at each reporting date, whether trigger for impairment exists for an investment in 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.

2.19 Intangible assets

2.19.1 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 the Consolidated Income Statement 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 initially at cost as an intangible asset and subsequently it is measured at cost less accumulated impairment. 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 on a business combination is allocated, to the Cash Generation Units (CGUs) of the acquired subsidiary according to the business segments presented in Note 27. When an impairment loss is recognized for a CGU, 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.

2.19.2 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 in the Consolidated Income Statement as incurred.

Software is derecognised:

(a) upon disposal, or
(b) when no future economic benefits are expected from use or disposal of software.

The profit or loss stemming from the sale of software is defined as the difference between the net proceeds of the sale, if any, and its net book value.

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.

Subsequent to initial recognition, software is measured at cost less accumulated amortization and accumulated impairment loss.

Software is amortised over at least 3 years on a straight line basis and its useful life is examined separately on an annual basis.

At the end of each reporting period, the Group reviews the carrying amounts of computer software to determine whether there is any indication of impairment, i.e. 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.

2.19.3 Other intangible assets

Other intangible assets are initially recognized at cost 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.

Other intangible assets are derecognised:

(a) upon disposal, or
(b) when no future economic benefits are expected from use or disposal of the intangible asset.

The profit or loss stemming from the sale of the intangible asset is defined as the difference between the net proceeds of the sale, if any, and its book value.

Subsequent to initial recognition, other intangible assets are measured at cost less accumulated amortization and accumulated impairment loss.

These assets are amortised in a period of 5-10 years, depending on the useful life of each asset on a straight line basis. The useful life of other intangible assets is reviewed annually.

At the end of each reporting period, the Group reviews the carrying amounts of other intangible assets to determine whether there is any indication of impairment i.e. 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.

2.20 Property and equipment

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

An own-occupied property is derecognised and its carrying amount is written-off, according to the provisions of IAS 16, upon disposal or when no future economic benefits are expected to flow to the entity. Property may be disposed through sale or lease agreement (as lessor) or donation. The gain or loss on disposal of own-occupied property is defined as the difference between the sale price (less cost to sell) and the carrying value of the property as at the date of the disposal. Such gain or loss is recognized in the Consolidated Income Statement.

Property 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. At the end of each reporting period, the Group reviews the carrying amounts of property and equipment to determine whether there is any indication of impairment, i.e. 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 are the following: a) the borrowing costs should 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 Consolidated Income Statement during the financial period in which they incur.

Depreciation on property and equipment is calculated using the straight-line method based on the estimated useful lives and taking into account their residual values.

- 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: 25-40 years

Land is not depreciated.

Depreciation of property and equipment begins when it is available for use and ceases when it 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 Group conducts an assessment on an annual basis, both in the useful lives and the residual values of the property and equipment.

2.21 Investment property

Property that is held for long-term rental yields or for capital appreciation and is occupied by third parties is recognised 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 the Group as a lessee under a finance lease it is classified and accounted for as investment property if and only if the definition of investment property is met as defined in the International Accounting Standard 17 “Leases” (IAS 17).

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

After initial recognition, investment property is carried at fair value, as this is estimated by independent valuers. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific 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. Comparative Method. According to this method, the valuation will be based on the conclusions drawn from research and collecting comparative data of property having the greatest similarity features with the estimated property.

ii. Income Approach. This method calculates the fair value of each property based on the capitalized value of the present lease.

iii. Cost Approach. This method calculates the fair value of each property based on the cost of replacement of each property or its exploitation.

iv. Mass Appraisal. The purpose of this method is to calculate the current commercial value of property with the use of econometric and spatial econometric techniques.

v. Residual Method. This method is based on the highest price a willing buyer would pay for a plot of land, in order to use it and then operate it.

The above mentioned valuation methods are used by independent valuers, in the context of the fair valuation of investment property. 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.

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. Fair values of investment properties reflect current lease income, as well as assumptions for future leases, taking into account 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.

Pursuant to the provisions of IFRS 40, subsequent expenses are recognized in the carrying amount of the property only when it is probable that future economic benefits associated with the property will flow to the Group and its cost can be measured reliably. Improvement and maintenance costs are recognized in the Consolidated Income Statement during the year in which they are incurred.

Changes in fair value are recognized in the Consolidated Income Statement, in the period in which they arise.

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

Property that is being constructed or developed for future use as investment property is classified as property 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.

An investment property is derecognised from the Consolidated Statement of Financial Position upon disposal. An investment property may be disposed of via sale or lease agreement. Gains or losses arising from investment property withdrawal or disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the investment property on the date of the disposal. Such difference is recognised in the Consolidated Income Statement.

2.22 Non current assets held for sale and Discontinued operations

Non current 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 is 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 measured 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 recognised in the Consolidated 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, or
- 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 Statement of Financial Position and are not offset.

Similarly, profit or loss after tax from discontinued operations is also presented in separate line in the Consolidated Income Statement.

2.23 Inventories property

Inventories property includes land and buildings acquired by the Group 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 for according to IAS 2 as inventory and are measured at the lower of cost and net realisable value and are included in ‘Other Assets’ in the Consolidated Statement of Financial Position. The cost of the inventories 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.

Inventories property are derecognised from the Consolidated Statement of Financial Position at their disposal. The gain / loss resulting from the disposal of the inventories property is determined as the difference between the sale price (less selling costs) and the carrying amount of the property. The difference is recognized in the Consolidated Income Statement.

2.24 Leases

A. The Group is the Lessee

Operating leases

Leases of tangible 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 Consolidated Statement of Financial Position.

Lease payments under an operating lease, are recognised as an expense in the Consolidated 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 tangible asset are recognised as finance leases.

In case that the Group is the lessee under a finance lease, tangible 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 Consolidated Statement of Financial Position.

At the inception of the lease, leased tangible assets are recognised on the Consolidated Statement of Financial Position 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 Consolidated 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 Consolidated 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 Consolidated Statement of Financial Position. 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 Consolidated 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 gain 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.

2.25 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition such as: cash, unrestricted 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, these are not included in balances with less than three months maturity.

2.26 Provisions

Provisions are recognised when: a) the Group has a present legal or constructive obligation as a result of past events, b) it is probable, 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.

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.

2.27 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 issued 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 Consolidated Financial Statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of: a) the initial measurement, less amortisation calculated to recognise in the Consolidated 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 recognised in the Consolidated Income Statement, in the period in which it arises.

2.28 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 funds.

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

For defined contribution plans, the Group pays fixed contributions to publicly administered pension insurance funds (i.e. Social Security Fund) 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 recognised in line, of the Consolidated Income Statement, "staff costs".

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 liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the obligation at the balance sheet date less the fair value of the 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 the Consolidated Income Statement.

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 the Consolidated Income Statement, 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.

2.29 Income tax and deferred tax

Income tax

Income tax benefit/ (expense) represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit/(loss) before tax” as reported in the Consolidated Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Bank’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable will be available to allow all of part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Management reviewed the Bank's investment property portfolios and concluded that none of the Bank's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, Management have determined that the "sale" presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has recognized deferred taxes on changes in fair value of the investment properties as the Bank is subject to income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.30 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 Consolidated 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 Consolidated Income Statement.

2.31 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.

2.32 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 Consolidated Statement of Financial Position at their unamortized cost, unless the securities issued are own-occupied.

2.33 Share capital

The Group’s share capital, 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 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 are referred in Note 40.

2.34 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 holds ordinary shares in the share capital of the Bank and 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 at arm's length.

2.35 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's 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.

2.36 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.

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

The preparation of the 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:

3.1. Allowance for impairment on loans and advances to customers

The allowance for impairment on loans and advances to customers represent Management's best estimate of impairment losses incurred in the loans and advances to customer's at each reporting date. Management is required to exercise judgement in making assumptions and estimates when calculating the allowance for impairment on loans and advances to customers on both individually and collectively assessed loans and advances to customers.

The estimation methods include the use of statistical analyses of historical information, supplemented with significant judgements made by Management, to assess whether current economic and credit conditions are such that the actual level of incurred losses is likely to be greater or less than historical experience.

Risk factors include macroeconomic factors such as GDP, Unemployment Rates, House Price Index Evolution, bankruptcy trends, loan product features, economic conditions such as national and local trends in housing markets, the level of interest rates, account management policies and practices, changes in laws and regulations, and other influences on customer payment patterns. The methodology and the assumptions used in calculating the allowance for impairments on loans and advances to customers are reviewed regularly in the light of differences between allowance for impairments on loans and advances to customers estimated and actual loss experience.

For the individual assessment of the allowance on loans and advances to customers, judgement is required in determining whether there is objective evidence that a loss event has occurred and, if so, the measurement of the allowance for impairment on loans and advances to customers required. In determining whether there is objective evidence that a loan loss event has occurred, judgement is exercised in evaluating all relevant information, including the consideration of whether payments are contractually past due and the consideration of other factors indicating deterioration in the financial condition and outlook of borrowers, affecting their ability to pay.

A higher level of judgement is required for loans to borrowers showing signs of financial difficulty in market sectors experiencing economic stress, particularly where the likelihood of repayment is affected by the prospects for refinancing or the sale of a specified asset. For those loans where objective evidence of impairment exists, Management determines the size of the allowance for impairment required based on a range of factors as included in Note 4.

The Group might provide loan forbearance to borrowers experiencing financial difficulties by agreeing to modify the contractual payment terms of loans in order to improve the management of customer relationships, maximise collection opportunities or avoid default or repossession. Where forbearance activities are significant, higher levels of judgement and estimation uncertainty are involved in determining their effects on the allowance for impairment on loans and advances to customers. Judgements are involved in differentiating the credit risk characteristics of forbearance cases, including those which return to performing status following renegotiation.

The exercise of judgement requires the use of assumptions which are highly subjective and very sensitive to the risk factors, in particular to changes in economic and credit conditions. Many of the factors have a high degree of interdependency.

3.2. Recoverability of Deferred Tax Assets

Management evaluates the recoverability of deferred tax asset at each reporting period The recognition of a deferred tax asset relies on Management's assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies. In the absence of a history of taxable profits, the most significant judgements relate to expected future profitability and to the applicability of tax planning strategies.

Management's estimates for the future tax results of the Group and consequently the recoverability of the deferred tax asset, 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.

Finally, at each reporting period, Management evaluates the consequences of the changes in the current tax legislation on the tax base of the Assets and Liabilities.

3.3. Fair value of Available for Sale portfolio

The available for sale ("AFS") portfolio is recorded at fair value and any changes in fair value are recorded in the AFS reserve. Impairment of AFS 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. In which case the AFS 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 also takes into account evidence of deterioration in the financial performance of the investee, as well as industry and sector economic performance and changes in technology.

3.4 Fair value of over the counter derivative instruments

The fair value of derivative financial instruments that are traded over the counter (OTC), with banking counterparties, is determined by using commonly accepted valuation models.

These valuation models use observable data. Where this is not possible, estimates and assumptions are required by Management concerning the parameters that affect the fair value of derivatives. These assumptions and estimates are assessed regularly and when market conditions change significantly.

The fair value for derivative financial instruments includes adjustments for the credit risk in a bilateral derivative transaction (CVA/ DVA).

The calculation of credit adjustments takes into account the future expected credit exposure, which is estimated using simulation techniques for the derivatives' future fair values, in combination with the currently in force netting agreements and collateral held (as per the ISDA-CSA contracts in force).

In addition, the calculation of credit adjustments is also based on loss given default (LGD) rates as well probability of default (PD) curves, as these are derived from the purchase prices of the Credit Default Swap Market.

In case that the aforementioned prices are not available from the CDS market, or the available market prices are not reliable due to very low liquidity, the relevant calculation is based on proxy credit curves and LGD rates, approved by the Bank's management.

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

3.5. Impairment of associate companies and joint ventures

Impairment testing of investments in associates and joint ventures involves significant judgement in determining the value in use, and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment. The Group tests for impairment the investments in associate companies and joint ventures, comparing the recoverable amount of the investment with its carrying amount. If during this assessment, a permanent impairment occurs, the amount of the impairment loss is posted directly to the Consolidated Income Statement of that period.

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.

3.6. Estimation of investment property fair value

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

Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific investment property. If this information is not available, valuation methods, as described in Note 2.21 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.

Amounts in thousand euros (Unless otherwise stated)

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 property, with similar characteristics.

3.7. 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 2017, the total carrying value of the Group’s receivables from Greek Public Sector was as follows:

	2017	2016
Derivative financial instruments - assets	284,395	341,796
Bonds and treasury bills at fair value through profit or loss	8,006	8,428
Loans to Public sector	1,729,089	2,061,031
Bonds, treasury bills and other variable income securities of investment portfolio	1,701,181	2,084,465
Other Assets	508,045	793,384
Total	**4,230,716**	**5,289,104**

Loans to Public sector as at 31/12/2017 include funding € 1,612.3 million (31/12/2016: € 1,928.6 million) which has been provided to a public sector organisation, aiming the prompt distribution of European Union subsidies to Greek farmers.

4 Financial risk management

Risk management framework

The recognition and management of risks arising from the Group's activities is a priority in the development of its business strategy. In this regard, a framework for prudent risk management has been established, which is based on supervisory guidelines and best international practices and the guidelines of the Basel Committee for Banking Supervision.

The responsibility for the development and overseeing of the risk management framework lies with the Board of Directors (BoD). The Risk Management Committee, as a committee of the BoD 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, and 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 affect the Group’s risk profile.

The Board of Directors ensures the development of an appropriate risk management framework, including strategy and policies, by setting acceptable risk limits, while shaping an appropriate internal environment so that every employee of the Bank is aware of the nature of the risks associated with its duties.

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

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

- Group Credit Risk Management,
- Group Capital Management,
- Group Market, Liquidity and Operational Risk Management,
- Corporate Credit Control
- Group Risk Coordination and Model Validation
- Risk Data Office and
- Risk Management Office

The Unit’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 an appropriately approved Risk & Capital Strategy, which includes a defined Risk Appetite Framework. The Group aims to continuously improve the framework regarding the recognition, management and governance of risks and the further development of a risk management culture.

The Risk & Capital Strategy of the Group takes into consideration the present conditions and strategic targets, offers guidelines and constitutes the Bank’s risk management framework, contributing to the achievement of the Group’s business objectives and commitments to the supervisory authorities.

The effectiveness of the aforementioned Strategy is additionally monitored by the 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.

4.1 Credit risk

4.1.1 Credit risk management strategies and procedures

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 the Group's credit risk management, 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 Unit, the Credit Risk Management Division operates with the objective of identifying, monitoring and managing credit risk, according to the Risk Appetite Framework, as approved by the Board of Directors, in compliance with the respective obligations towards the supervisory authorities.

4.1.2 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 to customers, the following are performed at a counterparty level:

– The customer's creditworthiness and the probability of default on its 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 to their special characteristics and features. These models combine financial and statistical analysis together with the expert judgement of responsible officers. Whenever possible, these models are tested by benchmarking them against externally available information.

Borrowers are 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 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 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 Moody’s Risk Advisor System (“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). Additionally, for specialized lending categories project finance and Income Producing Real Estate, 2 new models have been developed, which are also optimized and aligned with the special lending criteria of Basel’s Internal Ratings - based approach (IRB) and are expected to be implemented in 2018.
- 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 monitoring of their predictive power.

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

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 12 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 28 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, his bureau score and his Teiresias 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 that is taken into account in the approval process and determine the willingness as well as the ability of the applicant to fulfil his obligations 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 annually for:

- The Stability of the Population Rating between the Development and the Recent Period,
- Whether the changes in the PD/LGD parameters are statistically significant,
- Whether the models retain their discrimination power.
- Retail loans under the standard monitoring category, are the ones that are neither past due nor impaired.

(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. 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. 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.

4.1.3 Risk based pricing

In the context of risk integration in business decision making and in particular in relation to new lending, the Group has developed a Risk Based Pricing methodology which incorporates the cost of credit risk as well as other risk factors and administration cost in the loan pricing. The methodology aims to achieve an appropriate return given the underlying risks in lending business.

Within 2017, the Bank has completed the development of the necessary technical infrastructure (i.e. Risk Based Pricing calculation tool) to support the implementation of the methodology in SME and Mortgage portfolios. The risk based pricing tool is expected to be implemented in business within the first quarter of 2018. The day-to-day use will be of great value in order to assess performance with a view to continuous improvement.

4.1.4 Concentration risk

Concentration risk may arise from various types of portfolio incomplete diversification, such as the concentration risk on large borrowers, economic sectors, geographical areas and types of collateral.

The Group monitors concentration risk on a regular basis, through a reporting framework which respectively informs Senior Management and the supervisory authorities. In addition to monitoring supervisory limits, the Group has set internal limits within the Risk Appetite Framework, which are revised annually.

4.1.5 Country risk

Country risk reflects the risk of economic losses and the decrease in value of the Group 's net assets, arising from one or more of the following reasons: (a) a deterioration in the economic, political and social conditions prevailing in countries in which the Group operates, b) the possibility of expropriation and nationalization of assets by the government; (c) default on external or internal government debt, (d) the application of restrictive measures with regards to fund transferring (e) the possibility of significant currency depreciation .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. For country risk assessment, both quantitative and qualitative criteria are used, which take into consideration the evolution of risk parameters and the volume/ structure of the Group's country exposures.

4.1.6 Counterparty credit risk

Counterparty credit risk (CCR) is defined as the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. It refers to derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions. For the effective management of CCR, the Group has in place 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 a procedure for limit cancelation or restriction in limits, when certain conditions are met regarding counterparty's credit rating downgrade.

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.

4.1.7 Credit limits management and risk mitigation techniques

The 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 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,
- Mortgages on real estate property,
- Ship mortgages,
- Greek government guarantees,
- Bank letters of guarantee,
- 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,
- 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.

4.1.8 Impairment policy for allowance for impairment on loans and advances to customers

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 at each reporting period, the Group uses a very analytical method of calculating the allowance for impairment losses on loans and advances to customers (impairment test) for the purpose of creating adequate provisions coverage for this portfolio, according to the provisions of IFRSs. The allowance for impairments on loans and advances to customers for the Group is approved by the Provisioning Committee.

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 will not 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 allowance for impairment on loans and advances to customers 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 2.15.

Impairment assessment is conducted individually for all loans that the Group considers individually significant, and collectively for all loans that are not considered individually significant. Bank's individually significant loans, are considered those loans which exceed € 1 million at borrower level, while for the Group the individually significant loans depend 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. Furthermore, collective assessment includes loans that are not individually impaired. Loans and advances to customers that are individually assessed but for which no impairment loss is calculated due to adequate collateral are excluded from the collective impairment assessment.

4.1.9. Collective assessment for business loan portfolio

All loans that are not individually assessed for impairment as well as those assessed but not impaired, excluding loans for which no impairment loss was identified because they are over-collateralized, are assessed on a collective basis, exceptions are loans that are individually assessed but for which no impairment loss is calculated due to overcollateralization.

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 assets that are collectively assessed are estimated for impairment based on historical data of losses of assets with similar credit characteristics with the assets assessed. 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.

4.1.10. Collective assessment for retail loan portfolio

In order to determine the necessary collective allowance for impairment losses for the Group's retail loan portfolio, according to the IFRSs, loans which are individually assessed for impairment, excluding those for which no impairment loss was identified, due to overcollateralization, are deducted from the whole retail loan portfolio.

Thereafter, the remaining portfolio is segmented, so that loans, in each segment show the greatest possible homogeneity and uniformity in terms of their characteristics. Basic parameters, used for portfolio segmentation, are the following:

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

In order to determinate the allowance for impairment losses 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 allowance for impairment losses 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 Consolidated Income Statement.

4.1.11 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 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.

Forborne loans are defined as exposures arising from loan agreements that have been subject to forbearance measures. The measures are considered as a concession of the Bank to a borrower who is facing or is about to face financial difficulties in fulfilling its financial obligations. Forbearance may involve conversion of contractual terms and conditions and / or refinancing of debts.

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

Forbearance measures do not lead to derecognition unless the loan is altered in a manner that the terms under the modified contract are substantially different from those under the original contract.

Loans in forbearance status are assessed for impairment either on individual or collective basis, according to the Provisioning Policy.

Retail Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The exposure is more than 90 days past due on any material credit obligation to the Bank or its subsidiaries.
- The exposure is considered as unlikely to pay (UTP) its obligations to the Bank or its subsidiaries.

Corporate Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The borrower is more than 90 days past due
- The exposure or borrower is considered as unlikely to pay (UTP) his obligations to the Bank or its subsidiaries.

Exceptions are loans and advances to customers that are individually assessed but for which no impairment loss is calculated (eg. due to overcollateralization).

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 the Credit Risk Management Division, new teams were established with the responsibility to monitor the effectiveness and efficiency of the RBU's in view of implementing the Bank's NPL's management strategy.

These 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 RBU 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.

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

4.1.12 Write-offs

The Group write-off debt against the allowance for impairments, 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 and its subsidiaries' Board of Directors or by its authorized approval bodies.

Amounts in thousand euros (Unless otherwise stated)

4.2 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 2017			31 December 2016		
	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	2,147,758	90,253	23,109	1,663,631	30,005	13,246,054
B) Loans and advances past due but not impaired	-	-	-	-	-	-
C) Impaired loans and advances	-	-	-	-	-	5,692
Total	**2,147,758**	**90,253**	**23,109**	**1,663,631**	**30,005**	**13,251,746**

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 2017	31 December 2016
Investment monitoring	1,800,773	1,410,379
Standard monitoring	314,933	208,055
Special monitoring	32,052	45,197
Total	**2,147,758**	**1,663,631**

Grades of reverse repos with customers	31 December 2017	31 December 2016
Standard monitoring	90,253	30,005
Total	**90,253**	**30,005**

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 4.5.

	31 December 2017	31 December 2016
Debt securities-receivables	23,109	13,251,746
Less: Allowance for impairment on debt securities receivables	-	(5,489)
Debt securities-receivables net of provisions	**23,109**	**13,246,257**

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to customers are summarised as follows:

	31 December 2017				
	Loans and advances to customers before provisions and fair value adjustments	Individual allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Total allowance for impairment of loans and advances	Loans and advances to customers
A) Loans and advances neither past due nor impaired	27,835,718	-	(565,289)	(565,289)	**27,270,429**
B) Loans and advances past due but not impaired	4,612,025	-	(179,215)	(179,215)	**4,432,810**
C) Impaired loans and advances	27,812,293	(9,902,379)	(4,893,622)	(14,796,001)	**13,016,291**
Total	**60,260,036**	**(9,902,379)**	**(5,638,127)**	**(15,540,506)**	**44,719,530**

	31 December 2016				
	Loans and advances to customers before provisions and fair value adjustments	Individual allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Total allowance for impairment of loans and advances	Loans and advances to customers
A) Loans and advances neither past due nor impaired	29,359,635	-	(452,842)	(452,842)	**28,906,793**
B) Loans and advances past due but not impaired	6,726,182	-	(369,191)	(369,191)	**6,356,991**
C) Impaired loans and advances	30,562,632	(11,036,345)	(5,082,463)	(16,118,809)	**14,443,824**
Total	**66,648,449**	**(11,036,345)**	**(5,904,496)**	**(16,940,842)**	**49,707,608**

It is noted that the amounts of loans and advances to customers before allowances for impairment on loans and advances to customers have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. Specifically, the remaining allowance for impairment on loans and advances to customers of the Group amounting to € 5.8 billion as at 31/12/2017 relaing to 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., which at their acquisition date by Piraeus Group amounted to € 8.1 billion, has increased the gross balance of loans and advances to customers and the allowance for impairment on loans and advances to customers respectively in the table above. As for purposes of credit risk monitoring in accordance with IFRS 7 (Note 4), as well as for the presentation of Business Segments (Note 5) in accordance with IFRS 8, the aforementioned adjustment is part of the allowance for impairment on loans and advances to customers.

Amounts in thousand euros (Unless otherwise stated)

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

31/12/2017	Non impaired L&As		Impaired L&As			Impairment Allowance				
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Gross Loans and advances to customers including PPA adjustment	Individually assessed	Collectively assessed	Allowance for impairment on loans and advances to customers including PPA adjustment	Loans and advances to customers	Value of collateral
Retail Lending	**10,150,479**	**1,685,209**	**405,531**	**8,423,778**	**20,664,996**	**(267,254)**	**(3,660,005)**	**(3,927,259)**	**16,737,738**	**12,837,164**
Mortgages	8,118,890	1,354,498	281,178	5,428,849	15,183,414	(193,274)	(1,557,842)	(1,751,116)	13,432,299	11,649,609
Consumer	1,477,304	309,726	123,804	2,482,834	4,393,667	(73,545)	(1,704,073)	(1,777,618)	2,616,050	1,187,117
Credit cards	554,040	20,985	66	511,449	1,086,540	(66)	(397,904)	(397,970)	688,570	110
Other	245	-	483	646	1,375	(369)	(186)	(555)	820	329
Corporate Lending	**15,926,626**	**2,925,408**	**15,342,747**	**3,633,541**	**37,828,322**	**(9,634,871)**	**(1,942,857)**	**(11,577,728)**	**26,250,594**	**17,375,386**
Large	8,945,083	805,498	5,716,755	88,580	15,555,916	(3,795,908)	(209,051)	(4,004,959)	11,550,957	6,208,668
SMEs	6,981,543	2,119,910	9,625,992	3,544,962	22,272,406	(5,838,963)	(1,733,806)	(7,572,769)	14,699,637	11,166,718
Public Sector	**1,758,614**	**1,408**	**6,603**	**92**	**1,766,717**	**(255)**	**(35,264)**	**(35,519)**	**1,731,198**	**1,657,470**
Greece	1,756,505	1,408	6,603	92	1,764,608	(255)	(35,264)	(35,519)	1,729,089	1,655,361
Other countries	2,109	-	-	-	2,109	-	-	-	2,109	2,109
Total	**27,835,718**	**4,612,025**	**15,754,882**	**12,057,411**	**60,260,036**	**(9,902,379)**	**(5,638,126)**	**(15,540,506)**	**44,719,530**	**31,870,020**

Retail Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The exposure is more than 90 days past due on any material credit obligation to the Bank or its subsidiaries.
- The exposure is considered as unlikely to pay (UTP) its obligations to the Bank or its subsidiaries.

Corporate Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The borrower is more than 90 days past due.
- The exposure or borrower is considered as unlikely to pay (UTP) his obligations to the Bank or its subsidiaries.

Exceptions are loans and advances to customers that are individually assessed but for which no impairment loss is calculated (eg. due to overcollateralization).

The figures of 31/12/2016 were restated according to the above mentioned definition.

Amounts in thousand euros (Unless otherwise stated)

31/12/2016	Non impaired L&As		Impaired L&As		Gross Loans and advances to customers including PPA adjustment	Impairment Allowance			Loans and advances to customers	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed	Allowance for impairment on loans and advances to customers including PPA adjustment		
Retail Lending	**10,818,350**	**2,259,549**	**441,995**	**8,915,415**	**22,435,310**	**(262,211)**	**(3,983,210)**	**(4,245,420)**	**18,189,890**	**13,761,302**
Mortgages	8,547,912	1,809,862	269,296	5,534,501	16,161,570	(166,433)	(1,659,911)	(1,826,344)	14,335,226	12,447,565
Consumer	1,701,120	423,619	170,896	2,735,256	5,030,891	(94,092)	(1,815,302)	(1,909,394)	3,121,497	1,312,395
Credit cards	568,482	25,668	1,305	643,906	1,239,361	(1,301)	(507,762)	(509,063)	730,298	93
Other	837	401	498	1,752	3,488	(385)	(234)	(619)	2,869	1,248
Corporate Lending	**16,488,574**	**4,464,718**	**17,790,683**	**3,403,018**	**42,146,993**	**(10,773,112)**	**(1,920,776)**	**(12,693,887)**	**29,453,106**	**19,128,210**
Large	8,875,558	1,773,369	6,651,819	40,421	17,341,167	(4,127,839)	(86,959)	(4,214,798)	13,126,370	6,480,173
SMEs	7,613,016	2,691,348	11,138,865	3,362,597	24,805,826	(6,645,273)	(1,833,817)	(8,479,090)	16,326,736	12,648,037
Public Sector	**2,052,711**	**1,915**	**10,740**	**781**	**2,066,146**	**(1,023)**	**(511)**	**(1,534)**	**2,064,612**	**1,940,824**
Greece	2,049,186	1,858	10,740	781	2,062,565	(1,023)	(511)	(1,534)	2,061,031	1,938,743
Other countries	3,524	57	-	-	3,581	-	-	-	3,581	2,080
Total	**29,359,635**	**6,726,182**	**18,243,418**	**12,319,215**	**66,648,449**	**(11,036,345)**	**(5,904,496)**	**(16,940,841)**	**49,707,608**	**34,830,335**

Out of the total loans and advances to customers (before allowances), fixed rate loans amount to € 4,306.1 million or 7.1% (2016: € 4,545.7 million or 6.8%) and floating rate loans amount to € 55,953.9 million (2016: € 62,102.7 million).

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 capped to the loan balance.

Amounts in thousand euros (Unless otherwise stated)

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

31/12/2017	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired loans and advances to customers	Value of collateral
Retail lending	**10,150,479**	**0**	**10,150,479**	**7,267,492**
Mortgages	8,118,890	-	8,118,890	6,768,358
Consumer	1,477,304	-	1,477,304	499,046
Credit cards	554,040	-	554,040	88
Other	245	-	245	-
Corporate Lending	**13,102,937**	**2,823,689**	**15,926,626**	**8,333,335**
Large	7,312,006	1,633,077	8,945,083	4,069,564
SMEs	5,790,931	1,190,612	6,981,543	4,263,771
Public Sector	**1,758,589**	**25**	**1,758,614**	**1,656,933**
Greece	1,756,480	25	1,756,505	1,654,824
Other countries	2,109	-	2,109	2,109
Total	**25,012,005**	**2,823,714**	**27,835,718**	**17,257,760**

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	**10,818,350**	**0**	**10,818,350**	**7,607,359**
Mortgages	8,547,912	-	8,547,912	7,043,788
Consumer	1,701,120	-	1,701,120	562,921
Credit card	568,482	-	568,482	58
Other	837	-	837	592
Corporate Lending	**13,715,271**	**2,773,303**	**16,488,574**	**8,447,951**
Large	7,247,739	1,627,819	8,875,558	3,887,633
SMEs	6,467,532	1,145,484	7,613,016	4,560,318
Public Sector	**2,048,972**	**3,738**	**2,052,711**	**1,939,586**
Greece	2,045,448	3,738	2,049,186	1,937,505
Other countries	3,524	-	3,524	2,080
Total	**26,582,594**	**2,777,042**	**29,359,635**	**17,994,895**

Relative reference for the determination of corporate and retail portfolio credit quality is provided in Note 4.1.2 “Credit risk measurement and reporting systems”

Amounts in thousand euros (Unless otherwise stated)

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

31/12/2017	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	856,237	174,073	12,314	-	207,784	655,727	1,072	-	1,907,207
30-59 days	326,511	73,337	5,426	-	187,788	336,227	93	-	929,381
60-89 days	169,870	62,316	3,245	-	106,541	344,594	4	-	686,569
90-179 days	889	-	-	-	40,971	135,232	0	-	177,093
180-360 days	197	-	-	-	23,962	50,669	0	-	74,827
>360 days	794	-	-	-	75,699	172,814	187	-	249,494
Denounced	-	-	-	-	162,754	424,647	53	-	587,453
Total	**1,354,498**	**309,726**	**20,985**	**0**	**805,498**	**2,119,910**	**1,408**	**0**	**4,612,025**
Value of collateral	1,082,271	119,630	14	-	486,109	1,618,265	203	-	3,306,492

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	933,740	217,111	15,582	268	779,093	875,368	526	-	2,821,689
30-59 days	543,479	106,352	6,760	73	312,230	381,609	1,253	-	1,351,755
60-89 days	329,329	100,115	3,326	55	323,648	418,010	4	-	1,174,487
90-179 days	1,665	-	-	4	38,701	169,159	-	-	209,530
180-360 days	723	-	-	-	86,238	122,794	-	-	209,755
>360 days	924	-	-	-	215,412	467,328	75	57	683,796
Denounced	-	41	-	-	18,048	257,080	-	-	275,169
Total	**1,809,862**	**423,619**	**25,668**	**401**	**1,773,369**	**2,691,348**	**1,858**	**57**	**6,726,182**
Value of collateral	1,454,452	176,063	21	381	888,350	1,973,727	79	-	4,493,073

Amounts in thousand euros (Unless otherwise stated)

4.2.4 Impaired loans and advances to customers

4.2.4.1 Movement in impaired loans and advances to customers 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 1/1/2017	5,803,797	2,906,152	645,211	2,250	6,692,240	14,501,462	11,521	-	**30,562,632**
Opening balance of discontinued operations	(15,801)	(25,053)	(1,351)	(45)	(28,196)	(180,553)	-	-	**(250,999)**
New impaired loans and advances	834,439	321,134	20,581	283	1,017,674	1,406,260	173	-	**3,600,543**
Transferred to non-impaired	(601,680)	(259,309)	(46,896)	(1,204)	(249,406)	(588,012)	(4,819)	-	**(1,751,327)**
Repayment	(188,007)	(63,377)	(4,203)	(159)	(500,886)	(594,221)	(179)	-	**(1,351,032)**
Impaired loans and advances written-off	(67,630)	(271,463)	(101,896)	(3)	(988,826)	(1,068,902)	-	-	**(2,498,720)**
Reclassification of impaired loans	594	(824)	230	-	50,294	(50,294)	-	-	**0**
Derecognition of impaired loans and advances	-	(208)	-	-	(61,696)	(125,610)	-	-	**(187,514)**
Foreign exchange differences and other movements	(55,684)	(413)	(161)	9	(125,862)	(129,181)	-	-	**(311,293)**
Gross balance as at 31/12/2017	**5,710,029**	**2,606,638**	**511,515**	**1,129**	**5,805,336**	**13,170,950**	**6,695**	**0**	**27,812,292**
Impairment allowance	(1,674,918)	(1,570,573)	(392,981)	(555)	(3,821,078)	(7,335,590)	(307)	-	(14,796,001)
Net balance as at 31/12/2017	**4,035,111**	**1,036,065**	**118,534**	**574**	**1,984,258**	**5,835,360**	**6,389**	**0**	**13,016,291**

The movement of impaired loans and advances to customers of year 2016 has not been included, as the calculation of the impaired loans figures according to the newly applied definition (CRR Default) for the year 2015, could not be calculated due to system limitations.

Amounts in thousand euros (Unless otherwise stated)

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

	Retail lending				Corporate lending		Public sector		
31/12/2017	Mortgages	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	Total
Not past due	623,403	157,884	304	-	834,142	1,386,487	-	-	**3,002,220**
1-29 days	204,303	41,356	5	114	171,718	170,197	-	-	**587,693**
30-59 days	99,078	23,039	18	-	81,471	138,086	-	-	**341,692**
60-89 days	72,381	23,411	15	-	70,063	138,868	-	-	**304,740**
90-179 days	174,545	28,551	1,796	-	148,071	313,517	-	-	**666,480**
180-360 days	119,349	26,327	15,135	-	5,989	87,086	-	-	**253,887**
>360 days	434,157	126,908	279	298	308,421	612,597	210	-	**1,482,869**
Denounced	2,307,892	608,590	100,982	163	364,381	2,988,525	6,179	-	**6,376,711**
Total net amount	**4,035,109**	**1,036,065**	**118,534**	**574**	**1,984,257**	**5,835,364**	**6,389**	**0**	**13,016,292**
Value of collateral	3,798,981	568,441	7	329	1,652,995	5,284,681	334	-	**11,305,768**

	Retail lending				Corporate lending		Public sector		
31/12/2016	Mortgages	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	Total
Not past due	619,974	159,876	697	-	1,085,654	1,250,592	3,481	-	**3,120,274**
1-29 days	212,947	55,266	42	2	141,741	227,267	-	-	**637,265**
30-59 days	117,555	30,828	8	24	117,027	112,117	-	-	**377,559**
60-89 days	108,644	35,405	190	88	54,933	169,701	-	-	**368,961**
90-179 days	194,114	49,076	2,823	34	52,880	381,072	-	-	**679,999**
180-360 days	171,148	57,542	2,940	9	29,008	212,959	-	-	**473,605**
>360 days	522,577	137,195	13,611	377	605,946	1,263,782	716	-	**2,544,205**
Denounced	2,172,223	689,173	121,726	1,098	467,070	2,784,489	6,178	-	**6,241,957**
Total net amount	**4,119,183**	**1,214,361**	**142,036**	**1,631**	**2,554,260**	**6,401,979**	**10,375**	**0**	**14,443,824**
Value of collateral	3,949,326	573,411	14	275	1,704,190	6,113,992	1,159	-	**12,342,367**

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)

4.2.5 Loan-to-value ratio (LTV)

Loan to value is the relationship between the loan and the appraised value of the property held as collateral.

31/12/2017	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	2,760,535	310,885
50%-70%	2,100,483	130,912
71%-80%	1,127,286	119,371
81%-90%	1,097,597	26,142
91%-100%	1,071,605	28,634
101%-120%	2,048,615	102,400
121%-150%	2,131,647	186,489
Greater than 150%	2,845,646	913,526
Total exposure	**15,183,414**	**1,818,359**
Average LTV	96%	176%

31/12/2016	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	3,109,894	336,332
50%-70%	2,362,754	159,756
71%-80%	1,267,389	167,271
81%-90%	1,203,439	85,055
91%-100%	1,278,437	52,854
101%-120%	2,117,791	249,102
121%-150%	2,111,911	185,673
Greater than 150%	2,709,955	871,024
Total exposure	**16,161,570**	**2,107,067**
Average LTV	93%	183%

Regarding CRE ratio it needs to be clarified that the 31/12/2016 figures are restated as a result of a data cleansing project that Piraeus Bank had taken on during 2017.

Amounts in thousand euros (Unless otherwise stated)

4.2.6 Repossessed collaterals

The repossessed collaterals presented below in line "Real estate" refer to property that is included in lines "Other Assets", "Property and equipment", "Investment property" and "Held for sale" in the Consolidated Statement of Financial Position.

31/12/2017	Gross amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**1,464,505**	**313,618**	**(241,856)**	**(58,972)**	**1,222,649**	**55,211**	**(3,804)**
-Residential	385,578	38,540	(83,882)	(21,175)	301,695	29,556	(2,093)
-Commercial	1,078,927	275,078	(157,974)	(37,797)	920,953	25,654	(1,711)
Other collateral	**14,297**	**565**	**(9,388)**	**(455)**	**4,909**	**475**	**(252)**

31/12/2016	Gross amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**1,222,936**	**245,236**	**(197,719)**	**(29,581)**	**1,025,217**	**56,787**	**15**
-Residential	396,830	69,740	(73,930)	(14,715)	322,900	26,136	2,424
-Commercial	826,106	175,496	(123,789)	(14,866)	702,317	30,652	(2,409)
Other collateral	**31,727**	**2,246**	**(21,542)**	**(5,787)**	**10,185**	**6,105**	**89**

Amounts for "Reposessed collaterals" as at 31/12/2016 have been restated for comparison purposes.

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 Group 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 (since 26/10/2017, the Property Management Unit belongs to R.E.O. Department of "Piraeus Legacy Unit), 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 electronic call for tenders (www.properties4sale.gr) are being performed, as well as public tenders through the press. Also, rental agreements for many acquired properties are signed, when it is presumed that respective rental income is favorable for the Bank. Those rental agreements are being monitored by the Leased Property department of the same unit, that is responsible for renting such properties as well as managing the relevant rentals. Additionally, the properties portfolio of the Bank includes properties to be used by the Bank or to be rented to other subsidiaries or associates of the Group. In addition, special properties that can be utilized with further investments are examined individually.

The above mentioned activities determine the basic policy and framework for the Group’s procedures in normal conditions of the real estate market. However, 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 improvement of its total asset return.

4.2.7. Breakdown of collaterals and guarantees

	Value of collateral received				
31/12/2017	**Real estate collateral**	**Financial collateral**	**Other collateral**	**Total value of collateral**	**Guarantees received**
Retail Lending	12,546,840	227,973	62,351	12,837,164	409
Corporate Lending	14,219,687	1,066,229	2,089,470	17,375,386	9,762,133
Public Sector	1,053	3,906	1,652,510	1,657,470	28
Total	**26,767,581**	**1,298,108**	**3,804,331**	**31,870,020**	**9,762,570**

	Value of collateral received				
31/12/2016	**Real estate collateral**	**Financial collateral**	**Other collateral**	**Total value of collateral**	**Guarantees received**
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**

The value of guarantees includes mainly personal or corporate guarantees.

Amounts in thousand euros (Unless otherwise stated)

4.3 Impairment provisioning

4.3.1. Reconciliation of the allowance for impairment on loans and advances to customers by product line (including fair value adjustments)

	Mortgages	Consumer/ personal and other retail loans	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1/1/2017	**1,826,343**	**1,910,013**	**509,063**	**4,245,420**	**12,693,888**	**1,535**	**16,940,842**
Opening balance of discontinued operations	(9,574)	(32,407)	(1,478)	(43,459)	(92,948)	-	(136,407)
Charge for the year	92,703	242,565	(1,635)	333,633	1,644,821	34,337	2,012,792
Amounts written off	(72,787)	(287,066)	(102,131)	(461,984)	(2,074,563)	(229)	(2,536,775)
Provision of derecognised loans	-	(208)	-	(208)	(184,963)	-	(185,171)
Unwinding	(71,649)	(58,889)	(5,849)	(136,387)	(246,490)	(124)	(383,001)
Foreign exchange differences and other movements	(13,921)	4,165	1	(9,755)	(162,017)	-	(171,773)
Closing balance as at 31/12/2017	**1,751,115**	**1,778,173**	**397,971**	**3,927,259**	**11,577,729**	**35,520**	**15,540,507**

	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
- from continuing operations	209,523	99,482	8,221	317,226	687,037	(343)	1,003,921
- from discontinued operations	1,034	(7,446)	(16)	(6,429)	17,128	-	10,699
Amounts written off	(15,895)	(167,159)	(79,845)	(262,899)	(964,035)	(552)	(1,227,487)
- from continuing operations	(13,802)	(137,082)	(78,552)	(229,436)	(951,327)	(552)	(1,181,315)
- from discontinued operations	(2,093)	(30,078)	(1,293)	(33,463)	(12,708)	-	(46,172)
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
- from continuing operations	2,677	(35,521)	20	(32,823)	103,879	(58)	70,998
- from discontinued operations	793	12,419	231	13,443	7,173	-	20,615
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**

Amounts in thousand euros (Unless otherwise stated)

4.3.2 Loans and advances to customers, impaired loans and allowance for impairment by product line, industry and geographical region

31/12/2017	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	**20,273,644**	**8,686,520**	**(3,860,391)**	**391,352**	**142,788**	**(66,868)**
Mortgages	14,972,993	5,667,797	(1,733,010)	210,421	42,229	(18,106)
Consumer	4,222,047	2,507,202	(1,730,120)	171,621	99,436	(47,498)
Credit cards	1,077,713	510,875	(397,075)	8,827	640	(895)
Other	892	646	(186)	483	483	(369)
Corporate Lending	**35,840,657**	**18,075,973**	**(11,038,832)**	**1,987,665**	**900,316**	**(538,896)**
Agriculture	1,073,715	380,572	(189,864)	66,203	35,787	(8,637)
Manufacturing	6,213,053	3,163,779	(1,710,442)	273,117	126,892	(55,441)
Energy	1,094,219	42,183	(53,396)	35,115	16,260	(9,932)
Commerce and services	5,898,728	3,409,625	(1,995,426)	389,120	152,514	(93,261)
Shipping	2,369,052	1,063,413	(674,850)	-	-	-
Coastline/ Ferries Companies	244,261	122,358	(50,918)	-	-	-
Construction	4,057,278	2,707,352	(1,626,528)	255,392	155,945	(81,313)
Transport & Logistics	1,045,132	495,204	(355,847)	116,846	61,711	(42,341)
Tourism	2,962,740	872,099	(441,189)	15,109	7,286	(2,959)
Financial Sector	2,255,078	1,231,969	(959,479)	74,959	47,436	(49,959)
Real Estate Companies	2,209,995	1,509,974	(897,790)	551,759	183,219	(104,459)
Project Finance	1,712,288	282,245	(251,008)	101,177	55,139	(46,398)
Other	4,705,118	2,795,199	(1,832,094)	108,868	58,126	(44,195)
Public Sector (1)	**1,764,608**	**6,695**	**(35,519)**	**2,109**	**0**	**0**
Total	**57,878,909**	**26,769,189**	**(14,934,741)**	**2,381,127**	**1,043,104**	**(605,765)**

Note (1): The gross amount of Loans and advances for the Public sector (€ 1,764.6 million) at 31/12/2017 includes the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') of € 1,645.6 million (31/12/2016: € 1,928.6 million), which has been repaid in February 2018.

Amounts in thousand euros (Unless otherwise stated)

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**	**9,137,899**	**(4,128,708)**	**938,832**	**219,511**	**(116,713)**
Mortgages	15,706,723	5,729,044	(1,792,758)	454,847	74,753	(33,586)
Consumer	4,568,083	2,764,043	(1,829,189)	462,808	142,109	(80,205)
Credit cards	1,219,055	643,060	(506,526)	20,306	2,151	(2,537)
Other	2,617	1,752	(234)	871	498	(385)
Corporate Lending	**38,993,902**	**19,476,819**	**(11,772,519)**	**3,153,092**	**1,716,882**	**(921,369)**
Agriculture	1,181,595	389,048	(265,207)	101,031	49,120	(15,668)
Manufacturing	6,605,527	3,270,809	(1,790,299)	455,743	263,793	(131,200)
Energy	930,595	68,021	(36,589)	73,023	28,919	(16,175)
Commerce and services	6,079,732	3,440,134	(2,027,150)	606,858	300,988	(168,816)
Shipping	2,702,285	657,579	(361,292)	-	-	-
Coastline/ Ferries Companies	290,414	121,227	(48,250)	-	-	-
Construction	4,514,414	3,098,276	(1,858,191)	461,622	321,739	(169,164)
Transport & Logistics	1,232,817	688,537	(515,382)	156,452	88,774	(50,656)
Tourism	3,102,285	1,041,416	(446,896)	43,426	27,806	(8,622)
Financial Sector	2,584,575	1,794,525	(1,257,362)	108,978	75,236	(51,597)
Real Estate Companies	2,451,513	1,528,058	(891,467)	641,248	280,208	(108,984)
Project Finance	1,911,653	273,482	(215,362)	149,862	98,780	(68,726)
Other	5,406,495	3,105,708	(2,059,072)	354,848	181,519	(131,762)
Public Sector	**2,062,565**	**11,521**	**(1,534)**	**3,581**	**-**	**-**
Total	**62,552,944**	**28,626,239**	**(15,902,760)**	**4,095,505**	**1,936,393**	**(1,038,081)**

Amounts in thousand euros (Unless otherwise stated)

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

2017	Interest income on non-impaired L&As	Interest income on impaired L&As	Total interest income
Retail lending	368,251	299,411	667,662
Corporate lending	847,116	512,156	1,359,272
Public sector	14,230	170	14,400
Total interest income	**1,229,597**	**811,737**	**2,041,333**

The respective analysis for the year 2016 has not been included, as the calculation of interest income of impaired loans, according to the newly applied definition (CRR Default), could not be calculated due to system limitations.

4.4 Forbearance

Relevant to the restructuring policy is Note 4.1.11.

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

Forbearance measures	Forborne L&As (net amounts)	
	31/12/2017	31/12/2016
Interest only schedule	-	-
Reduced payment schedule	1,911,439	2,602,886
Payment moratorium/ Holidays	531,266	584,213
Term extension	2,851,562	2,447,843
Arrears capitalization	1,343,084	919,254
Hybrid (i.e. combination of measures)	4,129,995	4,823,183
Other	146,860	211,593
Total net amount	**10,914,207**	**11,588,972**

4.4.2. Credit quality of forborne loans and advances to customers

31/12/2017	Total amount of loans and advances	Total amount of forborne loans and advances	% of forborne loans and advances
Neither past due nor impaired	27,835,718	5,292,342	19.0%
Past due but not impaired	4,612,025	1,635,072	35.5%
Impaired	27,812,293	7,847,301	28.2%
Total gross amount	**60,260,036**	**14,774,715**	**24.5%**
Individual impairment allowance	(9,902,379)	(2,651,546)	26.8%
Collective impairment allowance	(5,638,127)	(1,208,962)	21.4%
Total impairment allowance	**(15,540,506)**	**(3,860,508)**	**24.8%**
Total net amount	**44,719,530**	**10,914,207**	**24.4%**
Collateral received	31,870,020	8,500,721	26.7%
Total net amount less collateral value	**12,849,510**	**2,413,486**	**18.8%**

Amounts in thousand euros (Unless otherwise stated)

31/12/2016	Total amount of L&As	Total amount of forborne L&As	% of forborne L&As
Neither past due nor impaired	29,359,635	4,883,296	16.6%
Past due but not impaired	6,726,182	2,419,958	36.0%
Impaired	30,562,632	8,289,193	27.1%
Total gross amount	**66,648,449**	**15,592,447**	**23.4%**
Individual impairment allowance	(11,036,345)	(2,908,411)	26.4%
Collective impairment allowance	(5,904,496)	(1,095,064)	18.5%
Total impairment allowance	**(16,940,842)**	**(4,003,475)**	**23.6%**
Total net amount	**49,707,608**	**11,588,972**	**23.3%**
Collateral received	34,830,335	8,125,835	23.3%
Total net amount less collateral value	**14,877,272**	**3,463,137**	**23.3%**

4.4.3. Reconciliation of Forborne Loans and Advances to Customers

	31/12/2017	31/12/2016
Opening balance	**11,588,972**	**10,321,393**
Opening balance of discontinued operations	(48,109)	-
Forbearance measures during the year	3,659,698	4,456,950
Repayment of loans (partial or total)	(812,960)	(729,869)
Loans and advances that exited forbearance status during the year	(3,031,361)	(2,447,743)
Derecognition of forborne loans due to disposed companies	-	(5,004)
Impairment loss	(261,807)	(41,512)
- from continuing operations	(261,807)	(34,977)
- from discontinued operations	-	(6,535)
Foreign exchange differences and other movements	(180,227)	34,758
Closing balance	**10,914,207**	**11,588,972**

4.4.4. Forborne loans and advances to customers by product line

	31/12/2017	31/12/2016
Retail Lending	**4,650,674**	**4,184,130**
Mortgages	3,887,495	3,432,913
Consumer	763,180	745,445
Credit cards	-	5,739
Other	-	33
Corporate Lending	**6,254,554**	**7,395,724**
Large	2,525,168	3,405,345
SMEs	3,729,386	3,990,379
Public Sector	**8,979**	**9,118**
Greece	8,979	9,118
Total net amount	**10,914,207**	**11,588,972**

4.4.5. Forborne loans and advances to customers by geographical region

	31/12/2017	31/12/2016
Greece	10,765,511	11,315,174
Rest of Europe	148,697	273,798
Total net amount	**10,914,207**	**11,588,972**

4.4.6. 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 2017 and 2016 are as follows:

	2017			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	APE INVESTMENT PROPERTY S.A.	1.7%	31/10/2017	10.9
2	ELTER S.A.	15.4%	13/11/2017	2.9

	2016			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	EUROAK S.A. REAL ESTATE	20.2%	1/9/2016	7.1
2	EUROTERRA S.A.	3.2%	1/9/2016	0.7

The capitalization of loans of subsidiaries and associates is presented in Note 45.

Amounts in thousand euros (Unless otherwise stated)

4.5 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 2017, based on Standard & Poor's ratings or their equivalent:

31 December 2017	Bonds and Treasury Bills at fair value through profit or loss	Debt securities - receivables	Bonds and treasury bills of investment portfolio	Total
AAA	-	-	-	0
AA- to AA+	1,465,180	-	-	1,465,180
BBB- to BBB+	-	-	54,559	54,559
BB- to BB+	3,059	-	3,341	6,399
Lower than BB-	8,006	-	1,840,513	1,848,519
Unrated	-	23,109	3,818	26,927
Total	**1,476,244**	**23,109**	**1,902,230**	**3,401,584**

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

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**

Amounts in thousand euros (Unless otherwise stated)

4.6 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	1,749,473	398,276	9	2,147,758
Derivative financial instruments - assets	459,907	86	-	459,993
Bonds and Treasury Bills at fair value through profit or loss	1,476,244	-	-	1,476,244
Loans and advances to customers	42,944,168	1,775,362	-	44,719,530
Loans to individuals	16,413,253	324,484	-	16,737,738
- Mortgages	13,239,983	192,315	-	13,432,299
- Consumer - personal loans	2,492,632	124,237	-	2,616,869
- Credit cards	680,638	7,932	-	688,570
Loans to corporate entities/ Public sector	26,530,915	1,450,877	-	27,981,792
Debt securities - receivables	23,109	-	-	23,109
Bonds, Treasury Bills and other variable income securities of investment portfolio	1,745,832	178,377	-	1,924,209
Reverse repos with customers	88,874	1,379	-	90,253
Other assets	2,100,943	35,809	118	2,136,869
As at 31 December 2017	**50,588,552**	**2,389,288**	**126**	**52,977,967**

	Greece	Rest of Europe	Other Countries	Total
Loans and advances to credit institutions	1,264,870	398,760	-	1,663,631
Derivative financial instruments - assets	448,907	575	-	449,482
Bonds and Treasury Bills at fair value through profit or loss	8,428	175,203	-	183,631
Loans and advances to customers	46,650,184	3,057,424	-	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	29,282,414	2,235,304	-	31,517,718
Debt securities - receivables	13,246,054	203	-	13,246,257
Bonds, Treasury Bills and other variable income securities of investment portfolio	2,092,890	364,782	-	2,457,671
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	**66,108,025**	**4,050,890**	**438**	**70,159,353**

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	2,147,758	-	-	-	-	-	-	-	-	-	-	-	-	**2,147,758**
Derivative financial instruments - assets	70,101	66	-	-	52,980	4,470	308,263	-	-	-	1	24,113	-	**459,993**
Bonds and Treasury Bills at fair value through profit or loss	3,059	-	-	-	-	-	1,473,186	-	-	-	-	-	-	**1,476,244**
Loans and advances to customers (net of provisions)	1,320,599	4,720,286	2,604,829	1,759,505	1,516,060	4,199,161	1,731,198	1,887,545	2,533,701	941,418	1,829,795	2,937,697	16,737,738	**44,719,530**
Loans to individuals (retail customers)	-	-	-	-	-	-	-	-	-	-	-	-	16,737,738	**16,737,738**
Loans to corporate entities and public sector loans	1,320,599	4,720,286	2,604,829	1,759,505	1,516,060	4,199,161	1,731,198	1,887,545	2,533,701	941,418	1,829,795	2,937,697	-	**27,981,792**
Debt securities-receivables	5,012	-	-	-	-	-	-	-	-	-	-	18,097	-	**23,109**
Reverse repos with customers	258	-	-	-	-	-	-	-	-	-	-	5,557	84,438	**90,253**
Bonds, Treasury bills and other variable income securities of investment portfolio	44,564	-	-	-	-	-	1,879,558	-	-	-	88	-	-	**1,924,209**
Other assets	107,383	25,842	4,484	8,674	7	21,312	516,234	1,132	17	-	4,446	1,249,511	197,826	**2,136,870**
Balance at 31st December 2017	**3,698,734**	**4,746,194**	**2,609,314**	**1,768,179**	**1,569,047**	**4,224,943**	**5,908,438**	**1,888,677**	**2,533,718**	**941,418**	**1,834,330**	**4,234,974**	**17,020,002**	**52,977,967**
Balance at 31st December 2016	**3,154,850**	**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**	**70,159,353**

The loans to public sector (€ 1,731.2 million) at 31/12/2017 include the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') (€ 1,612.3 million) and at 31/12/2016 € 1,928.6 million). 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	751,722	377,922	988,474	25,090	60,280	200,935	1,526	-	56,790	8,668	128,067	170,715	198	**2,770,387**
Letters of Credit	25	19,044	270	-	-	7,805	-	-	-	229	409	9,239	-	**37,021**
Irrevocable undrawn committed credit facilities	28,699	133,441	22,209	22,823	4,462	61,459	318	-	19,919	7,725	58,512	57,878	82,111	**499,557**
Balance at 31st December 2017	**780,446**	**530,408**	**1,010,953**	**47,914**	**64,742**	**270,199**	**1,844**	**0**	**76,709**	**16,622**	**186,988**	**237,832**	**82,309**	**3,306,965**
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**
Irrevocable 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**

4.7 Offseting of financial assets and liabilities

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

i. The financial assets and liabilities, which are offset in accordance with the criteria of IAS 32 and the net amount that is presented in the Consolidated 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 International Swaps and Derivatives Association (ISDA) contracts and similar master netting agreements irrespectively of whether these are offset or not in the Consolidated Statement of Financial Position.

The Group has not offset any financial assets or liabilities on 31/12/2017 and 31/12/2016, given that the netting criteria mentioned in the first case (i) are not fulfilled.

The following tables, present the recognized on 31/12/2017 and 31/12/2016 financial instruments, as well as the net effect on the Consolidated Statement of Financial Position from the exercise of netting rights ("net amount"). These tables include mainly the following financial instruments: a) interest rate swap contracts (IRSs), cross currency interest rate swap contracts, fx forwards, currency swaps and options, for which there are ISDA contracts and b) interbank repos covered by Global Master Repurchase Aggrement (GMRA).

Amounts in thousand euros (Unless otherwise stated)

31/12/2017	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 - assets	459,993	-	459,993	17,056	6,720	436,217
Reverse Repurchase agreements	906,881	-	906,881	816,628	-	90,253
Total	**1,366,874**	**0**	**1,366,874**	**833,684**	**6,720**	**526,470**

31/12/2017	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	402,233	-	402,233	30,401	366,634	5,198
Repurchase agreements	1,375,535	-	1,375,535	1,375,535	-	-
Total	**1,777,768**	**0**	**1,777,768**	**1,405,936**	**366,634**	**5,198**

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	449,482	-	449,482	4,972	-	444,510
Reverse Repurchase agreements	30,005	-	30,005	-	-	30,005
Total	**479,487**	**0**	**479,487**	**4,972**	**0**	**474,515**

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	657,127	-	657,127	97,644	559,031	452
Repurchase agreements	5,889,618	-	5,889,618	-	3,764	5,885,853
Total	**6,546,745**	**0**	**6,546,745**	**97,644**	**562,795**	**5,886,306**

4.8 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 Consolidated Statement of Financial Position 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, assuming a one-day holding period and utilizing a 99% confidence level, using market data that give more weight to recent observations (exponentially weighted moving average volatilities and correlations, $\lambda=0.94$) 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 29/12/2017, was € 0.5 million. This estimate consists of € 0.2 million for interest rate risk and € 0.5 million for foreign exchange risk. There is a reduction in the Value-at-Risk estimate of € 0.2 million due to the diversification effect in the portfolio as at 31/12/2017.

The Value-at-Risk estimate for the Group’s Trading Book at 31/12/2016, was € 0.8 million. This estimate consists of € 0.4 million for interest rate risk and € 0.8 million for foreign exchange risk. There is a reduction in the Value-at-Risk estimate of € 0.4 million due to the diversification effect in the portfolio as at 31/12/2016.

The decline in Group's trading book VaR is due to a reduction in Greek Government Bonds. Also a reclassification of foreign government bonds from the trading portfolio to the available for sale resulted to a lower FX VaR.

The above are summarized as follows :

Amounts in € million	Piraeus Bank Trading Book Group - Total VaR	VaR Interest Rate Risk	VaR Equity Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
2017	0.5	0.2	0.0	0.5	0.0	-0.2
2016	0.8	0.4	0.0	0.8	0.0	-0.4

4.9 Currency risk

The Group 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 Group's exposure to foreign currency exchange risk as at 31/12/2017. 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 2017	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with central Banks	1,201,192	20,842	5,633	298	3,447	217,829	1,449,240
Loans and advances to credit institutions	1,997,596	55,713	23,643	5,676	39,881	25,249	2,147,758
Derivative financial instruments - assets	437,890	-	22,049	-	-	54	459,993
Financial instruments at fair value through profit or loss	1,499,824	-	-	-	-	-	1,499,824
Reverse repos with customers	88,874	-	-	-	-	1,379	90,253
Loans and advances to customers (net of provisions)	40,273,630	2,396,516	40,916	51,402	1,514,170	442,896	44,719,530
Debt securities - receivables	23,109	-	-	-	-	-	23,109
Investment securities	2,036,015	40,613	-	-	-	127,175	2,203,803
Other assets	2,111,912	7,619	1,744	94	1,886	13,615	2,136,869
Assets from discontinued operations	911,933	21,712	2,100	78	127,679	777,917	1,841,419
Total financial assets	**50,581,975**	**2,543,014**	**96,086**	**57,548**	**1,687,062**	**1,606,113**	**56,571,798**
Foreign exchange risk of liabilities							
Due to credit institutions	11,340,671	69,647	296	-	1	24,470	11,435,086
Derivative financial instruments - liabilities	(781,972)	538,579	1	92,156	364,585	188,884	402,233
Due to customers	40,008,251	1,454,220	103,646	987	14,154	1,133,994	42,715,252
Debt securities in issue	435,277	-	-	-	-	-	435,277
Other liabilities	941,948	2,328	406	-	12	14,975	959,670
Liabilities from discontinued operations	512,283	54,627	2,149	288	7,395	835,352	1,412,094
Total financial liabilities	**52,456,459**	**2,119,401**	**106,499**	**93,430**	**386,147**	**2,197,676**	**57,359,613**
Net on-balance sheet financial position	**(1,874,484)**	**423,613**	**(10,412)**	**(35,882)**	**1,300,915**	**(591,563)**	**(787,814)**
Net position of non financial assets - liabilities	**(653,640)**	**538,576**	**(22,048)**	**92,155**	**364,582**	**410,239**	**729,865**
Net Off balance sheet items	**2,564,410**	**(949,080)**	**31,529**	**(57,134)**	**(1,701,559)**	**123,996**	**12,162**
Currency position	**36,286**	**13,110**	**(931)**	**(862)**	**(36,062)**	**(57,327)**	**(45,786)**

At 31 December 2016	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	65,117,765	3,059,525	83,365	99,115	2,148,299	1,476,380	71,984,448
Total financial liabiities	67,369,809	1,614,161	110,830	933	96,807	2,128,152	71,320,691
Net on-balance sheet financial position	**(2,252,044)**	**1,445,364**	**(27,465)**	**98,182**	**2,051,493**	**(651,773)**	**663,757**
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**

Amounts in thousand euros (Unless otherwise stated)

4.10 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 29/12/2017.

At 31 December 2017	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	1,399,201	14	73	-	-	49,952	1,449,240
Loans and advances to credit institutions	2,002,832	31,222	89,068	231	-	24,406	2,147,759
Reverse repos with customers	35,614	38,023	16,605	-	-	11	90,253
Financial instruments at fair value through profit or loss	-	-	-	156	1,476,088	23,579	1,499,824
Loans and advances to customers (net of provisions)	31,467,947	7,088,177	4,244,039	1,258,282	532,615	128,470	44,719,529
Debt securities - receivables	-	-	-	-	23,109	-	23,109
Investment securities	28,335	456,917	727,125	157,916	531,937	301,573	2,203,803
Other assets	303	278	10,021	11	-	2,126,256	2,136,869
Total financial assets	**34,934,232**	**7,614,632**	**5,086,930**	**1,416,596**	**2,563,750**	**2,654,247**	**54,270,387**
Liabilities							
Due to credit institutions	7,254,038	121,057	55,491	4,004,500	-	-	11,435,086
Due to customers	32,099,190	4,888,822	5,478,770	144,827	51	103,591	42,715,252
Debt securities in issue	27,420	407,857	-	-	-	-	435,277
Other liabilities	120	2,281	13,547	35,187	27,173	881,362	959,670
Total financial liabilities	**39,380,768**	**5,420,018**	**5,547,808**	**4,184,514**	**27,224**	**984,953**	**55,545,285**
Net notional amount of derivative financial instruments	**24,766**	**12,425**	**(208)**	**(5,718)**	**(1,156)**	**0**	**30,109**
Total interest rate gap	**(4,421,769)**	**2,207,038**	**(461,087)**	**(2,773,637)**	**2,535,370**	**1,669,294**	**(1,244,789)**

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2016	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	2,572,019	76,438,754
Total financial liabiities	62,421,554	5,003,038	3,219,668	2,916,092	279,828	1,278,292	75,118,472
Net notional amount of derivative financial instruments	(85,505)	(338,921)	(85,410)	-	-	-	(509,836)
Total interest rate gap	**(19,783,817)**	**2,298,254**	**1,034,952**	**8,368,357**	**7,598,973**	**1,293,727**	**810,447**

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.

4.11 Liquidity risk

Piraeus Bank Group acknowledges that effective Liquidity Risk management is essential for its ability to meet its financial liabilities promptly and without losses.

Liquidity risk is the risk that a financial institution will not be able to meet its obligations as they become due.

All Groups’ units have applied a uniform Liquidity Risk Management Policy for the effective management of liquidity risk. 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. In order to manage liquidity risk effectively, Piraeus Bank Group monitors, inter alia, the amount, quality and composition / diversification of its liquid assets, the cash flow analysis of its assets and liabilities (inflows, outflows) in time buckets, the composition / diversification and cost of its funding sources, the composition / diversification and funding capacity of its unencumbered collateral and its funding needs in local and foreign currencies.

The policy is focused on the liquidity needs expected to emerge, in a week's or a 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 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 80% was introduced in 1/1/2017. 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, Piraeus Bank's market and liquidity risk management division has submitted to SSM, the Report on the Internal Liquidity Adequacy Assessment Process (ILAAP) in years 2016 and 2017, which contains the rules governing the management of liquidity risk and the main results of current and future bank liquidity position evaluation. In addition, 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.

During the year 2017 the Bank has reduced its Central Bank funding reliance through the sale of its EFSF and ESM bonds portfolio and by expanding the rest of its funding sources, namely by increasing its customer deposits, drawing funds from the market through the issuance of its new covered bond series and by furthering its activity in the interbank repo market on the back of non-ECB eligible collateral.

Piraeus Bank Group's deposits increased during 2017 by € 350.4 million or 0.8%, recording a positive trend since May and throughout the rest of the year, reaching a total balance of € 42,715.3 million at 31/12/2017, in comparison to € 42,364.8 million at 31/12/2016.

In 2017, Piraeus Bank Group carried out deleveraging of its assets through the sale of its EFSF and ESM bonds portfolio of € 11,750.8 million by participating in the relevant ECB's repurchase program of securities issued by European supranational euro-area agencies (EFSF / ESM Bond Exchange program).

The aforementioned bonds balances reduction led to the reduction of the Group's interbank repos on the back of EFSF bonds by € 5,772.7 million (elimination of EFSF repo balances in the year end 2017). Simultaneously, during the same year the Group furthered its activity in the interbank repo market on the back of non-ECB eligible collateral by € 1,271.7 million, reaching € 1,374.9 million as at 31/12/2017, of which € 1,316.7 million repo transactions on the back of the Bank's own securitization and covered bond issues and € 58.2 million on the back of Greek government treasury bills. Overall, funding drawn through the interbank repo market was reduced in 2017 by € 4,515.1 million, and as at 31/12/2017 amounted to € 1,374.9 million (2016: € 5,890.0 million).

During the last quarter of 2017 the Bank issued a new series of Covered bonds of € 500.0 million and raised € 370.0 million of funding through private placements by the market. The new issue increased Piraeus Bank's long-term funding at a relatively low cost, thereby aiding further its ELA funding reduction effort and the gradual restoration of its money markets access.

Amounts in thousand euros (Unless otherwise stated)

All of the changes described above contributed in the reduction of the Group's overall liquidity drawn from central banks (ECB and ELA) by € 11,170.0 million, reaching the amount of € 9,730.0 million as at 31/12/2017, in comparison to € 20,900.0 million as at 31/12/2016. In particular, ELA funding reached the amount of € 5,700.0 million as at 31/12/2017, in comparison to € 11,900.0 million as at 31/12/2016, while ECB funding reached the amount of € 4,030.0 million, in comparison to € 9,000.0 million as at the same date 2016.

Finally, the long-term funding from ECB (TLTRO II) as at 31/12/2017 remained unchanged compared to 31/12/2016, at the amount of € 4,000.0 million.

a) Non derivative cash flows

The tables below present, 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 2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	7,195,130	52,190	12,493	4,097,874	94,452	11,452,139
Due to customers	32,374,011	4,889,394	5,534,061	228,626	2,569	43,028,661
Debt securities in issue	20	2,087	6,708	415,994	70,201	495,011
Other liabilities	25,280	80,433	76,949	97,421	731,728	1,011,811
Total liabilities (contractual maturity dates)	**39,594,440**	**5,024,104**	**5,630,211**	**4,839,915**	**898,950**	**55,987,621**
Total assets (expected maturity dates)	**5,172,059**	**1,635,988**	**6,407,348**	**18,205,096**	**31,187,293**	**62,607,784**

In line "Due to Credit Institutions" in the "up to 1 month" time band, ELA funding and ECB funding is included, as they have an initial contractual maturity of 1 week.

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	31,734,086	6,926	3,669	2,753,329	18,729	34,516,737
Due to customers	30,676,914	4,833,889	3,231,656	182,936	103,626	39,029,021
Liabilities at fair value through profit or loss	-	-	-	2,499	-	2,499
Debt securities in issue	53	140	725	102,338	-	103,256
Other liabilities	1,046,856	82,543	63,842	97,223	281,834	1,572,298
Total liabilities (contractual maturity dates)	**63,457,909**	**4,923,498**	**3,299,891**	**3,138,325**	**404,189**	**75,223,811**
Total assets (expected maturity dates)	**5,218,738**	**2,938,240**	**5,445,539**	**31,184,545**	**37,765,113**	**82,552,175**

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 2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	(7)	(125)	1,023	7,754	2,810	11,455
Total	**(7)**	**(125)**	**1,023**	**7,754**	**2,810**	**11,455**

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**

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 2017	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	(1,268,488)	(995,455)	(1,189,514)	(314,929)	-	(3,768,386)
Inflow	1,274,388	1,014,033	1,219,974	277,163	-	3,785,558

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

Amounts in thousand euros (Unless otherwise stated)

biii) Off Balance Sheet Items

At 31 December 2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	138,674	83,084	502,608	2,040,840	5,182	**2,770,387**
Letters of Credit	17,356	10,862	8,803	-	-	**37,021**
Undrawn committed credit facilities	44,244	15,730	225,062	135,865	78,656	**499,557**

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**

4.12 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 Consolidated 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 Consolidated Statement of Financial Position, as well as the open loan accounts of the liabilities associated with the aforementioned assets are as follows:

31/12/2017	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	1,473,151	-	-	1,343,564	-	-
Available-for-sale financial assets	1,503,108	-	67,618	974,559	-	56,592
Loans and advances to customers (before provisions)	30,211,662	66,616	2,451,785	8,395,220	64,489	1,317,349
Debt securities	-	-	-	-	-	-
Total	**33,187,921**	**66,616**	**2,519,403**	**10,713,343**	**64,489**	**1,373,941**

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	1,261,056	-	-	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	13,114,834	-	5,772,518
Total	**48,107,680**	**5,808,236**	**5,975,989**	**26,742,859**	**1,493,447**	**5,772,518**

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 all the risks and rewards of the aforementioned financial assets and as a result does not proceed to their derecognition from the Consolidated 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 Consolidated Statement of Financial Position, as the Group retains substantially all the risks and rewards of the securities.

Amounts in thousand euros (Unless otherwise stated)

4.13 Fair values of financial assets and liabilities

a) Financial Assets and liabilities not measured at fair value

The following table summarises the fair values and the carrying amounts of those assets and liabilities not presented in the Consolidated Statement of Financial Position at fair value.

Assets	Carrying Value		Fair Value	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Loans and advances to credit institutions	2,147,758	1,663,631	2,147,773	1,663,631
Loans and advances to customers (net of provisions)	44,719,530	49,707,608	43,860,463	48,668,273
-Loans to individuals	16,737,738	18,189,890	16,518,075	17,963,574
-Loans to corporate entities	26,250,594	29,453,106	25,611,190	28,640,070
-Loans to public sector	1,731,198	2,064,612	1,731,198	2,064,628
Debt securities - receivables	23,109	13,246,257	22,586	13,471,242
Reverse repos with customers	90,253	30,005	90,254	30,005
Held to maturity securities	-	6,634	-	6,634

Liabilities	Carrying Value		Fair Value	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Due to credit institutions	11,435,086	27,020,940	11,435,086	27,020,940
Due to customers	42,715,252	42,364,829	42,715,252	42,364,829
Debt securities in issue	435,277	69,515	407,930	56,520
Obligations under finance leases	72,542	356,400	72,542	355,902

The fair values as at 31/12/2017 of loans and advances to credit institutions, reverse repos with customers, due to credit institutions, due to customers and obligations under finance leases which are measured at amortized cost, are not materially different from the respective carrying values since they are very short term in duration and priced at current market rates. These rates are often repriced and due to their short duration they are discounted with the risk free rate.

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

Fair value for held to maturity securities and debt securities – receivables is estimated using quoted market prices. Where this information is not available, fair value has been estimated using the prices of securities with similar credit, maturity and yield characteristics, or by discounting cash flows.

The fair value of debt securities in issue is calculated based on quoted prices. Where quoted market prices are not available, the estimated fair value is based on other debt securities with similar credit, yield and maturity characteristics or by discounting cash flows.

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 31/12/2017 and 31/12/2016, is presented in the tables below:

Analysis of fair values in levels as at 31/12/2017	Level 2	Level 3	Total
Assets			
Loans and advances to customers (net of provisions)	-	43,860,463	**43,860,463**
-Loans to individuals	-	16,518,075	**16,518,075**
-Loans to corporate entities	-	25,611,190	**25,611,190**
-Loans to public sector	-	1,731,198	**1,731,198**
Debt securities-receivables	22,586	-	**22,586**
Liabilities			
Debt Securities in Issue	407,930	-	**407,930**

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**

b) Financial 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.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The Group considers relevant and observable market prices in its valuations where possible. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect the Group's market assumptions.

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

Level 1

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

Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This level includes OTC derivatives and bonds. Input parameters are based on yield curves or data which are observable and are not included in Level 1.

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 within Level 3 are not traded in an active market or there are no available prices in order to determine their fair value. Specifically:

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.

Derivative financial instruments

The embedded derivatives of the convertible bonds are included in Level 3 of derivative financial assets/ liabilities.

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 independent valuers that are presented in Note 2.21 “Investment property”. 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 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 31/12/2017	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	445,532	14,461	**459,993**
Financial instruments at fair value through profit or loss				
- Bonds	11,065	-	-	**11,065**
- Shares & other variable income securities	23,579	-	1	**23,579**
- Other financial instruments	-	1,465,180	-	**1,465,180**
Available for Sale Securities				
- Bonds	583,768	135,766	-	**719,534**
- Treasury bills	1,148,569	34,127	-	**1,182,696**
- Shares & other variable income securities	99,918	41,952	159,703	**301,573**
Liabilities				
Derivative financial instruments - liabilities	-	377,292	24,941	**402,233**

Amounts in thousand euros (Unless otherwise stated)

Assets & Liabilities measured at fair value as at 31/12/2016	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	443,481	6,001	**449,482**
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**
- Treasury bills	1,684,750	37,303	-	**1,722,053**
- Shares & other variable income securities	75,839	37,415	184,451	**297,704**
Liabilities				
Derivative financial instruments - liabilities	-	657,127	-	**657,127**

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 31/12/2017 and 31/12/2016, no transfer from Level 1 to Level 2 and vice versa occurred during 2017 and 2016.

The following tables present the movement of derivative financial instruments - assets, liabilities and shares of the available for sale portfolio within Level 3 as at 31/12/2017 and 31/12/2016:

Reconciliation of Level 3 items (year 2017)	Derivative financial instruments - assets	Derivative financial instruments - liabilities	Available for sale shares & other variable income securities
Opening balance 1/1/2017	6,001	-	184,451
Opening balance of discontinued operations	-	-	(294)
Profit/ (loss) for the year	8,460	24,941	1
- Unrealized	8,460	24,941	1
- Realized	-	-	-
Other comprehensive income	-	-	(19,499)
Purchases	-	-	1,854
Impairment	-	-	(2,000)
Disposals/ Settlements	-	-	(2,337)
Transfer into level 3	-	-	3,424
Transfer to Loans and advances to customers	-	-	(5,896)
FX differences and other movements	-	-	-
Closing balance 31/12/2017	**14,461**	**24,941**	**159,704**

Amounts in thousand euros (Unless otherwise stated)

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	-
- From continuing operations	3,804	-
- From discontinued operations	-	-
Other comprehensive income	-	(156)
- From continuing operations	-	(156)
- From discontinued operations	-	-
Purchases	-	23,142
Impairment	-	(2,900)
Disposals/ Settlements	-	(68,246)
Transfer to Level 3	-	9,264
Transfers out of Level 3	-	(3,752)
FX differences and other movements	-	(3,851)
Closing balance 31/12/2016	**6,001**	**184,451**

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

Sensitivity analysis of Level 3 hierarchy:	31/12/2017	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(37,304)
Derivative financial instruments - assets	3,281	(2,675)
Derivative financial instruments - liabilities	2,472	(2,457)
Equity Statement		
Available for sale shares & other variable income securities	17,225	633

Sensitivity analysis of Level 3 hierarchy:	31/12/2016	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(26,871)
Derivative financial instruments - assets	6,756	(4,966)
Equity Statement		
Available for sale shares & other variable income securities	18,008	(2,612)

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 31/12/2017, will range between approximately +23% in the scenarios of favorable changes and -19% in the scenarios of unfavorable changes for derivatives financial instruments – assets and between approximately -10% in the scenarios of favorable changes and +10% in the scenarios of unfavorable changes for derivatives financial instruments – liabilities.

Amounts in thousand euros (Unless otherwise stated)

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.

Furthermore, factors that may adjust these values such as the industry and the business environment in which companies operate, current developments and prospects, have been taken into account, while the Group based on prior experience, adjusts further where necessary, these values so as to assess the possible changes.

The table below presents the fair values for the financial assets and liabilities classified as discontinued operations in the Group's Statement of Financial Position and are measured at fair value for 31 December 2017 :

Assets & Liabilities measured at fair value as at 31/12/2017	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	688	-	**688**
Financial instruments at fair value through profit or loss				
- Bonds	-	51,549	-	**51,549**
- Treasury bills	25,074	-	-	**25,074**
- Shares & other variable income securities	-	-	-	**0**
- Other financial instruments	-	-	-	**0**
Available for Sale Securities				
- Bonds	-	237,527	-	**237,527**
- Treasury bills	15,072	-	-	**15,072**
- Shares & other variable income securities	-	1	287	**289**
Liabilities				
Derivative financial instruments - liabilities	-	499	-	**499**

4.14 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 Consolidated 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.

4.15 Capital adequacy

From January 2014 onwards Piraeus Bank Group complies with the CRD IV regulatory framework (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU and Regulation (EU) No. 575/2013 (CRR). For the transposition of Directive 2013/36/EU, Greece adopted 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 (CAD Ratio): 8%.

Following the activation of the SSM on 4 November 2014, Piraeus Bank Group came under the direct supervision of the ECB.

Further to the conclusion of the SREP (Supervisory Review and Evaluation Process) for year 2017, the ECB informed Piraeus Group of its total capital requirement, valid from January 2018.

According to the decision, Piraeus Bank has to maintain, on a consolidated basis, an overall capital requirement ratio of 13.625% (2017: 13.000%), 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 2018 is set at 1.875%.

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

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

Amounts in thousand euros (Unless otherwise stated)

Presented below, are the capital adequacy ratios as at 31/12/2016 and 31/12/2017 for Piraeus Bank Group as calculated under the existing regulatory framework, taking into account all relevant transitional period provisions applicable under Regulation (EU) No. 575/2013.

	31 December 2017	31 December 2016
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	(379)	(842)
Available for sale reserve	79,467	(7,877)
Legal reserve and other reserves	(68,445)	(57,968)
Retained earnings	(8,326,871)	(8,004,333)
Minority Interest	125,782	160,115
Less: intangible assets	(310,267)	(282,036)
Total regulatory adjustments on Common Equity Tier I capital	(1,523,206)	(539,077)
Common Equity Tier 1 Capital	**7,710,725**	**9,002,626**
Hybrid capital	-	-
Total regulatory adjustments on Tier I capital	-	-
Tier 1 Capital (A)	**7,710,725**	**9,002,626**
Subordinated debt	-	-
Total regulatory adjustments on Tier II capital	-	-
Total Tier II Capital (B)	**0**	**0**
Total regulatory capital (A) + (B)	**7,710,725**	**9,002,626**
Total risk weighted assets (on and off- balance sheet items)	**50,985,761**	**53,237,589**
CET1 Capital ratio	**15.1%**	**16.9%**
T1 Capital ratio	**15.1%**	**16.9%**
Total capital ratio	**15.1%**	**16.9%**

The Total Regulatory Capital and the Total Risk Weighted Assets as of 31/12/2016, as published in the Consolidated Financial Statements incorporated in the Annual Financial Report for the year 2016, have been restated (reduced), with insignificant impact on the Bank's capital adequacy ratios (decrease of 4 bps), in order to incorporate the outcome of the inspection performed by SSM.

As of 31 December 2017, the above mentioned ratios are far exceeding minimum regulatory requirements, confirming the strong capital base of Piraeus Bank Group.

2018 EBA EU-Wide Stress Test

On 31 January 2018, the European Banking Authority (EBA), in coordination with the Single Supervisory Mechanism (the "SSM"), launched the 2018 EU-wide stress test (2018 ST), which is designed to provide supervisors, banks and other market participants with a common analytical framework to consistently compare and assess the resilience of EU banks to economic shocks. For the first time, it incorporates IFRS 9 accounting standards. No pass-fail capital threshold has been included, as the results of the exercise are designed to serve as an input to the Supervisory Review and Evaluation Process (SREP).

The 2018 ST exercise is carried out on a sample of banks covering broadly 70% of the banking sector in the euro area, while the four Greek systemic Banks, including Piraeus Bank, participate in the 2018 ST. The 2018 ST is run at the highest level of consolidation. The exercise is carried out on the basis of actual figures as at 31 December 2017, under the assumption of a static balance sheet, and the scenarios will be applied over a period of 3 years from 2018 to 2020.

The 2018 ST methodology was published in November 2017 and is to be applied to the baseline and adverse scenarios of the exercise. The baseline scenario is in line with the December forecast published by the European Central Bank (ECB), while the adverse scenario assumes the materialisation of a number of systemic risks, which are currently deemed as representing the most material threats to the stability of the EU banking sector.

The 2018 ST announced macroeconomic parameters for Greece are much milder compared to the EBA 2015 Greek stress test (so called "Greek Comprehensive Assessment 2015"). As an example, the cumulative 3 year GDP in the baseline scenario of the 2018 ST stands at 7.3% vs. -0.9% in 2015 Greek ST, while the respective numbers for the adverse scenario are -3.2% in 2018 ST vs -6.9% in 2015 ST. Furthermore, the cumulative 3-year residential house prices in the baseline scenario of the 2018 ST are forecast at 1.0% vs. -13.5% in 2015 ST, while the respective numbers for the adverse scenario are -16.6% in 2018 ST vs -24.4% in 2015 ST.

The 2018 ST covers Piraeus Bank S.A. as a consolidated group, including all subsidiaries and branches, both domestic and international. The 2018 ST captures risks at various levels, ranging from portfolios, obligors, to exposures and transactions. All applicable risk groups as per the 2018 EBA ST Methodology are covered in the Bank's stress test results, including net interest income, credit risk, market risk, conduct risk and other operational risks, as well as other pertinent P&L and capital risks.

As of 31 December 2017, the Group had a phase-in CET1 capital ratio of 15.1% and total risk weighted assets of EUR 51.0 billion. On a restated basis (after taking into account the IFRS 9 one-off estimated impact of € 1.6 billion, with transitional arrangements of 5% for 2018), the Bank's phase-in CET1 ratio amounted to 14.9%, as of 1 January 2018, which is the starting point for the 2018 ST. The minimum CET1 capital ratio is 4.5% and the Tier 1 ratio is 6.0%, whereas the CAD ratio is 8.0%. The relevant CET1 ratio starting point as of 30 June 2015 was 10.8% (4.1 ppts negative difference). Finally, 2015 ST incorporated an asset quality review (AQR) part, which is not the case in 2018 ST.

The results are expected to be announced for European banks in November 2018. The four Greek banks will undergo the same stress test under EBA senario and methodologies however in order to complete the test before the end of the 3rd ESM stability support program for Greece, the time table will be accelerated and the results are expected to be published in May 2018.

4.16 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 IFRSs. As at 31/12/2017, the deferred tax asset of the Group amounted to € 6,542.8 million (31/12/2016: € 5,318.3 million).

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, under the provisions of Greek Law 4172/2013, Article 27A, as amended by Greek Law 4465/2017 and being in effect today, deferred tax assets of Greek financial institutions, as well as deferred tax assets of leasing and factoring companies, that have been recognized due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing loans and advances to customers as of 30 June 2015, as well as the accounting write offs and final losses due to permanent write offs or restructuring of debts under certain conditions will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the "profit for the period" from the fiscal year 2016 onwards according to IFRS, is a loss.

This claim will be offset against the relevant amount of income tax of the legal person or companies of the same corporate group (associated companies) of the tax year, which the approved financial statements refer to. 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 favor of the above-mentioned companies. 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. Furthermore, a gradual amortization over a 20-year period of the final tax losses arising from write-offs and disposals is provided, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from final debt write-offs.

As at 31/12/2017, the deferred tax assets of the Group, which met the above conditions, amounted to € 4,013.0 million of which € 1,325.7 million relates to the remaining unamortized amount of debit difference from the participation of the Private Sector Involvement program PSI and € 2,687.3 million relates to the differences on IFRS loans and advances to customers, including accumulated provisions for impairment, and tax base, respectively.

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.

5 Segment analysis

A) Business segments

Piraeus Bank Group has defined the following business segments:

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

Corporate Banking - This segment includes facilities related to 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 business 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 Committee 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)

1/1-31/12/2017	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	1,180,553	449,531	818	228,739	(189,360)	**1,670,281**
Net fee and commision income	313,767	32,933	8,353	10,240	4,091	**369,385**
Other income	17,432	2,322	2,872	59,632	94,417	**176,675**
Total Net Income	**1,511,753**	**484,786**	**12,043**	**298,611**	**(90,851)**	**2,216,341**
Depreciation and amortisation	(24,508)	(97)	(1,012)	(2,163)	(74,932)	**(102,711)**
Other operating expenses	(895,149)	(77,140)	(22,145)	(38,441)	(30,854)	**(1,063,728)**
Profit/ (loss) before provisions, impairment and income tax	**592,096**	**407,550**	**(11,114)**	**258,007**	**(196,637)**	**1,049,902**
Impairment losses on loans and advances to customers	(1,163,496)	(847,043)	-	-	(2,253)	**(2,012,792)**
Impairment losses on other assets	(25,757)	-	(410)	(1,007)	(65,181)	**(92,355)**
Impairment on participations and investment securities	-	-	-	-	(20,414)	**(20,414)**
Impairment of property and equipment and intangible assets	(5,288)	-	-	-	(72,401)	**(77,689)**
Impairment on assets held for sale	-	-	-	-	583	**583**
Other provisions	(7,116)	(2,676)	-	80	(15,005)	**(24,717)**
Share of profit/ (loss) of associates and joint ventures	-	-	-	-	(30,932)	**(30,932)**
Profit/ (loss) before tax	**(609,561)**	**(442,169)**	**(11,524)**	**257,079**	**(402,239)**	**(1,208,414)**
Income tax benefit/ (expense)						1,205,810
Profit/ (loss) for the year from continuing operations						**(2,603)**
Profit/ (loss) after income tax from discontinued operations	(141,729)	(48,388)	-	-	(11,584)	(201,702)
Profit/ (loss) for the year						**(204,305)**
As at 31 December 2017						
Total assets from continuing operations (excluding assets held for sale)	37,168,072	9,427,693	85,209	6,035,398	12,398,538	**65,114,910**
Total assets from discontinued operations	1,651,335	533,913	-	-	98,294	**2,283,542**
Assets held for sale	18,064	-	-	-	46	**18,110**
Total liabilities	41,389,061	2,021,872	66,723	12,675,846	1,718,864	**57,872,365**
Capital expenditure	233,112	8,858	23	2,387	110,850	**355,230**

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	1,383,321	531,988	749	39,642	(191,137)	**1,764,563**
Net fee and commision income	257,390	29,232	5,960	11,830	4,368	**308,778**
Other income	64,582	912	2,818	99,586	(14,751)	**153,149**
Net Income	**1,705,293**	**562,132**	**9,527**	**151,058**	**(201,520)**	**2,226,490**
Depreciation and amortisation	(27,713)	(118)	(300)	(2,559)	(68,311)	**(99,001)**
Other operating expenses	(911,424)	(67,505)	(11,665)	(55,582)	(43,980)	**(1,090,155)**
Profit/ (loss) before provisions, impairment and income tax	**766,156**	**494,509**	**(2,438)**	**92,917**	**(313,811)**	**1,037,334**
Impairment losses on loans and advances to customers	(857,152)	(141,157)	-	-	(5,612)	**(1,003,921)**
Impairment losses on other assets	(10,567)	29	(381)	(24)	(101,046)	**(111,989)**
Impairment losses on other debt securities-receivables	-	-	-	-	(5,118)	**(5,118)**
Impairment on participations and investment securities	-	-	-	-	(28,125)	**(28,125)**
Impairment of property and equipment and intangible assets	(12,207)	-	-	-	(2,699)	**(14,906)**
Impairment on assets held for sale	5	-	-	-	(1,646)	**(1,641)**
Other provisions	(1,410)	963	-	-	(3,596)	**(4,042)**
Share of profit/ (loss) of associates and joint ventures	-	-	-	-	(18,169)	**(18,169)**
Profit/ (loss) before tax	**(115,174)**	**354,344**	**(2,819)**	**92,893**	**(479,821)**	**(150,577)**
Income tax benefit/ (expense)						181,588
Profit/ (loss) for the year from continuing operations						**31,011**
Results after income tax from discontinued operations	(22,966)	(14,313)	-	-	(33,874)	(71,154)
Profit/ (loss) for the year						**(40,143)**
As at 31 December 2016						
Total assets from continuing operations (excluding assets held for sale)	40,584,383	12,749,635	53,094	16,771,169	11,341,034	**81,499,315**
Total assets from discontinued operations	-	-	-	-	2,562	**2,562**
Assets held for sale	2,494	-	-	-	-	**2,494**
Total liabilities	39,511,810	2,041,176	41,477	27,776,203	2,309,967	**71,680,633**
Capital expenditure	212,424	14,369	72	2,163	145,552	**374,580**

Amounts in thousand euros (Unless otherwise stated)

In the tables above, interest income is analyzed into business segments net of interest expense, as Management relies primarily on net interest income to assess the performance of each segment.

Capital expenditure includes additions of intangible assets and property and equipment that took place during the periods by each business segment. The intercompany transactions among the business segments are realised at arms length.

Assets included in the business segments "Retail banking" and "Corporate banking" include the following loans and advances to customers, that are managed by the Bank's Recovery Banking Unit (RBU) that was established during 2014.

31 December 2017	Balance before allowances and PPA adjustments	Accumulated allowances and PPA adjustments	Balance net of allowances and PPA adjustments
Corporate entities and public sector	20,922,147	(10,009,057)	10,913,089
Mortgages	4,614,196	(1,380,685)	3,233,511
Consumer/ personal and other loans and credit cards	2,660,993	(1,711,381)	949,612
Total	**28,197,336**	**(13,101,123)**	**15,096,213**

31 December 2016	Balance before allowances and PPA adjustments	Accumulated allowances and PPA adjustments	Balance net of allowances and PPA adjustments
Corporate entities and public sector	20,810,171	(10,261,519)	10,548,652
Mortgages	4,699,633	(1,435,289)	3,264,344
Consumer/ personal and other loans and credit cards	3,040,319	(1,984,844)	1,055,475
Total	**28,550,123**	**(13,681,652)**	**14,868,471**

Total liabilities include deposits of customers of RBU of € 412.0 million (31/12/2016: € 379.0 million). Please refer to Note 23, regarding the nature of the PPA adjustment.

b) By geographical segment

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

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

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

31 December 2017	Net Income	Non current assets
Greece	2,101,443	2,222,355
Rest of Europe	123,568	236,014
Other countries	(8,669)	4,464
Continuing Operations	**2,216,341**	**2,462,833**
Discontinued Operations	**146,658**	**407,459**

Amounts in thousand euros (Unless otherwise stated)

31 December 2016	Net Income	Non current assets
Greece	2,115,433	2,713,574
Rest of Europe	109,989	261,422
Other countries	1,068	14,027
Continuing Operations	**2,226,490**	**2,989,023**
Discontinued Operations	**186,431**	**83**

The cost of issuing mortgage loans securitisation is included in the net income of Greece.

Discontinued operations of 2017 includes the results of ATE Insurance Romania S.A., Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd.

Discontinued operations of 2017 includes the non current assets of ATE Insurance Romania S.A., Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd.

6 Net interest income

	1/1-31/12/2017	1/1-31/12/2016
Interest and similar income		
Interest income - Available for Sale portfolio	82,619	79,842
Interest Income - Debt Securities	11,077	35,047
Interest income on loans and advances to customers and reverse repos	2,041,412	2,251,710
Interest income on loans and advances to credit institutions	4,529	1,793
Other interest Income	21,378	21,877
Total interest income for financial instruments that are not designated at FVTPL	**2,161,015**	**2,390,270**
Interest income - Financial instruments that are designated at FVTPL	9,558	1,985
Interest income - Derivative financial instruments	76,636	88,404
Total interest income	**2,247,209**	**2,480,659**

	1/1-31/12/2017	1/1-31/12/2016
Interest expense and similar charges		
Interest on customer deposits and repos	(212,022)	(233,694)
Interest on debt securities in issue	(1,152)	(330)
Interest on due to credit institutions	(127,449)	(246,438)
Contribution of Law 128	(130,477)	(143,788)
Other interest expense	(10,061)	(7,014)
Total interest expense from financial instruments that are not designated at FVTPL	**(481,161)**	**(631,264)**
Interest expense - Financial instruments that are designated at FVTPL	(50)	(14)
Interest expense - Derivative financial instruments	(95,716)	(84,818)
Total interest expense	**(576,928)**	**(716,096)**
Net interest income	**1,670,281**	**1,764,563**

"Net interest income" for the comparative year 2016 has been restated. Relative reference is provided on Note 47.

Amounts in thousand euros (Unless otherwise stated)

7 Net fee and commission income

	1/1-31/12/2017	1/1-31/12/2016
Fee and commission income		
Commercial banking	403,653	332,530
Investment banking	13,602	13,075
Asset management	14,060	13,411
Total fee and commission income	**431,315**	**359,016**
Fee and commission expense		
Commercial banking	(58,618)	(47,400)
Investment banking	(3,058)	(2,348)
Asset management	(254)	(490)
Total fee and commission expense	**(61,930)**	**(50,238)**
Net fee and commission income	**369,385**	**308,778**

"Net fee and commission income" for the comparative year 2016 has been restated. Relative reference is provided on Note 47.

On 30/8/2017, Piraeus Bank signed an amendment to the bancassurance contract, that expired on 31/12/2017, which includes a payment to the Bank of a lump sum persistency fee of € 35.0 million, in recognition of the retention activities of the Bank aiming to ensure the persistency of the existing Bancassurance portfolio as at 31/12/2016. The aforementioned persistency fee is included in "Fee and commision Income from Commercial banking ".

8 Dividend income

	1/1-31/12/2017	1/1-31/12/2016
Dividend from AFS securities	7,891	8,422
Dividend from trading securities	425	211
Dividend Income	**8,316**	**8,633**

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

	1/1-31/12/2017	1/1-31/12/2016
Gains less losses on FX	2,380	(1,993)
Gains less losses on shares and mutual funds	242	147
Gains less losses on derivatives	37,842	(10,745)
Gains less losses on bonds and treasury bills	3,544	4,850
Gains less losses on liabilities designated at fair value through profit or loss	-	100
Net trading income (A)	**44,007**	**(7,642)**
Net income from other financial instruments designated at fair value through profit or loss (B)	**(23,868)**	**-**
Net income from financial instruments designated at fair value through profit or loss (A) + (B)	**20,140**	**(7,642)**

During 2017, “Gains less losses on derivatives” include: a) gains of € 31.0 million arising from interest rate swap transactions, b) losses of € 16.5 million from the valuation of embedded derivatives into loans and c) gains of € 23.9 million from the valuation of forward sale of EFSF bonds (in the context of the Bank’s participation in the bonds’ exchange program with EFSF and ESM within the framework of the short-term measures for the relief of the Greek public debt.) The second part of the transaction is related to the valuation of the above mentioned EFSF bond which formed an equal loss of € 23.9 million and is included in “Net income from other financial instruments designated at fair value through profit or loss”.

Amounts in thousand euros (Unless otherwise stated)

10 Results from investment securities

	1/1-31/12/2017	1/1-31/12/2016
Gains less losses on AFS - shares and mutual funds (Note 41)	1,888	81,495
Gains less losses on AFS - bonds (Note 41)	30,469	(10,560)
Gains less losses on sale of EFSF bonds	20,602	105,880
Gains less losses on sale of subsidiaries and associates	(400)	(13,130)
Total	**52,558**	**163,685**

"Results from investment securities" for the year 2017, were mainly driven by: a) a gain of € 28.2 million from the sale of greek government bonds of face value € 626.0 million, and b) a gain of € 20.6 million from the sale of EFSF bonds of face value € 748.0 million within the framework of the ECB´s Quantitative Easing (QE) program.

"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 and 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.

Impairment of investment securities is included in line "Impairment on investment securities" in the Consolidated Income Statement. Relevant reference is provided in Note 24 and Note 41.

11 Other income/ (expenses)

	1/1-31/12/2017	1/1-31/12/2016
Other results from real estate (rental income and result from the fair valuation of investment property) (Note 29)	(227,597)	(27,869)
Other results from real estate and industrial areas	326,299	3,386
Other results from operating leasing	23	12
Other results from health sector operations	-	-
Other (net)	(3,064)	12,943
Total	**95,661**	**(11,528)**

Pursuant to the decision no 2376/16.5.2017 issued by the Single Member Court of Appeal of Athens, the annual rent paid by the Group's subsidiary Picar S.A. to the Hellenic Army Pension Fund for Citylink was reduced by 20% for the period from 1/1/2014 to 31/12/2015. Furthermore, according to the above mentioned Court decision, due to the Court settlement of the contract, the agreed gradual adjustment of the rent ceases to have effect for the future, i.e. since Picar's complaint was served to the Hellenic Army Pension Fund (13/12/2013). The Hellenic Army Pension Fund's petition for freezing injunction for the suspension of the execution of said decision before the Judge of the Supreme Court was rejected. Additionally, the Fund's petition for the suspension of the execution of the above mentioned decision before the Supreme Court was rejected, pursuant to the Supreme Court' s (Fourth Chamber) No 123/2017 decision. Each party to the proceedings filed a petition for cassation with the Supreme Court of Greece against parts of said judgment that rejected their respective claims; the relevant court hearing has been set for 20/04/2018. Moreover, the Hellenic Army Pension Fund filed an additional petition which shall be heard at the same court hearing.

The Group's Management, based on the above mentioned decision and in relative advice of independent Legal Consultant, within 2017 changed the assumptions and judgements used to measure the right of use and the obligation, that derive from the leasing contract of the Group's subsidiary Picar S.A. with the Hellenic Army Pension Fund for Citylink.

Amounts in thousand euros (Unless otherwise stated)

This resulted in a reduction in the fair value of the investment property charged to “Other income/ (expense)” of € 182.6 million, an impairment charge for property and equipment of € 58.1 million, a gain from the reduction of finance lease obligation of € 295.9 million recorded in “Other income/ (expense)” and hence a net gain in the Group’s Consolidated Income Statement of € 55.2 million.

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2017	31 December 2016
Up to 1 year	29,710	48,897
From 1 to 5 years	128,883	152,925
More than 5 years	99,529	1,473,628
	258,122	**1,675,450**

The significant decrease in the Operating lease receivables between 2017 and 2016 is due to the change in Management’s estimate and judgements, mainly due to the terms of the duration of the finance lease agreement for the Citylink building by the Group’s subsidiary Picar S.A. due to the reasons explained above.

12 Staff costs

	1/1-31/12/2017	1/1-31/12/2016
Wages & salaries	(405,930)	(413,665)
Social insurance contributions	(104,322)	(104,907)
Other staff costs	(24,835)	(21,387)
Voluntary Redundancy Costs	(16,676)	-
Retirement benefit charges (Note 38)	(10,743)	(15,546)
Total	**(562,506)**	**(555,505)**

The number of staff employed by the continued operations of the Group as at 31/12/2017 was 15,546. The respective number as of 31/12/2016 was 15,920.

13 Administrative expenses

	1/1-31/12/2017	1/1-31/12/2016
Rental expense	(39,608)	(40,155)
Taxes and duties	(85,275)	(89,478)
Promotion and advertising expenses	(30,653)	(43,285)
Servicing - promotion of banking products	(34,213)	(38,036)
Fees and third parties expenses	(108,625)	(111,580)
Security and maintenance of fixed assets	(40,345)	(41,321)
Telecommunication and electricity expenses	(25,202)	(27,166)
Contribution expense in State Controlled Deposit Guarantee Scheme	(66,459)	(73,278)
Other administrative expenses	(69,484)	(70,986)
Total	**(499,864)**	**(535,285)**

"Administrative expenses" for the comparative year 2016 have been restated. Relative reference is provided on Note 47.

Administrative expenses for the year 2017 (€ 499.9 million) decreased by 5.5 % comparing to the year 2016 (€ 535.3 million) mainly as a result of further branch closures, digitalization initiatives, lower promotion & advertising expenses and overall cost cutting efforts.

The decrease of the line "Contribution expense in state controlled deposit guarantee scheme" in 2017, is due to the decrease of both the regular contribution and the ex-ante contribution for the Resolution Scheme (RS).

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. 4370/2016. Participating credit institutions when granting loans to the RS pay contributions, with which the RS repays its loan obligations for resolution purposes.

During 2017, the total amount of contributions of € 66.5 million concerns a) annual contribution to the Resolution Scheme (RS) amounting to € 38.0 million, b) regular ex-ante contribution to European Resolution Mechanism for year 2017 of € 22.0 million, c) participation fee to cover the operating and investment costs € 0.3 million and d) an amount of € 6.2 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 2017.

14 Discontinued operations

During 2017, the companies Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd, subsidiaries of the Group, were transferred to discontinued operations. For the above mentioned subsidiaries there is sale process in progress, which is expected to be completed within one year.

In Q1 2017 the Group's subsidiary IMITHEA S.A. was classified as discontinued operations. This is a non-recurring fair value measurement, categorized as Level 3 in the fair value hierarchy due to the significance of the unobservable inputs. The subsidiary's fair value prior to its classification as discontinued operations was determined taking into consideration Group's impairment policy. The transaction is expected to be completed by 31 December 2018.

On 17 October 2017, Piraeus Bank announced that it has entered into an agreement to dispose of its Serbian banking and leasing operations to Direktna Banka A.D., a local Serbian banking group, for a total cash consideration of €61.0 million, through a combination of direct sale and simultaneous reduction of capital in Piraeus Bank Beograd AD. This is a non-recurring fair value measurement, categorized as Level 3 in the fair value hierarchy due to the significance of the unobservable inputs. The subsidiary's fair value prior to its classification as discontinued operations was determined taking into consideration the binding offers and the Group's impairment policy. The transaction is expected to close in the second quarter of 2018, following the receipt of all necessary corporate and regulatory approvals, including those of the National Bank of Serbia and the HFSF, and is neutral to Piraeus' CET-1 ratio.

On 21 November 2017, Piraeus Bank announced, regarding the sale of its subsidiary Olympic Commercial and Tourism Enterprises (Olympic) – which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece – that Avis Budget Group, through its subsidiary Zodiac Europe Limited, exercised its rights held under the terms of the franchise agreements for its brands. The relevant terms include Zodiac Europe Limited's Right of First Refusal to acquire the Olympic shares either directly or through a third party nominee under the same financial and contractual terms. Avis Budget Group has indicated its intention to designate as the ultimate purchaser of Olympic a special purpose company, having as sole shareholders Avis Europe Holdings Limited and an Otokoc Group company with which the Avis Budget Group maintains a longstanding cooperation in many countries. The consideration for the Transaction amounted to €80.6 million, implying an enterprise value (EV) for Olympic of €318.1 million, and was paid fully in cash. This is a non-recurring fair value measurement, categorized as Level 3 in the fair value hierarchy due to the significance of the unobservable inputs. The subsidiary's fair value prior to its classification as discontinued operations was determined taking into consideration the binding offers and the Group's impairment policy. The transaction was completed in March 2018.

Amounts in thousand euros (Unless otherwise stated)

On 21 November 2017, Piraeus Bank S.A. announced that it has entered into an agreement with J.C. Flowers & Co. for the sale of its entire shareholding stake in its banking subsidiary in Romania, Piraeus Bank Romania S.A. ("PBR"). The Transaction has been approved by the Board of Directors of Piraeus Bank and the Hellenic Financial Stability Fund, and is subject to customary conditions, including regulatory approvals by the relevant authorities in Romania. This is a non-recurring fair value measurement, categorized as Level 3 in the fair value hierarchy due to the significance of the unobservable inputs. The subsidiary's fair value prior to its classification as discontinued operations was determined taking into consideration the binding offers and the Group's impairment policy. The Transaction is expected to close in the first half of 2018. Its impact on the Group's regulatory capital position is expected to be neutral.

A) Profit/ (loss) after income tax from discontinued operations

Profit/ (loss) after income tax from discontinued operations for the year 2017 includes the results of ATE Insurance Romania S.A., Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd. Profit/ (loss) after income tax from discontinued operations for the year 2016 includes the results of the aformentioned companies, ATE Insurance S.A until the day of its disposal (1/8/2016) and Piraeus Bank Cyprus LTD group of companies until the day of its disposal (28/12/2016).

	1/1-31/12/2017	1/1-31/12/2016
Net interest income	59,028	81,970
Net fee and commission income	11,111	19,614
Dividend Income	176	1,027
Net income from financial instruments designated at fair value through profit or loss	1,898	43,929
Results from investment securities	457	(45,063)
Other income/ (expenses)	73,989	84,953
Total net income	**146,658**	**186,431**
Staff costs	(74,197)	(95,252)
Administrative expenses	(52,518)	(66,824)
Depreciation and amortization	(12,301)	(12,924)
Gains/ (losses) from sale of owned assets	153	(13)
Total operating expenses before provisions	**(138,864)**	**(175,013)**
Other provisions and impairment	(201,835)	(43,619)
Profit/ (loss) before income tax	**(194,041)**	**(32,201)**
Income tax	(7,661)	(38,953)
Profit/ (loss) after income tax from discontinued operations	**(201,702)**	**(71,154)**

According to the requirements of IFRS 5 concerning the measurement of the value of the assets classified in discontinued operations at the lower of their carrying amount and fair value less cost to sell, the Group proceeded during the year 2017 with an impairment of the value of discontinued operations by € 189.3 million. The aforementioned amount is included in line "Other provisions and impairment" in the above table.

B) Assets and liabilities

The following assets and liabilities as at 31/12/2017 relate to the companies ATE Insurance Romania S.A., Olympic Commercial & Tourist Enterprises S.A.,IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd. Respectively, the following assets and liabilities as at 31/12/2016 relate to the company ATE Insurance Romania S.A.

Amounts in thousand euros (Unless otherwise stated)

	31 December 2017	31 December 2016
ASSETS		
Cash and balances with Central Banks	284,113	12
Loans and advances to credit institutions	66,347	1,981
Financial instruments at fair value through profit or loss	76,623	-
Derivative financial instruments - asssets	688	
Loans and advances to customers	1,078,720	-
Available for sale securities	252,888	-
Held for sale	2,002	-
Investment property	6,629	-
Property and equipment	391,335	11
Intangible assets	9,496	72
Deferred tax assets	3,528	-
Other assets	111,175	486
Total Assets	**2,283,542**	**2,562**

	31 December 2017	31 December 2016
LIABILITIES		
Due to credit institutions	153,762	-
Due to customers	1,174,998	-
Derivative financial instruments - liabilities	499	-
Deferred tax liabilities	6,470	17
Current income tax liabilities	2,180	-
Retirement benefit obligations	6,306	-
Other provisions	213,805	600
Other liabilities	82,835	866
Total Liabilities	**1,640,856**	**1,483**

15 Income tax benefit/ (expense)

	1/1-31/12/2017	1/1-31/12/2016
Current Tax	(14,340)	(14,272)
Deferred tax (Note 37)	1,218,763	192,389
Provisions for tax differences	1,388	3,471
Total	**1,205,810**	**181,588**

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

	2017	2016
Loss before tax	(1,208,414)	(150,577)
Tax calculated	350,440	43,667
Income not subject to tax	70,829	25,665
Impact from tax base reassessment of loans and advances to customers, including allowances for impairment	813,593	-
Corresponding tax of impairment on investments from previous years and other temporary differences, for which no deferred tax asset was recognised	43,227	211,763
Non tax deductible expenses	(65,216)	(98,831)
Effect of different tax rates applied abroad	3,066	1,028
Effect of results of investment in associates	(13,748)	(5,269)
Use of tax losses for which no deferred tax asset has been recognized	2,232	94
Non tax deductable provisions	1,388	3,471
Income tax benefit	**1,205,811**	**181,588**
Effective tax rate for the year	**99.8%**	**120.6%**

In accordance with the provisions of the enacted Greek Tax Law (Law 4172/2013), as amended by Greek Law 4334/2015 (Gazette A'80/16.7.2015) and being in effect today, the income tax rate for Greek legal entities is 29%. Subsequent to the enactment of Greek Law 4389/2016 the tax rate on dividend income received from 1/1/2017 increased to 15% from 10% prior to 31/12/2016.

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the years of 2016 and 2017 (Bulgaria: 10%, Romania: 16%, Egypt: 22.5%, Serbia: 15%, Ukraine: 18%, Cyprus: 12.5%, Albania: 15% and United Kingdom: 20% from 1/4/2015 until 31/3/2017 and 19% from 1/4/2017).

The Bank based on its business plan and the corresponding tax planning and taking into account the tax provisions in force, has reassessed, in the current year, the temporary differences between the accounting and the tax base of loans and advances including impairment, and has recognized an additional deferred tax asset of € 813.6 million.. Relevant reference is provided in Note 37.

The Group has recognized as at 31/12/2017 deferred tax assets amounting to € 6,542.8 million, based on the estimates of the Management for the future evolution of the Group's results, taking into account the revised approved Restructuring Plan by the European Commission on 29 November 2015 its three-year business plan, and its tax planning.

The measures that have already been implemented, as well as those included in the existing Restructuring Plan of the Bank, but also its rotating three-year business plan, are reliably expected to support the Group's future profitability and to allow the Group to overcome the effects of the prolonged Greek recession.

Under the provisions of Greek Law 4172/2013, Article 27A, as amended by Greek Law 4465/2017 and being in effect today, deferred tax assets of Greek financial institutions, as well as deferred tax assets of leasing and factoring companies, that have been recognized due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing loans and advances to customers as of 30 June 2015, as well as the accounting write offs and final losses due to permanent write offs or restructuring of debts under certain conditions will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the "profit for the period" from the fiscal year 2016 onwards according to IFRS, is a loss.

This claim will be offset against the relevant amount of income tax of the legal person or companies of the same corporate group (associated companies) of the tax year, which the approved financial statements refer to. 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 favor of the above-mentioned companies. 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. Furthermore, a gradual amortization over a 20-year period of the final tax losses arising from write-offs and disposals is provided, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from final debt write-offs.

The Extraordinary General Meeting of the Bank's Shareholders, on 19 December 2014, approved the Bank's opting into the special regime enacted by article 27A of the Greek 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 provisions.

Amounts in thousand euros (Unless otherwise stated)

As at 31/12/2017, the deferred tax assets of the Group meeting the provisions of the above mentioned Law, amounts to € 4,013.0 million, of which € 1,325.7 million relates to the remaining unamortized amount of debit difference from the participation on the PSI and € 2,687.3 million relates to the differences on IFRS loans and advances to customers, including allowance for impairment, and tax base, respectively.

According to article 82 of Greek Law 4472/2017 credit institutions and other legal entities that fall under the provisions of article 27A of Greek Law 4172/2013 are required to pay an annual commission of 1.5% on the excess amount guaranteed by the Greek State of deferred tax assets arising from the difference between the tax rate applicable under Greek Law 4334/2015 (Gazette A' 80/16/7/2015) retrospectively from 1/1/2015 (29%), and the tax rate applicable on 30/6/2015 (26%). According to the above mentioned, the total commission as at 31 December 2017 amounts to € 14.0 million, of which € 7.0 million relates to the period ended 31 December 2016 and has been included in the Consolidated Income Statement in line "Other (net) under "Other income/ (expenses)" (Note 11).

Additionally, article 14 of the aforementioned law provides a reduction in the tax rate, from 29% currently in force, to 26%, implied to profits from business activity acquired by legal entities keeping double-entry books for income earned in the tax year 2019 onwards. With explicit reference in the law, this reduction does not apply to credit institutions for which the tax rate remains 29%.

From 1/1/2017 onwards, in case of distribution or capitalization of current year profits or distribution of profits of past fiscal years (reserves) for which no income tax has been paid to legal entities, the amount distributed or capitalized, is taxed separately (independently) subject to the provisions of paragraph 1 of article 47 of Law 4172/2013, as being applied after their amendment with paragraph 2 of article 99 of Law 4446/2016, as a profit from a business activity, regardless of the existence of tax losses.

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 held by the Group.

On 2/12/2015, the Board of Directors proceeded with the issue of a contingent convertible bond loan of a total amount € 2,040.0 million. This amount was exclusively covered by the HFSF with bonds issued by ESM.

The effect of CoCo's in the EPS calculation is dilutive hence the weighted average number of ordinary shares outstanding for diluted EPS has been adjusted.

Basic earnings/ (losses) per share from continuing operations	1/1-31/12/2017	1/1-31/12/2016
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	1,526	36,790
Weighted average number of ordinary shares in issue	436,468,495	436,625,708
Basic earnings/ (losses) per share (in €) from continuing operations	0.0035	0.0843

Diluted earnings/ (losses) per share from continuing operations	1/1-31/12/2017	1/1-31/12/2016
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	1,526	36,790
Weighted average number of ordinary shares in issue	436,468,495	436,625,708
Potential dilutive ordinary shares from Contingent Convertible Bonds (CoCos)	394,400,000	394,400,000
Weighted average number of ordinary shares for diluted earnings/ (losses) per share	830,868,495	831,025,708
Diluted earnings/ (losses) per share (in €) from continuing operations	0.0018	0.0443

Amounts in thousand euros (Unless otherwise stated)

Basic earnings/ (losses) per share from discontinued operations	**1/1-31/12/2017**	**1/1-31/12/2016**
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	(201,921)	(71,776)
Weighted average number of ordinary shares in issue	436,468,495	436,625,708
Basic earnings/ (losses) per share (in €) from discontinued operations	(0.4626)	(0.1644)

Diluted earnings/ (losses) per share from discontinued operations	**1/1-31/12/2017**	**1/1-31/12/2016**
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	(201,921)	(71,776)
Weighted average number of ordinary shares in issue	436,468,495	436,625,708
Potential dilutive ordinary shares from Contingent Convertible Bonds (CoCos)	394,400,000	394,400,000
Weighted average number of ordinary shares for diluted earnings/ (losses) per share	830,868,495	831,025,708
Diluted earnings/ (losses) per share (in €) from discontinued operations	(0.2430)	(0.0864)

According to the requirements of IAS 33, the weighted average number of shares for the year 2017 and the comparative year 2016 has been adjusted by a factor 1/20, in order to reflect the effect in earnings/ (losses) per share of the reverse split decided by the Annual Ordinary General Meeting of shareholders held on 28/6/2017 (Note 40).

17 Amounts that can be reclassified in the Consolidated Income Statement

A. Continuing operations

1/1-31/12/2017	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	123,048	(35,298)	87,750
Change in currency translation reserve	(4,119)	-	(4,119)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(3,052)	767	(2,285)
Other comprehensive income from continuing operations	**115,877**	**(34,531)**	**81,346**

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	(42,564)	11,193	(31,370)
Change in currency translation reserve	(14,576)	-	(14,576)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(25,457)	7,251	(18,207)
Other comprehensive income from continuing operations	**(82,598)**	**18,444**	**(64,154)**

B. Discontinued operations

1/1-31/12/2017	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(501)	86	(415)
Change in currency translation reserve	344	-	344
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(202)	21	(181)
Other comprehensive income from discontinued operations	**(359)**	**107**	**(252)**

Amounts in thousand euros (Unless otherwise stated)

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	(20,030)	(247)	(20,277)
Change in currency translation reserve	(1,874)	-	(1,874)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(237)	48	(189)
Other comprehensive income from discontinued operations	**(22,140)**	**(199)**	**(22,339)**

18 Cash and balances with Central Banks

	31 December 2017	31 December 2016
Cash in hand	719,061	662,266
Balances with Central Banks	185,955	240,897
Cheques clearing system - Central Banks	46,800	47,774
Included in cash and cash equivalents less than 90 days (Note 43)	**951,816**	**950,938**
Mandatory reserves with Central Banks	497,424	576,078
Total Cash and balances with Central Banks	**1,449,240**	**1,527,016**

The line "Cash and balances with Central Banks" has been restated in comparison to 31/12/2016. Relevant information is provided in Note 47.

The Bank is required to maintain a current account with the BoG to facilitate interbank transactions with the central bank, its member banks, and other financial institutions through the Trans-European Automated Real-Time Gross Settlement Express Transfer system (TARGET).

BoG requires all banks established in Greece to maintain deposits with the central bank equal to 1.0% of total customer deposits as these are defined by the ECB. Similar requirements apply to the other banking subsidiaries of the Group. The Bank’s deposits at BoG bear interest at the refinancing rate as set by the ECB of 0.0% at 31 December 2017, while the corresponding deposits of certain subsidiaries are non-interest bearing.

19 Loans and advances to credit institutions

	31 December 2017	31 December 2016
Placements with banks	88,755	81,301
Nostros and sight accounts with other banks	473,035	475,124
Cheques receivables	-	7
Reverse repos with customers	816,628	-
Included in cash and cash equivalents less than 90 days (Note 43)	**1,378,419**	**556,433**
Placements with banks	34,792	37,551
Blocked deposits	734,548	1,069,647
Loans and advances to credit institutions over 90 days	**769,339**	**1,107,198**
Total loans and advances to credit institutions	**2,147,758**	**1,663,631**

	31 December 2017	31 December 2016
Current loans and advances to credit institutions (up to 1 year)	1,697,348	1,628,419
Non current loans and advances to credit institutions (more than 1 year)	450,410	35,212
	2,147,758	**1,663,631**

Amounts in thousand euros (Unless otherwise stated)

The line "Loans and advances to credit institutions" has been restated in comparison to 31/12/2016. Relevant information is provided in Note 47.

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

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.

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 2017 and 2016 are set out below:

At 31 December 2017	Notional amount	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Interest rate swaps	3,079,679	348,721	343,217
Currency swaps	1,875,742	12,862	1,522
FX forwards	97,926	2,360	763
Options and other derivative instruments	1,610,371	24,352	538
Cross Currency Interest Rate Swaps	1,698,152	57,237	31,098
		445,532	**377,137**
Embedded equity derivatives			
Customer deposits/ loans linked to options	11,650	-	154
Other embedded equity derivatives	505,498	14,461	24,941
Total recognised derivative assets/ liabilities		**459,993**	**402,233**

At 31 December 2017	Fair values	
	Assets	**Liabilities**
Current	71,905	5,203
Non-current	388,088	397,030
	459,993	**402,233**

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	7,532	14,764
FX forwards	136,447	1,802	3,957
Options and other derivative instruments	88,056	530	588
Cross Currency Interest Rate Swaps	2,073,759	-	203,767
		443,481	**656,849**
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		**449,482**	**657,127**

At 31 December 2016	Fair values	
	Assets	**Liabilities**
Current	11,484	197,797
Non-current	437,998	459,330
	449,482	**657,127**

"Derivative financial instruments-assets/liabilities" for the comparative year 2016 have been restated. Relative reference is provided on Note 47.

Amounts in thousand euros (Unless otherwise stated)

Interest rate swaps held for trading purposes mainly include interest rate swaps with customers and their opposite contracts with other banks in order to reduce the Bank's exposure (back to back contracts).

The Group calculates credit valuation adjustment (CVA) with respect to counterparty risk and debit valuation adjustment (DVA) with respect to own credit risk which are incorporated in the derivatives valuation. The CVA and DVA are based on estimations of exposure at default, probability of default and recovery rates and are calculated using simulation techniques (Monte Carlo Simulation). The Bank and the Group takes into account in the calculation whether collaterals between counterparties (CSA agreement) exist. The PDs in most of the cases are derived from market observable CDS rates, for counterparties with illiquid CDS rates the PD is derived from appropriate proxies. The net adjustment for the Group as of 31/12/2017 and 31/12/2016 amounted to € 5.7 million and to € 15.9 million respectively.

21 Financial assets at fair value through profit or loss

	31 December 2017	31 December 2016
Foreign government bonds	-	802
Foreign government treasury bills	-	28,943
Other financial assets at fair value through profit or loss	1,465,180	-
Included in cash and cash equivalents less than 90 days (Note 43)	**1,465,180**	**29,745**
Greek government bonds	8,006	8,428
Foreign government bonds	-	145,458
Bank bonds	3,059	-
Total over 90 days	**11,065**	**153,886**
Athens stock exchange listed shares	23,579	10,228
Foreign stock exchanges listed shares	-	1
Total	**23,579**	**10,229**
Total financial assets at fair value through profit or loss	**1,499,824**	**193,861**

Financial assets at fair value through profit or loss as at 31/12/2017, amount of € 1,476.2 million relates to fixed income securities (2016: € 183.3 million), while there are no floating rate securities (2016: 0.3 million) nor any zero - coupon bonds for the years 2017 and 2016.

Other financial assets at fair value through profit or loss as of 31/12/2017, includes EFSF bonds of nominal value € 1,488.0 million received in exchange from the sale of EFSF bonds of equal value, in the framework of the Bank's participation in the bond exchange program with EFSF/ESM as part of the short term measures for the relief of the Greek public debt.

Securities pledged are presented in Note 39.

22 Reverse repos with customers

	31 December 2017	31 December 2016
Reverse repos with customers - individuals	84,438	28,454
Reverse repos with customers - corporate entities	5,815	1,551
Total reverse repos with customers	**90,253**	**30,005**

Amounts in thousand euros (Unless otherwise stated)

23 Loans and advances to customers

	31 December 2017	31 December 2016
Mortgages	14,768,982	15,726,840
Consumer/ personal and other loans	3,563,317	4,028,502
Credit cards	829,697	969,000
Loans to individuals	**19,161,996**	**20,724,342**
Loans to corporate entities and Public sector	**35,276,504**	**38,860,172**
Total loans and advances to customers (before allowance for losses)	**54,438,500**	**59,584,514**
Less: Allowance for impairment on loans and advances to customers	(9,718,970)	(9,876,906)
Total loans and advances to customers	**44,719,530**	**49,707,608**

	31 December 2017	31 December 2016
Current loans and advances to customers (up to 1 year)	7,634,194	6,888,142
Non current loans and advances to customers (more than 1 year)	37,085,336	42,819,466
	44,719,530	**49,707,608**

It is noted that the amounts of loans and advances to customers before allowances for impairment on loans and advances to customers have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. Specifically, the remaining allowance for impairment on loans and advances to customers of the Group amounting to € 5.8 billion as at 31/12/2017 relating to 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., which at their acquisition date by Piraeus Group amounted to € 8.1 billion, has decreased the gross balance of loans and advances to customers and the allowance for impairment on loans and advances to customers respectively in the table above, as under IFRS 3 it has been included in the adjustment of loans and advances to customers to its fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7 (Note 4), as well as for the presentation of Business Segments (Note 5) in accordance with IFRS 8, the aforementioned adjustment is part of the allowance for impairment on loans and advances to customers.

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 1/1/2016	**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**
- From continuing operations	209,523	99,482	8,221	**317,226**	686,695	**1,003,921**
- From discontinued operations	1,034	(7,446)	(16)	**(6,429)**	17,127	**10,699**
Loans written-off	(9,233)	(105,908)	(78,130)	**(193,271)**	(617,379)	**(810,650)**
- From continuing operations	(7,139)	(75,831)	(76,837)	**(159,807)**	(604,671)	**(764,478)**
- From discontinued operations	(2,093)	(30,078)	(1,293)	**(33,463)**	(12,708)	**(46,172)**
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	3,471	72,148	77,947	**153,566**	577,959	**731,525**
- From continuing operations	2,678	59,729	77,716	**140,124**	570,786	**710,910**
- From discontinued operations	793	12,419	231	**13,443**	7,173	**20,615**
Balance at 31/12/2016	**1,391,614**	**904,137**	**238,701**	**2,534,452**	**7,342,454**	**9,876,906**
Opening balance at 1/1/2017	**1,391,614**	**904,137**	**238,701**	**2,534,452**	**7,342,454**	**9,876,906**
Opening balance from discontinued operations	(9,574)	(32,407)	(1,479)	**(43,460)**	(92,948)	**(136,407)**
Charge for the year	92,703	242,565	(1,635)	**333,633**	1,679,159	**2,012,792**
Loans written-off	(52,489)	(112,915)	(88,613)	**(254,016)**	(1,040,359)	**(1,294,375)**
Provision of derecognised loans	-	(208)	-	**(208)**	(184,963)	**(185,171)**
Unwinding	(71,649)	(58,889)	(5,849)	**(136,387)**	(246,614)	**(383,001)**
Foreign exchange differences and other movements	(13,921)	4,165	1	**(9,755)**	(162,017)	**(171,773)**
Balance at 31/12/2017	**1,336,684**	**946,448**	**141,127**	**2,424,258**	**7,294,712**	**9,718,971**

The comparative figures of the above lines “Loans Written-off” and "Foreign exchange differences and other movements" in the table above have been adjusted in order to be comparable with the figures presented as of 31 December 2017. The Bank had not been able to properly identify and disclose the written-off balances which pertain to the fair value adjustment of € 8.1 billion, initially recognized in the Consolidated Financial Statements of 2013. Hence the fair value adjustment has been reduced to € 5.8 billion and € 7.1 billion respectively as at 31 December 2017 and 31 December 2016. The above reclassification has no effect on the net balance of loans and advances to customers, as disclosed in the comparative figures Note 23 and in Note 4.2 as at 31 December 2017.

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	31 December 2017	31 December 2016
Up to 1 year	335,619	456,991
From 1 to 5 years	263,608	285,258
More than 5 years	1,427,647	1,735,832
	2,026,873	**2,478,081**
Unearned future finance income	(241,956)	(314,578)
Net investments in finance leases	**1,784,918**	**2,163,502**

Allowances for impairment on finance lease receivables amounts to € 540.8 million (2016: € 655.6 million)

Net investments in finance leases are analysed as follows:

Net investments in finance leases	31 December 2017	31 December 2016
Up to 1 year	314,950	426,245
From 1 to 5 years	209,611	208,116
More than 5 years	1,260,357	1,529,142
	1,784,918	**2,163,502**

24 Investment securities

a) Available for sale portfolio

	31 December 2017	31 December 2016
Greek government bonds	530,633	401,524
Foreign government bonds	144,250	318,965
Company bonds	7,158	-
Bank bonds	37,493	-
Greek government treasury bills	1,148,569	1,668,133
Foreign government treasury bills	34,127	53,921
Total bonds and other fixed income securities (A)	**1,902,230**	**2,442,542**
Athens stock exchange listed shares	23,884	6,369
Foreign stock exchange listed shares	18	1,464
Unlisted shares	174,588	192,461
Mutual funds	81,104	88,915
Other variable income securities	21,979	8,496
Total shares and other variable income securities (B)	**301,573**	**297,704**
Total available for sale securities (A) + (B)	**2,203,803**	**2,740,246**

From the above mentioned bonds and treasury bills of the investment portfolio as at 31/12/2017, amount of € 753.7 million relates to fixed rate securities (2016: € 774.4 million), amount of € 1,148.6 million relates to zero coupon bonds (2016: € 1,668.1 million), whereas no amount relates to floating rate securities. Additionally, as at 31/12/2017 an amount of € 158.9 million (2016: € 700.8 million) is included in cash and cash equivalents less than 90 days (Note 43).

On 15/11/2017, the Greek State proceeded to the optional exchange of 20 bonds (“Designated Securities”), which were issued on 24/2/2012, in the context of Hellenic Republic debt restructuring, with the participation of the private sector (PSI), with 5 new bonds. The exchange aimed to align the outstanding debt of the Hellenic Republic with market standards in order to normalize the yield curve as well as to improve the liquidity of the bonds in the secondary market.

The exchange was recorded with a defined exchange ratio with the new bonds to mature within 5-year, 10-year, 15-year, 17-year and 25-year duration, while the average duration remained unchanged compared to the old securities. The new bonds bear fixed interest rate between 3.5% and 4.2%. In the exchange on 5/12/2017 Piraeus Bank participated with securities of nominal value of € 531.3 million receiving new securities with a nominal value of € 537.0 million. The transaction was treated from accounting perspective as a modification of the contractual terms of the designated securities.

Amounts in thousand euros (Unless otherwise stated)

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

	31 December 2017	31 December 2016
Opening balance	2,740,246	2,739,687
Opening balance of discontinued operations	(154,165)	-
Additions	6,068,241	7,019,518
- From continuing operations	6,068,241	6,927,526
- From discontinued operations	-	91,992
Amortisation of premiums/discounts	59,816	55,550
Disposals/ maturities	(6,664,593)	(7,096,646)
- From continuing operations	(6,664,593)	(7,001,597)
- From discontinued operations	-	(95,049)
Changes in fair value	152,831	15,449
- From continuing operations	152,831	13,800
- From discontinued operations	-	1,649
Transfers from subsidiaries (Note 26)	-	9,263
Transfers to subsidiaries (Note 26)	-	(5,000)
Foreign exchange differences	1,427	2,425
- From continuing operations	1,427	2,356
- From discontinued operations	-	69
Closing balance	**2,203,803**	**2,740,246**

b) Held to maturity portfolio

	31 December 2017	31 December 2016
Corporate entities bonds	-	320
Greek government bonds	-	6,313
Total held to maturity	**0**	**6,634**

From the above held to maturity securities for the comparative year 2016, an amount of € 0.3 million relates to floating rates and an amount of € 6.3 million to fixed rates.

Movement of the held to maturity securities	31 December 2017	31 December 2016
Opening balance	6,633	182
Additions	-	6,531
Maturity of securities	(6,633)	(68)
Coupons receipts	-	(12)
Closing balance	**0**	**6,633**

During 2017 and 2016, “Maturity of securities” mainly includes maturity of securities of Group's subsidiaries.

	31 December 2017	31 December 2016
Current investment securities (up to 1 year)	1,211,416	1,806,308
Non current investment securities (more than 1 year)	690,814	642,868
Total of investment securities	**1,902,230**	**2,449,175**

Amounts in thousand euros (Unless otherwise stated)

25 Debt securities - receivables

	31 December 2017	31 December 2016
Corporate entities debt securities - receivables	18,097	27,816
Bank debt securities - receivables	5,012	5,012
EFSF bonds - receivables	-	10,507,342
ESM bonds - receivables	-	2,711,576
Total debt securities - receivables	**23,109**	**13,251,746**
Less: Allowance for impairment on debt securities - receivables	-	(5,489)
Total debt securities - receivables (less allowances for losses)	**23,109**	**13,246,257**

	31 December 2017	31 December 2016
Current debt securities - receivables (up to 1 year)	-	1,627,129
Non current debt securities - receivables (more than 1 year)	23,109	11,619,128
	23,109	**13,246,257**

The balance of the EFSF and ESM bonds decreased due to the sale of EFSF bonds (nominal value € 9,685.3 million) and of ESM bonds (nominal value € 2,706.1 million) resulting from the Bank's participation in the bond exchange program of EFSF and ESM bonds as part of the short-term debt relief measures of the Hellenic Republic. Relevant reference is provided in Note 2. The above mentioned transactions had no impact in the Consolidated Income Statement.

The balance of the EFSF bonds decreased further due to the sale of EFSF bonds of nominal value € 748.0 million under the Bank's participation in the ECB's quantitative easing program (Note 2). The gain from the sale amounted to € 20.6 million and it is included in line “Results from investment securities” of the Consolidated Income Statement for the year 2017 (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	2013-2017
2.	Cyprus Leasing S.A.	Finance leases	100.00%	Greece	2013-2017
3.	Geniki Financial & Consulting Services S.A.	Financial & consulting services	100.00%	Greece	2012-2017
4.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2013-2017
5.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2013-2017
6.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010,2013-2017
7.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of venture capital fund	100.00%	Greece	2013-2017
8.	Hellenic Fund for Sustainable Development	Close End Venture Capital Fund	65.00%	Greece	-
9.	ETVA Fund Management S.A.	Management of venture capital mutual funds	65.00%	Greece	2014-2017
10.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2013-2017
11.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2013-2017
12.	Piraeus Insurance Agency S.A.	Insurance agency	100.00%	Greece	2013-2017
13.	Geniki Information S.A.	Assessment and collection of commercial debts	100.00%	Greece	2010-2017
14.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010,2013-2017
15.	ETVA Development S.A.	Investment and development activities, in accordance with the principles of sustainable development	65.00%	Greece	2014-2017
16.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece	2010,2013-2017
17.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2013-2017
18.	Abies S.A.	Property management	61.65%	Greece	2010-2017
19.	Achaia Clauss Estate S.A.	Property management	75.37%	Greece	2013-2017
20.	Euroterra S.A.	Property management	62.90%	Greece	2010-2017
21.	Kosmopolis A' Shopping Centers S.A.	Shopping center’s management	100.00%	Greece	2013-2017
22.	Linklife Food & Entertainment Hall S.A.	Operation of food and entertainment Halls	100.00%	Greece	2014-2017
23.	ND Development S.A.	Property management	100.00%	Greece	2013-2017
24.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2013-2017
25.	Picar S.A.	City Link areas management	100.00%	Greece	2013-2017
26.	Property Horizon S.A.	Property management	100.00%	Greece	2013-2017
27.	Rebikat S.A.	Property management	61.92%	Greece	2010-2017
28.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece	2013-2017

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
29.	Entropia Ktimatiki S.A.	Property management	66.70%	Greece	2013-2017
30.	Euroak S.A. Real Estate	Real estate investment	53.60%	Greece	2010-2017
31.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2013-2017
32.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2017
33.	Piraeus Development S.A.	Property management	100.00%	Greece	2013-2017
34.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2013-2017
35.	Pleiades Estate S.A.	Property management	100.00%	Greece	2013-2017
36.	A.C.T. B.A.S. S.A.	Counseling services for payroll and labour affairs	100.00%	Greece	2011-2017
37.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	80.00%	Greece	2013-2017
38.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece	2013-2017
39.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2017
40.	Piraeus Direct Solutions S.A. (former Special Business Services S.A.)	Financial - telecommunication & IT services	100.00%	Greece	2013-2017
41.	Special Financial Solutions S.A.	Advising, consultancy, organizational and training services	100.00%	Greece	2013-2017
42.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	83.00%	Greece	2015-2017
43.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	100.00%	Greece	2010,2013-2017
44.	Piraeus ACT Services S.A.	Accounting and tax consulting	100.00%	Greece	2013-2017
45.	Pireaus Direct Services S.A.	Support and e-commerce services, trade of time renewal cards	100.00%	Greece	2013-2017
46.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	-
47.	Anemos Ipirou Anonymi Energeiaki Etaireia	The exploitation of wind energy park in Greece.	100.00%	Greece	2007-2017
48.	Aioliki Mbeleheri S.A.	The exploitation of wind energy park in Greece and the holding of investments with similar activities.	100.00%	Greece	2001-2017
49.	Aiolikon Parko Artas E.E.	The exploitation of wind energy park in Greece	99.80%	Greece	2009-2017
50.	Aiolikon Parko Evritanias Morforahi E.E.	The exploitation of wind energy park in Greece	99.80%	Greece	2009-2017
51.	Aiolikon Parko Evritanias Ouranos E.E.	The exploitation of wind energy park in Greece	99.80%	Greece	2009-2017
52.	DMX Aioliki Marmariou - Agathi LLP	The exploitation of wind energy park in Greece	100.00%	Greece	2008-2017
53.	DMX Aioliki Marmariou - Rigani LLP	The exploitation of wind energy park in Greece	100.00%	Greece	2008-2017
54.	DMX Aioliko Parko Rodopi 2 E.E.	The exploitation of wind energy park in Greece	99.80%	Greece	2004-2017
55.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania	2014-2017
56.	Tirana Leasing Sh.A.	Finance leases	100.00%	Albania	2016-2017
57.	Cielo Concultancy Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2017
58.	Edificio Enterprise Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2017
59.	Tierra Projects Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2017
60.	Piraeus Real Estate Tirana Sh.P.K.	Real estate development	100.00%	Albania	2014-2017
61.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2017

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
62.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2017
63.	Beta Asset Management EOOD	Rent and management of real estate	99.98%	Bulgaria	2013-2017
64.	Bulfina E.A.D.	Property management	100.00%	Bulgaria	2008-2017
65.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2017
66.	Delta Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	2015-2017
67.	Gama Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	2015-2017
68.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2017
69.	Varna Asset Management EOOD	Real estate development	99.98%	Bulgaria	2014-2017
70.	Asset Management Bulgaria EOOD	Travel - rental services and property management	99.98%	Bulgaria	2012-2017
71.	Besticar Bulgaria EOOD	Collects receivables	99.98%	Bulgaria	2012-2017
72.	Besticar EOOD	Collects receivables from problematic clients	99.98%	Bulgaria	2012-2017
73.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2011-2017
74.	Arigeo Energy Holdings Ltd	Holding company in renewable energy	100.00%	Cyprus	2012-2017
75.	Besticar Limited	Holding Company	99.98%	Cyprus	-
76.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	90.85%	Cyprus	2008-2017
77.	Piraeus Clean Energy Holdings Ltd	Holding Company	100.00%	Cyprus	2011-2017
78.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus	2011-2017
79.	Piraeus Renewable Investments Limited	Holding company	100.00%	Cyprus	2016-2017
80.	PRI WIND I Limited	Holding company	100.00%	Cyprus	2016-2017
81.	PRI WIND II Limited	Holding company	100.00%	Cyprus	2016-2017
82.	PRI WIND III Limited	Holding company	100.00%	Cyprus	2016-2017
83.	R.E. Anodus Two Ltd	Holding and investment company	99.09%	Cyprus	2013-2017
84.	Tellurion Ltd	Holding company	100.00%	Cyprus	2013-2017
85.	Tellurion Two Ltd	Holding company	99.09%	Cyprus	2013-2017
86.	Trieris Two Real Estate Ltd	Holding, Investment and Real Estate Portfolio Management	100.00%	Cyprus	2007-2017
87.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011-2017
88.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2011-2017
89.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	100.00%	Cyprus	2009-2017
90.	Lakkos Mikelli Real Estate Ltd	Property management	50.66%	Cyprus	2009-2017
91.	Philoktimatiki Public Ltd	Land and property development	53.29%	Cyprus	2015-2017
92.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2011-2017
93.	Piraeus Equity Advisors Ltd	Investment advice	100.00%	Cyprus	2011-2017
94.	Sunholdings Properties Company Ltd	Land and property development	26.65%	Cyprus	2008-2017

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
95.	Philoktimatiki Ergoliptiki Ltd	Construction company	53.29%	Cyprus	2015-2017
96.	WH South Wind Hellas Ltd	The holding of investments in Renewable Energy Sector in Greece	100.00%	Cyprus	2016-2017
97.	Emadierio Solar Energy & Investments Ltd	The exploitation of wind energy park in Greece	100.00%	Cyprus	2016-2017
98.	Josharton Ltd	Holding of investments	100.00%	Cyprus	2016-2017
99.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2015-2017
100.	Akinita Ukraine LLC	Real estate development	100.00%	Ukraine	2014-2017
101.	Sinitem LLC	Sale and purchase of real estate	99.94%	Ukraine	2013-2017
102.	Solum Enterprise LLC	Property management	99.94%	Ukraine	2012-2017
103.	Solum Limited Liability Company	Property management	99.94%	Ukraine	2017
104.	Piraeus Leasing Romania S.A.	Monitoring and collection services for loans disbursed by the company	100.00%	Romania	2003-2017
105.	Alecsandri Estates SRL	Real Estate Development	74.32%	Romania	2009-2017
106.	Daphne Real Estate Consultancy SRL	Real estate development	99.09%	Romania	2014-2017
107.	Priam Business Consultancy SRL	Real estate development	99.18%	Romania	2014-2017
108.	Proiect Season Residence SRL	Real estate development	100.00%	Romania	2012-2017
109.	R.E. Anodus SRL	Real Estate development	99.09%	Romania	2013-2017
110.	Rhesus Development Projects SRL	Real estate development	99.09%	Romania	2014-2017
111.	General Business Management Investitii SRL	Development of building projects	100.00%	Romania	2013-2017
112.	Piraeus Real Estate Consultants SRL	Construction company	100.00%	Romania	2015-2017
113.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2017
114.	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2011-2017
115.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
116.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
117.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
118.	Marathon 1 Greenvale Rd LLC	Real estate development	99.95%	U.S.A.	2012-2017
119.	Piraeus Group Capital Ltd	Debt securities issue	100.00%	United Kingdom	-
120.	Piraeus Group Finance PLC	Debt securities issue	100.00%	United Kingdom	2016-2017
121.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
122.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
123.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
124.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	2017
125.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	2017
126.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
127.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
128.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
129.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
130.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
131.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
132.	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 duly numbered 121 - 129 are special purpose vehicles for securitization of loans and advances to customers and issuance of debt securities. Company duly numbered 94 although presenting less than 50.00% holding percentage, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Furthermore, as at 31/12/2017 the companies duly numbered 32, 39, 56, 75, 130 and 132 were under liquidation.

Annual Financial Statements of Subsidiaries

The annual financial statements of the subsidiaries of Piraeus Bank Group, including the reports of the independent auditors as well as the Directors' reports of these subsidiaries, which were finalized during the date of the issue of the annual financial report of the year 2016, are available on the web site of Piraeus Bank at www.piraeusbankgroup.com in the section Investor Relations, in the subsection Financial Data - Financial Statements - Consolidated Companies. The annual financial statements of the remaining subsidiaries of Piraeus Bank Group will be available on the web site of Piraeus Bank when they will become final.
(link: http://www.piraeusbankgroup.com/en/Investors/Financials/ Financial-Statements?category=Consolidated-Companies).

The subsidiaries that are excluded from the consolidation are as follows: a) “Hellenic Information Systems HIS S.A.”, b) "The Museum Ltd", c) “Piraeus Bank Group Cultural Foundation”, d) “Procas Holding Ltd”, e) “Phoebe Investments SRL”, f) “Core Investments Project SRL”, g) “Amaryllis Investments Consultancy SRL”, h) “Torborg Maritime Inc.”, i) “Isham Marine Corp.”, j) “Pallas Shipping S.A.”, k) “Zephyros Marine INC”, l) “Bayamo Shipping Co.”, m) “Sybil Navigation Co.”, n) “Axia III Holdings Ltd”, o) “Praxis II Holdings Ltd” and p) “Kion Holdings Ltd”. The consolidation of the above mentioned companies would not have a significant effect on the Consolidated Statement of Financial Position and Consolidated Income Statement.

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 2017 and 2016, is presented in the following tables:

31/12/2017	Changes in the interest	Carrying value of acquired third party interests	Consideration paid	Equity attributable to the shareholders of the Bank
Olympic Commercial & Tourist Enterprises S.A.	6.00%	6,062	(14,900)	(8,838)
Achaia Clauss Estate S.A.	0.11%	(47)	(76)	(123)
Akinita Ukraine LLC	0.91%	(90)	(0)	(90)
Total		**5,925**	**(14,976)**	**(9,052)**

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	-
Solum Limited Liability Company	0.94%	(372)	-	(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)**

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

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

The most significant cases of loss of control of subsidiary companies due to disposal, in the financial years 2017 and 2016, are the following:

1/1 - 31/12/2017	Consideration	Group’s gain/ (loss) from the disposal
Trastor Real Estate Investment Company	-	(2,920)

Amounts in thousand euros (Unless otherwise stated)

The results from the loss of control for the company Trastor R.E.I.C are recorded in the line “Other income/ (expenses)" in the Consolidated Income Statement.

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)

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 (including Piraeus Bank Romania S.A and Piraeus Bank Beograd A.D., which have been classified as held for sale during 2017) on 31/12/2017 were € 3,625.4 million (31/12/2016: € 3,585.1 million) and € 3,089.3 million (31/12/2016: € 2,978.1 million) 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 31/12/2017, there are restrictions in place for dividend or capital distributions to the shareholder and for the transfer of assets within the Group.

Significant non-controlling interests

There are significant non-controlling interests in the subsidiary companies ETVA Industrial Parks S.A., 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 31/12/2017, as well as the profit or loss attributed to non-controlling interests for the financial year 2017 and the comparative year 2016 for the above mentioned subsidiary companies, are the following:

Company name	% non-controlling interests		Carrying value of non-controlling interests		Gain/ (losses) attributed to non-controlling interests	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	2017	2016
ETVA Industrial Parks S.A.	35.00%	35.00%	76,195	76,238	(43)	(562)
Lakkos Mikelli Real Estate Ltd	49.34%	49.34%	30,292	29,683	638	(474)
Euroterra S.A.	37.10%	37.10%	20,049	20,835	(785)	(633)

Amounts in thousand euros (Unless otherwise stated)

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

Condensed Statement of Total Comprehensive Income	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate Ltd	
	2017	2016	2017	2016
Profit/ (loss) for the year	(124)	(1,604)	1,294	(962)
Other comprehensive income, net of tax	-	(14)	-	-
Total comprehensive income for the year, net of tax	**(124)**	**(1,618)**	**1,294**	**(962)**

Condensed Statement of Total Comprehensive Income	Trastor Real Estate Investment Company		Euroterra S.A.	
	2017	2016	2017	2016
Profit/ (loss) for the year		(2,701)	(2,117)	(1,707)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the year, net of tax		**(2,701)**	**(2,117)**	**(1,707)**

Condensed Statement of Financial Position	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate Ltd	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Current assets	62,945	60,490	5,950	5,929
Non current assets	173,706	175,540	68,728	67,307
Total Assets	**236,651**	**236,030**	**74,678**	**73,236**
Current liabilities	2,687	651	3,185	3,156
Non current liabiliies	16,265	17,557	6,244	6,066
Total liabilities	**18,952**	**18,207**	**9,429**	**9,222**

Condensed Statement of Financial Position	Trastor Real Estate Investment Company	Euroterra S.A.	
	31/12/2016	31/12/2017	31/12/2016
Current assets	5,063	442	876
Non current assets	55,294	107,570	110,115
Total Assets	**60,357**	**108,012**	**110,991**
Current liabilities	700	7,370	583
Non current liabiliies	37	28,258	35,906
Total liabilities	**737**	**35,627**	**36,488**

Condensed Cash Flow Statement	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate LTD	
	2017	2016	2017	2016
Net cash inflow/ (outflow) from operating activities	2,004	(1,991)	(82)	82
Net cash inflow/ (outflow) from investing activities	(503)	(3,960)	-	-
Net cash inflow/ (outflow) from financing activities	-	-	-	-
Net increase/ (decrease) in cash and cash equivalents	**1,501**	**(5,951)**	**(82)**	**82**
Cash and cash equivalents at the beginning of the year	**57,269**	**63,221**	**82**	**0**
Cash and cash equivalents at the end of the year	**58,771**	**57,269**	**0**	**82**

Condensed Cash Flow Statement	Trastor Real Estate Investment Company	Euroterra S.A.	
	2016	2017	2016
Net cash inflow/ (outflow) from operating activities	1,776	(318)	(392)
Net cash inflow/ (outflow) from investing activities	500	-	-
Net cash inflow/ (outflow) from financing activities	(280)	-	892
Net increase/ (decrease) in cash and cash equivalents	**1,996**	**(318)**	**500**
Cash and cash equivalents at the beginning of the year	**2,625**	**608**	**108**
Cash and cash equivalents at the end of the year	**4,621**	**290**	**608**

Amounts in thousand euros (Unless otherwise stated)

The subsidiary company Lakkos Mikelli Real Estate Ltd within the financial year 2017 distributed dividends to non-controlling investors of € 0.1 million (2016: € 0.1 million).

Consolidated structured entities

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

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

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

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

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

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	
	31/12/2017	31/12/2016
Axia Finance PLC	250,090	1,750,688
Axia Finance III PLC	235,235	2,352,310
Praxis I Finance PLC	249,600	290,065
Praxis II Finance PLC	370,087	370,070
Estia Mortgage Finance PLC	91,678	103,902
Estia Mortgage Finance II PLC	568,416	609,189
Kion Mortgage Finance PLC	29,045	35,295
Total	**1,794,152**	**5,511,519**

Interests in unconsolidated structured entities

As of 31/12/2017, the Group has investments in open end mutual funds that are managed by its 100% subsidiary company "Piraeus Asset management AEDAK" and «Piraeus Asset Management Europe SA». The management of mutual funds is performed on behalf of "Piraeus Asset management AEDAK".

The management of mutual funds is performed in the frame of investment strategy referred to the regulation of every mutual fund and carried out in holders' interest. As a result, the Group has no control and therefore they have been recognized in the available for sale portfolio. Mutual funds meet the definition of special structured entities.

The Group does not guarantee the returns of the mutual funds and is under no obligation to finance them. Therefore, the Group's maximum exposure to risk is limited to the carrying value of the mutual funds as at 31/12/2017 amounting to € 54.0 million (31/12/2016: € 61.0 million).

Amounts in thousand euros (Unless otherwise stated)

The Group also participates in other investment funds,which it does not manage. The carrying value of these investment funds as at 31/12/2017 amounted to approximately € 27.1 million (31/12/2016: € 28.0 million), which constitutes the Group's maximum exposure to losses from these investment funds.

In the context of contractual commitments arising from the ownership interest in the previously mentioned investment funds, the Group, if so requested, is responsible for settling a residual amount of € 0.7 million (31/12/2016: € 1.1 million) resulting from the initial binding agreement. Apart from this commitment, no other significant commitments may arise.

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

In the following table, the mutual funds in which Group participates and their total assets are presented as of 31/12/2017 and 31/12/2016, respectively. The Group does not control these mutual funds, according to the provisions of IFRS 10, as the management is exercised on behalf of their shareholders and therefore the Group acts as their representative (agent):

Mutual Funds	Total Assets 31/12/2017	Total Assets 31/12/2016
Piraeus Insurance Portfolios Balanced Fund	936	693
Piraeus Institutional Domestic Equity Fund	605	389
Piraeus Equity Fund of Funds	17,112	15,796
Piraeus Bond Fund of Funds	29,020	40,980
Piraeus Domestic Equity Fund	53,606	45,170
Piraeus International Balanced Fund of Funds	33,092	35,772
Piraeus US Equity Fund	6,172	5,995
Piraeus Short Term Money Market Fund (EUR)	27,386	41,460
Piraeusinvest Enhanced Liquidity USD Fund Retail	20,009	678
Piraeusinvest Enhanced Liquidity EUR Fund Retail	92,027	10,675
PiraeusinvestI Global Balanced Fof Retail	15,850	5,688
Piraeusinvest Global Aggressive Balanced Fund of Funds Retail	9,606	5,375
Piraeusinvest Global Conservative Balanced Fund of Funds Retail	13,266	5,641
Total	**318,688**	**214,311**

The income from acquisition, disposal and management fees of the mutual funds above, recognized in consolidated income statement of the Group, which amounted of € 3.1 million in the year 2017 and € 2.3 million in the year 2016, respectively.

Amounts in thousand euros (Unless otherwise stated)

B) Subsidiaries classified as Discontinued operations

Piraeus Bank Group subsidiary companies Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A, ATE Insurance Romania S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd, that are included in discontinued operations, are analysed below. Relevant reference for the disposal procedure, that is under process, for the companies Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd is provided in Note 14.

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
1.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases- Rent-a-Car and long term rental of vehicles	100.00%	Greece	2013-2017
2.	IMITHEA S.A.	Organization, operation and management of hospital units	100.00%	Greece	2013-2017
3.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2017
4.	ATE Insurance Romania S.A.	Insurance	99.54%	Romania	2007-2017
5.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2013-2017
6.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2017

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 Greek Law 3842/2010, Article 80.

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

C) Associate companies and joint ventures (equity accounting method) from continuing operations

1. Associate companies

With reference to the line “Investments in associated undertakings and joint ventures” of the Consolidated Statement of Financial Position the associate companies that the Group consolidates are as follows:

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	2010,2013-2017
4.	Marfin Investment Group Holdings S.A.	Holding company	31.67%	Greece	-
5.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010,2013-2017
6.	APE Fixed Assets Real Estate Tourist & Development S.A.	Real estate, development/ tourist services	27.80%	Greece	2010,2013-2017
7.	APE Investment Property S.A.	Real estate, development/ tourist services	28.92%	Greece	2010,2013-2017
8.	Olganos Real Estate S.A.	Property management/electricity production from hydropower stations	32.27%	Greece	2014-2017
9.	Pyrrichos S.A.	Property management	50.77%	Greece	2012-2017
10.	Exodus S.A.	Information technology & software	49.90%	Greece	2010,2013-2017

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
11.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	43.48%	Greece	2013-2017
12.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2017
13.	Gaia S.A.	Software services	26.00%	Greece	-
14.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece	2013-2017
15.	Selonda Aquaculture S.A.	Fish farming	32.92%	Greece	-
16.	Nireus Aquaculture S.A.	Fish farming	32.23%	Greece	2013-2017
17.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%	Greece	2010,2013-2017
18.	Trastor Real Estate Investment Company	Real estate investment property	39.39%	Greece	2010,2013-2017
19.	Unisoft S.A.	Software manufacturer	23.07%	Greece	2013-2017
20.	Trieris Real Estate Ltd	Property management	32.37%	British Virgin Islands	-
21.	Exus Software Ltd	IT products retailer	49.90%	United Kingdom	2016-2017

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 Management. 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 duly 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 company duly numbered 9 is included in the associate companies portfolio as Piraeus Bank Group exercises significant influence and not control.

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 would not have a significant effect on the Consolidated Statement of Financial Position and Consolidated Income Statement. Also, the financial data for the year 2017 of the associate company NGP Plastic S.A. is not available due to the aforementioned company's inability to produce them.

The changes in the portfolio of consolidated companies are presented in Note 45.

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.

Amounts in thousand euros (Unless otherwise stated)

Interests in non-significant associate companies

The total carrying value of interests in associates for the financial year 2017 amounts to € 251.4 million (2016: € 232.6 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 31/12/2017 and 31/12/2016. 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.

Condensed financial information	2017	2016
Share of Profit/ (loss) of associates and joint ventures before tax	(30,932)	(18,169)
Other comprehensive income from continuing operations	(4,726)	413
Amounts that can be reclassified in the Income Statement	(4,409)	573
Amounts that cannot be reclassified in the Income Statement	(318)	(160)
Total comprehensive income	**(35,658)**	**(17,756)**

2. Joint ventures

With reference to the line "Investments in associated undertakings and joint ventures" of the Consolidated Statement of Financial Position the joint ventures that the Group consolidates are as follows:

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years [1]
1	AEP ELAIONA S.A.	Property management	50.00%	Greece	2012-2017

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 31/12/2017 amounted to € 26.2 million (2016: € 3.5 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 2017	31 December 2016
Opening balance	232,637	297,738
Additions and participation in share capital increases/ decreases	41,623	30,950
Disposals	-	(18,867)
Share of Profit/ (loss) of associates and joint ventures after tax	(30,932)	(18,169)
Transfers from available for sale portfolio	31,005	-
Tranfers to subsidiary companies	-	(51,465)
Impairment	(18,354)	(11,531)
Foreign exchange differences and other adjustments	(4,605)	3,980
Closing balance	**251,374**	**232,637**

Amounts in thousand euros (Unless otherwise stated)

Basic financial data of associates and joint ventures

			31 December 2017				
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%	(24)	41	182	39
2.	Evros' Development Company S.A.	Greece	30.00%	(5)	-	652	649
3.	APE Commercial Property Real Estate Tourist and Development S.A.	Greece	27.80%	(17,233)	-	22,047	16
4.	APE Fixed Assets Real Estate Tourist and Development S.A.	Greece	27.80%	163	-	47,974	4,429
5.	Trieris Real Estate LTD	British Virgin Islands	32.37%	(5,480)	1,705	20,012	2,815
6.	APE Investment Property S.A.	Greece	28.92%	(63,573)	-	170,416	106,077
7.	Sciens International Investments & Holding S.A.	Greece	28.10%	(65,206)	(55,832)	112,490	136,945
8.	Exodus S.A.	Greece	49.90%	31	7,103	11,811	9,676
9.	Piraeus - TANEO Capital Fund	Greece	50.01%	(280)	-	4,477	220
10.	Teiresias S.A.	Greece	23.53%	(491)	13,024	7,203	6,571
11.	PJ Tech Catalyst Fund	Greece	30.00%	(247)	4	11,497	1,421
12.	Pyrrichos S.A.	Greece	50.77%	(121)	114	8,667	18,271
13.	Hellenic Seaways Maritime S.A.	Greece	43.48%	9,540	130,834	262,095	173,306
14.	Gaia S.A.	Greece	26.00%	116	27,222	7,399	3,145
15.	Olganos S.A.	Greece	32.27%	(665)	-	10,915	10,326
16.	Exus Software Ltd	United Kingdom	49.90%	(8)	4,655	5,917	5,499
17.	Marfin Investment Group Holding S.A.	Greece	31.67%	*	*	*	*
18.	Selonda Aquaculture S.A.	Greece	32.92%	*	*	*	*
19.	Nireus Aquaculture S.A.	Greece	32.23%	*	*	*	*
20.	Trastor Real Estate Investment Company	Greece	39.39%	604	4,527	85,978	6,372
21.	Unisoft S.A.	Greece	23.07%	(952)	-	5,632	33,894
22.	AEP ELAIONA S.A.	Greece	50.00%	(1,940)	-	105,242	103,909

(*) Upon the approval of the Bank’s consolidated financial statements, the listed associated companies Marfin Investment Group Holdings S.A., Selonda Aquaculture S.A. and Nireus Aquaculture S.A. had not published their annual financial statements for the year 2017. According to stock market prices of 31/12/2017, the fair value of the Group's shareholding to associate listed companies is as follows: Marfin Investment Group Holdings S.A. € 36.9 million, Selonda Aquaculture S.A. € 14.5 million and Nireus Aquaculture S.A. € 25.1 million.

Amounts in thousand euros (Unless otherwise stated)

			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	-	-
4.	APE Commercial Property Real Estate Tourist 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)	-	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)	-	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)	-	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%	(85,790)	1,145,639	2,715,440	2,286,430
19.	Litus Advisory S.A.	Belgium	50.00%	(248)	513	69	44
20.	Selonda Aquaculture S.A.	Greece	32.43%	7,002	167,902	276,029	268,116
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)	-	105,236	101,948

Amounts in thousand euros (Unless otherwise stated)

27 Intangible assets

2017	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2017	14,717	545,562	89,692	649,970
Opening balance from discontinued operations	-	(27,155)	(15,658)	(42,813)
Opening balance of new subsidiaries	-	-	1,568	1,568
Opening balance of subsidiaries transferred to other portfolio	-	(49)	-	(49)
Additions	26,231	33,054	1,690	60,975
Transfers	-	14,202	-	14,202
Disposals	-	(1,146)	(116)	(1,262)
Write -offs	-	(3,228)	-	(3,228)
Impairment	(3)	-	-	(3)
Foreign exchange differences	-	(152)	114	(38)
Cost as at 31 December 2017	**40,945**	**561,087**	**77,290**	**679,322**

The goodwill amount of € 26.3 million recognized in 2017, relates to Goodwill arising on the acquisition of entities with Renewable Energy Sources (RES) activities.

2017	Goodwill	Software	Other intangible	Total
Accumulated amortisation				
Opening balance as at 1 January 2017	0	(297,393)	(70,612)	(368,005)
Opening balance from discontinued operations	-	22,625	14,648	37,274
Opening balance of new subsidiaries	-	-	(310)	(310)
Opening balance of subsidiaries transferred to other portfolio	-	48	-	48
Charge for the year	-	(48,134)	(3,867)	(52,001)
Transfers	-	47	-	47
Disposals	-	1,128	66	1,194
Write -offs	-	3,167	-	3,167
Foreign exchange differences	-	129	(94)	34
Accumulated amortisation as at 31 December 2017	**0**	**(318,382)**	**(60,169)**	**(378,551)**
Net book value as at 31 December 2017	**40,945**	**242,705**	**17,121**	**300,771**

The goodwill amounting to € 41.0 million relates mainly to foreign subsidiaries, for which no trigger for impairment has occurred.

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
- From continuing operations	1	28,769	813	29,582
- From discontinued operations	-	1,420	196	1,616
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**

Amounts in thousand euros (Unless otherwise stated)

2016	Goodwill	Software	Other intangible	Total
Accumulated amortisation				
Opening balance as at 1 January 2016	0	(261,586)	(65,340)	(326,926)
Opening balance of new subsidiaries and subsidiaries transferred from other portfolio	-	-	(336)	(336)
Charge for the year	-	(47,110)	(5,208)	(52,318)
- From continuing operations	-	(44,524)	(4,749)	(49,273)
- From discontinued operations	-	(2,585)	(460)	(3,045)
Transfers	-	6	-	6
Disposals	-	3,111	-	3,111
Write -offs	-	7,780	321	8,102
Book value from disposed companies	-	223	-	223
Foreign exchange differences	-	183	(49)	134
Accumulated amortisation 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**

28 Property and equipment

2017	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2017	960,922	363,709	118,518	400,413	252,655	2,096,217
Opening balance from discontinued operations	(92,007)	(49,213)	(3,270)	(386,963)	(28,371)	(559,824)
Opening balance of new companies	45	11	-	58,024	-	58,080
Opening balance of subsidiaries transferred to other portfolio	(30,152)	-	(68)	(139)	-	(30,359)
Additions	33,753	44,105	26,687	2,192	14,835	121,572
Transfers	(13,512)	460	(72,625)	(199)	(2,587)	(88,462)
Disposals	(2,851)	(14,211)	-	(1,455)	(13)	(18,530)
Write - offs	(24)	(17,470)	(5,079)	(366)	(5,051)	(27,991)
Impairment	(73,690)	(945)	-	(1)	(3,051)	(77,686)
Foreign exchange differences and other movements	(745)	(183)	126	(28)	(29)	(858)
Cost as at 31 December 2017	**781,740**	**326,263**	**64,289**	**71,478**	**228,389**	**1,472,159**

2017	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 2017	(105,706)	(236,572)	0	(131,118)	(124,409)	(597,805)
Opening balance from discontinued operations	4,341	36,662	-	123,750	21,665	186,418
Opening balance of new companies	-	(2)	-	(7,778)	-	(7,780)
Opening balance of subsidiaries transferred to other portfolio	1,882	-	-	124	-	2,006
Charge for the year	(12,576)	(29,683)	-	(703)	(7,748)	(50,710)
Transfers	1,405	(48)	-	(52)	348	1,653
Disposals	24	11,899	-	442	10	12,376
Write - offs	24	17,454	-	366	5,046	22,889
Foreign exchange differences and other movements	39	146	-	18	26	229
Accumulated depreciation as at 31 December 2017	**(110,567)**	**(200,143)**	**0**	**(14,952)**	**(105,062)**	**(430,724)**
Net book value as at 31 December 2017	**671,173**	**126,120**	**64,289**	**56,526**	**123,326**	**1,041,435**

Amounts in thousand euros (Unless otherwise stated)

During 2017, the Group made transfers: a) to “Investment Property” of € 70.3 million, b) to “Intangible Assets” of € 14.3 million due to commencement of operational use, c) to “Assets Held for Sale" of € 15.8 million, d) from "Investment Property" € 5.1 million and e) from "Inventories property" € 8.5 million. Additionally, it is noted that during 2017 the impairment charge of property and equipment increased by € 3.1 million due to interruptions of Group's branches operations.

Note 2.20 is related to the determination of the recoverable value of own occupied property in accordance with the applicable provisions of IFRS.

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 new subsidiaries and activities and subsidiaries transferred from other portfolio	-	95	-	20	-	115
Additions	40,669	32,502	51,195	102,218	16,234	242,819
- From continuing operations	40,508	29,474	47,337	1,856	14,655	133,830
- From discontinued operations	161	3,028	3,858	100,362	1,579	108,989
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)
- From continuing operations	350	(2,327)	-	(122)	(11,857)	(13,955)
- From discontinued operations	-	-	-	-	(354)	(354)
Book value from disposed companies	(876)	(149)	-	(2,166)	-	(3,191)
Foreign exchange differences	(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 new subsidiaries and activities and subsidiaries transferred from other portfolio	-	(91)	-	(20)	-	(111)
Charge for the year	(13,948)	(31,678)	-	(46,058)	(11,640)	(103,324)
- From continuing operations	(12,446)	(27,245)	-	(851)	(9,186)	(49,728)
- From discontinued operations	(1,502)	(4,433)	-	(45,207)	(2,455)	(53,596)
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	85	386	-	13	691	1,175
Accumulated depreciation as at 31 December 2016	**(105,706)**	**(236,572)**	**0**	**(131,118)**	**(124,409)**	**(597,806)**
Net book value as at 31 December 2016	**855,216**	**127,137**	**118,518**	**269,295**	**128,246**	**1,498,411**

Amounts in thousand euros (Unless otherwise stated)

29 Investment property

	31 December 2017	31 December 2016
Opening balance	1,208,648	1,035,911
Opening balance of discontinued operations	(6,803)	-
Opening balance of new companies and subsidiaries transferred from another portfolio	-	126,645
Opening balance of subsidiaries transferred to another portfolio	(25,792)	-
Revaluation (Note 11)	(227,597)	(28,124)
- From continuing operations	(227,597)	(27,869)
- From discontinued operations	-	(255)
Additions	93,785	75,498
Transfers	95,233	29,046
Disposals	(7,010)	(3,502)
Write offs	(182)	(3)
Investment property from disposed companies	(4,940)	(7,071)
Fx differences and other adjustments	(4,715)	(19,753)
Closing balance	**1,120,627**	**1,208,648**

Rental income from investment property amounts to € 28.7 million (2016: € 18.6 million). Operating expenses of investment property that is rented to third parties equal to € 4.4 million (2016: € 3.9 million), while the operating expenses of vacant rented investment property equal to € 2.7 million (2016: € 3.1 million).

During 2017, the Investment property value has decreased due to transfers: a) of € 19.4 million to “Inventories property”, which are included in line "Other assets", due to non-fulfillment of the criteria for classification under IAS 40 and b) of € 5.1 million to "Owner occupied Land and buildings”, while it has increased by transfers: a) of € 49.5 million from "Inventories property" due to lease of the property and b) of € 70.3 million from "Owner occupied Land and Buildings" due to the change of the purpose the respective property is used by the Group .

The fair value of Investment Property amounting to € 1,120.6 million has been classified in Level 3. Further information with regard to the determination of fair value of investment property is provided in Note 3.6.

30 Assets held for sale

	31 December 2017	31 December 2016
Opening balance	2,494	34,089
Opening balance of discontinued operations	(2,494)	-
Additions	1,662	4,121
- From continuing operations	1,662	1,890
- From discontinued operations	-	2,230
Transfers	15,865	(10,567)
Disposals	-	(19,920)
- From continuing operations	-	(17,505)
- From discontinued operations	-	(2,415)
Impairment	583	(1,646)
- From continuing operations	583	(1,641)
- From discontinued operations	-	(5)
Assets held for sale from disposed companies	-	(3,512)
Currency translation differences	-	(71)
Closing Balance	**18,110**	**2,494**

During 2017, the gain from the sale of assets was € 10 thousand (2016:gain € 482 thousand) and was included in the Consolidated Income Statement in line "Other income/ (expenses)".

As at 31/12/2017, assets held for sale include mainly properties of subsidiaries in Romania, for which sale procedure is in process and it is expected to be finalised within 2018.

Amounts in thousand euros (Unless otherwise stated)

31 Other assets

	31 December 2017	31 December 2016
Inventories - property	1,122,787	955,029
Inventories - property (A)	**1,122,787**	**955,029**
Inventories - cars	241	10,499
Other inventories	4,481	7,972
Other inventories and Inventories - cars (B)	**4,723**	**18,472**
Prepaid expenses	81,338	73,715
Accrued income	103,457	77,921
Prepaid taxes and taxes withheld	10,380	10,152
Claims from tax authorities and the State	269,115	261,521
Current tax assets	219,157	499,564
Credit cards	202,267	188,873
Receivables from Deposit Guarantee and Investors Compensation Scheme	810,615	797,301
Receivables from third parties	48,353	92,727
Other items	392,188	419,291
Other receivables (C)	**2,136,869**	**2,421,067**
Other assets (A)+(B)+(C)	**3,264,380**	**3,394,568**

	31 December 2017	31 December 2016
Current other assets (up to 1 year)	759,983	646,188
Non current other assets (more than 1 year)	1,376,886	1,774,879
	2,136,869	**2,421,067**

"Other Assets" for the comparative year 2016 have been restated. Relative reference is provided on Note 47.

Inventories property as at 31/12/2017 include property of ETVA Industrial Parks S.A. of € 123.6 million (2016: € 121.0 million), and property acquired by the Bank or by Group Subsidiaries through auctions of € 976.9 million (2016: € 808.6 million) as well as inventories property of real estate subsidiaries of € 22.3 million (2016: € 25.9 million).

Note 2.23 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 2017, an impairment loss of € 92.4 million was incurred, of which € 54.6 million relating to provisions for the impairment of property classified in inventories property and € 37.8 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 2017	31 December 2016
Amounts due to central banks	9,738,980	20,907,387
Deposits from other banks	130,682	122,457
Repurchase agreement - credit institutions	1,375,535	5,889,619
Other obligations to banks	189,889	101,477
	11,435,086	**27,020,940**

Amounts in thousand euros (Unless otherwise stated)

	31 December 2017	31 December 2016
Current due to credit institutions (up to 1 year)	7,253,535	22,924,878
Non current due to credit institutions (more than 1 year)	4,181,551	4,096,062
	11,435,086	**27,020,940**

Balances due to credit institutions bear floating rates.

“Due to credit institutions” as at 31/12/2017, include refinancing operations from the eurosystem through repo transactions amounting to € 9,730.8 million (31/12/2016: € 20,900.8 million). The decrease in the refinancing raised from the eurosystem is mainly due to: a) the increase in deposits, b) the interbank repo transactions on securities that are not eligible for refinancing operations from the ECB, c) the issuance of covered bonds sold to selected investors, d) the further deleveraging of the loan portfolio, e) the Bank´s participation in the ECB´s program of Quantitative Easing (QE) and f) the Bank's participation in the bond exchange program of EFSF/ESM bonds. Further information with regard to points (e) and (f) is provided in Note 25.

33 Due to customers

	31 December 2017	31 December 2016
Corporate		
Current and sight deposits (1)	8,043,856	7,976,520
Term deposits	2,065,033	2,471,052
Blocked deposits, guarantee deposits and other accounts	269,969	234,042
Total (A)	**10,378,858**	**10,681,614**
Retail		
Current and sight deposits (1)	3,220,867	2,867,832
Savings account	15,134,031	14,995,288
Term deposits	13,834,560	13,708,008
Blocked deposits, guarantee deposits and other accounts	43,501	39,020
Total (B)	**32,232,959**	**31,610,148**
Cheques payable and remittances (C)	**103,435**	**73,067**
Total Due to Customers (A)+(B)+(C)	**42,715,252**	**42,364,829**

Note (1): The line “Current and sight deposits” as at 31/12/2016 was reclassified for comparison purposes by an amount of € 221.5 million respectively.

Customer deposits (excluding cheques payable and repos) with floating rates are € 26,052.2 million (2016: € 25,268.3 million) and with fixed rate are € 16,559.6 million (2016: € 17,023.4 million).

	31 December 2017	31 December 2016
Current due to customers (up to 1 year)	42,492,078	42,074,736
Non current due to customers (more than 1 year)	223,174	290,093
	42,715,252	**42,364,829**

Amounts in thousand euros (Unless otherwise stated)

34 Debt securities in issue

A) Securitisation of mortgage loans

	Average Interest rate (%)	31 December 2017	31 December 2016
Issuance € 750 million floating rate notes due 2040	3M Euribor + 0.65 %	11,317	12,720
Issuance € 1,250 million floating rate notes due 2054	3M Euribor + 0.73 %	37,069	39,071
Issuance € 600 million floating rate notes due 2051	3M Euribor + 0.55 %	16,103	17,724
Total debt securities in issue		**64,489**	**69,515**

	31 December 2017	31 December 2016
Current debt securities in issue (up to 1 year)	3,179	70
Non current debt securities in issue (more than 1 year)	61,310	69,445
	64,489	**69,515**

From the above mentioned securitisations of mortgage loans issues, Piraeus Bank possesses as at 31/12/2017 bonds of nominal value amounting € 91.7 million from the issuance of € 750.0 million, € 568.4 million from the issuance of € 1,250.0 million and € 29.0 million from the issuance of € 600.0 million.

Piraeus Bank, during the year 2017, proceeded with the buy back of bonds of securitised loans of total amount after amortization of € 0.4 million.

B) Covered Bonds

	Interest rate (%)	31 December 2017	31 December 2016
Issuance € 500 million floating rate notes due 2022	3M Euribor + 2.50 %	370,788	-
Total covered bonds		**370,788**	**0**

	31 December 2017	31 December 2016
Current covered bonds (up to 1 year)	8,093	-
Non current covered bonds (more than 1 year)	362,695	-
	370,788	**0**

From the above mentioned Covered Bond Series of € 500.0 million, due October 2022, which was issued in October 2017 and was privately placed with international investors, Piraeus Bank possesses as at 31/12/2017 bonds of nominal value amouting to € 130.0 million.

c) Debt securities' issuances retained by Piraeus Bank

It should be noted that, apart from the debt securities in the table above, as of 31/12/2017 liabilities arising from securitisations of loans are retained by the Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750.0 million and € 2,352.2 million respectively, as well as the first and second consumer loan backed securitisation of € 725.0 million and € 558.0 million respectively.

On 20/7/2017, the Bank proceeded with the partial cancellation of the first securitisation of corporate loans, reducing its outstanding balance from € 1.750,0 million to € 250,0 million, and on 27/11/2017 proceeded with the partial cancellation of the third securitisation of corporate loans, reducing its outstanding balance from € 2,352.2 million to € 235,2 million.

Amounts in thousand euros (Unless otherwise stated)

As at 31/12/2017, a total amount of € 2,130.0 million covered bonds, issued by Piraeus Bank, are retained by Piraeus Bank. These issues are the covered bond Series 3, with an original amount of € 1,000.0 million, due February 2018 and the covered bond Series 5, with an original amount of € 1,000.0 million, due May 2019, which are both fully retained by the Bank. Furthermore, the Bank possesses covered bonds of nominal value amounting to € 130.0 million from the issuance of € 500.0 million, due October 2022 (Series 4). A total amount of € 5.0 million covered bonds, which were issued and retained by Piraeus Bank, matured in February 2017. These covered bonds came from a separate issue of € 1,250.0 million (Series 1), issued in February 2011. On July 3, 2015, Piraeus Bank had proceeded with the partial cancellation of € 1,245.0 million and the outstanding amount of Series 1 was formed to € 5.0 million per series.

d) Euro Medium Term Note

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

The Bank has not issued any bonds under its EMTN Programme during the year 2017.

35 Other liabilities

	31 December 2017	31 December 2016
Prepaid income	56,145	87,856
Accrued expenses	95,305	100,815
Obligations under finance leases (Note 11)	72,542	356,400
Transactions with Interbank Systems (DIAS)	307,000	214,312
Withholding taxes and contributions	67,664	73,610
Creditors	111,232	135,332
Liability from collections on behalf of Public sector and third parties (1)	74,980	75,636
Other liability accounts (1)	174,801	167,291
	959,670	**1,211,252**

Note (1): The lines "Liability from collections on behalf of Public sector and third parties "and "Other liability accounts " as at 31/12/2016 of amounts € 75.6 million and € 167.3 million, respectively have been restated by € 3.1 million for comparison purposes.

	31 December 2017	31 December 2016
Current other liabilities (up to 1 year)	765,514	694,645
Non current other liabilities (more than 1 year)	194,156	516,607
	959,670	**1,211,252**

«Other liabilities» for the comparative year 2016 has been restated. Relative reference is provided on Note 47.

The liability arising from the finance lease of the Group is analyzed as follows:

Gross liabilities from finance leases	31 December 2017	31 December 2016
Up to 1 year	11,829	28,099
From 1 to 5 years	48,629	120,910
More than 5 years	61,887	2,026,553
	122,345	**2,175,562**
Finance expense	(49,803)	(1,819,162)
Net liabilities from finance leases	**72,542**	**356,400**

Amounts in thousand euros (Unless otherwise stated)

Net liabilities from finance leases may be analyzed as follows:

Net liabilities from finance leases	31 December 2017	31 December 2016
Up to 1 year	11,216	12,574
From 1 to 5 years	34,899	49,315
More than 5 years	26,427	294,511
	72,542	**356,400**

The significant decrease in Obligations under finance leases between 2017 and 2016 is due to the change in Management's estimate and judgements, mainly due to the terms of the duration of the finance lease agreement for the Citylink building by the Group's subsidiary Picar S.A. due to the reasons explained in Note 11.

36 Other provisions

"Other provisions" as at 31/12/2017 amount to € 53.0 million (2016: € 67.2 million) and are analysed into provisions for outstanding litigations amounting to € 32.1 million (2016: € 27.2 million) and other provisions amouningt to € 20.8 million (2016: € 40.1 million). Management, taking into account the advice of the Legal Department, considers the amount of the provisions to be sufficient.

The analysis is as follows:

Provisions for outstanding litigations	31 December 2017	31 December 2016
Opening balance	27,169	19,251
Opening balance of discontinued operations	(5,635)	-
P&L charge for the year from continuing operations	11,925	5,580
- From continuing operations	11,925	3,350
- From discontinued operations	-	2,230
Provisions used during the year	(76)	(121)
Transfer from other provisions	-	2,408
Transfer from impairment of other assets	(1,216)	-
FX differences and other movement	(26)	51
Closing balance	**32,141**	**27,169**

Provisions for outstanding litigations	31 December 2017	31 December 2016
Current (up to 1 year)	27,328	17,995
Non-current (more than 1 year)	4,813	9,174
	32,141	**27,169**

Other provisions	31 December 2017	31 December 2016
Opening balance	40,042	163,249
Opening balance of discontinued operations	(13,001)	-
P&L charge for the year	13,054	3,568
- From continuing operations	13,054	692
- From discontinued operations	-	2,876
Provisions used to voluntary exit scheme	(10,687)	(98,942)
Provisions used during the year	(1,230)	(5,503)
Provisions not used during the year (Note 12)	(262)	-
Transfer from impairment of other assets	-	(25,014)
Transfer to impairment of loan and advances due to customer	(7,061)	-
Transfer to provisions for outstanding litigations	-	(2,408)
Transfer from other liabilities	-	5,263
FX differences and other movements	(38)	(172)
Closing balance	**20,818**	**40,042**

Amounts in thousand euros (Unless otherwise stated)

Other provisions	31 December 2017	31 December 2016
Current (up to 1 year)	12,488	12,919
Non-current (more than 1 year)	8,330	27,123
	20,818	**40,042**

Line “Provisions used to voluntary exit scheme” amounting to € 10.7 million, relates to the compensation payment in the context of exit program (voluntary departure) of the Bank’s staff, in the frame of the Restructuring Plan’s commitments. Further reference for the above mentioned amount of € 10.7 million is provided in Note 38.

37 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 2017	31 December 2016
Deferred tax liabilities		
Pensions and other post retirement benefits	(2)	79
Loans and advances including impairment	-	(1,114)
Other provisions	-	(4,686)
Securities valuation	-	594
Investment property fair valuation	33,689	37,856
Depreciation of property and equipment	578	12,678
Intangible assets	(7)	(20)
Recognition of tax losses carried forward	(24)	(24)
Participations	-	(61)
Other temporary differences	199	1,759
	34,432	**47,061**

	31 December 2017	31 December 2016
Deferred tax assets		
Pensions and other post retirement benefits	54,104	53,108
Loans and advances including impairment	4,350,623	2,976,275
Other provisions	9,439	5,824
Securities valuation	(38,457)	(2,344)
Derivative financial instruments valuation	(16,773)	4,616
Investment property fair valuation	(4,856)	(4,353)
Depreciation of property and equipment	(3,208)	(23,778)
Intangible assets	20,281	38,229
Recognition of tax losses carried forward	571,247	648,755
Impairment of Greek government bonds	1,325,683	1,380,851
Participations	260,638	220,463
Other temporary differences	14,093	20,703
	6,542,813	**5,318,348**
Net deferred tax asset	**6,508,381**	**5,271,287**

Management believes that the recoverability of the recognised DTA of € 6,542.8 million and € 5,318.3 million for the Group, as at 31 December 2017 and 31 December 2016, respectively, is probable based upon expectations of Group’s taxable income in the future (Note 3.2).

Amounts in thousand euros (Unless otherwise stated)

At 31/12/2017, the cumulative tax losses for the Group amounted to € 2,140.9 million (2016: € 2,575.5 million) and were incurred in years from 2008 until 2017. Management of the Bank and the subsidiaries have estimated that tax losses of € 1,985.3 million (2016: € 2,275.6 million) can be utilized and thus the Group has recognized Deferred Tax Asset (DTA) of € 571.2 million (2016: € 648.8 million). The unused tax losses amounted to € 155.6 million for the Group (2016: € 300.1 million).

The Group has offset the deferred tax assets and deferred tax liabilities on an entity by entity basis based on the legally enforceable right to set off the recognized amounts i.e. offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The Bank based on its business plan and the corresponding tax planning and taking into account the tax provisions in force, has reassessed, in the current year, the temporary differences between the accounting and the tax base of loans and advances including impairment, and has recognized an additional deferred tax asset of € 813.6 million.

	2017	2016
Net deferred tax asset as at 1 January	**5,271,287**	**5,043,270**
Opening balance of deferred tax asset from discontinued operations	4,958	-
Net deferred tax asset/(liability) due to changes in the portfolio of subsidiaries	-	(25,140)
Deferred tax benefit	1,218,763	183,649
Available for sale portfolio securities (Note 17)	(35,298)	11,089
Deferred tax on actuarial gains/ (losses) (Note 17)	767	7,300
Payment to the holders of contingent convertible securities	47,985	48,117
Currency translation effect and other movements	(82)	3,002
Net deferred tax asset as at 31 December	**6,508,381**	**5,271,287**

Deferred tax directly recognised in Group's equity during 2017 are as follows: a) deferred tax-expense of amount € 35.3 million relating to valuation of the available for sale securities, recorded under the available for sale reserve according to the relevant IFRS regulations (Note 17), b) amount of € 0.8 million relating to deferred tax asset of actuarial gains/ (losses) recorded under the reserve of defined benefit obligations (Note 17) and c) tax amount of € 48.0 million relates to paid interest on the contingent convertible securities amounted approximately to € 165.5 million, directly recognized in equity.

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

Deferred tax (Income Statement)	1/1-31/12/2017	1/1-31/12/2016
Pensions and other post retirement benefits	172	(1,574)
Loans and advances including impairment	1,373,881	271,552
Other provisions	3,366	(1,620)
Securities valuation	(276)	(69)
Derivative financial instruments valuation	(21,388)	2,254
Investment property fair valuation	3,571	1,063
Depreciation of property and equipment	20,548	5,065
Intangible assets	(17,949)	(28,817)
Recognition of tax losses carried forward	(73,701)	(121,693)
Impairment of Greek government bonds	(55,168)	(55,168)
Deferred tax of purchase price allocation exercise	-	178
Participations	39,432	220,463
Other temporary differences	(53,724)	(99,245)
	1,218,763	**192,389**

Amounts in thousand euros (Unless otherwise stated)

Net deferred tax asset analysis:	31/12/2017	31/12/2016
Current	386,858	194,335
Non current	6,155,955	5,124,013
	6,542,813	**5,318,348**

Net deferred tax liability analysis:	31/12/2017	31/12/2016
Current	198	8,790
Non current	34,234	38,271
	34,432	**47,061**

Deferred tax additional information	31/12/2017	31/12/2016
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	155,597	300,063

The following table presents the tax losses of the Group and the year of expiration:

Tax year	31/12/2017
2018	465,757
2019	1,015,663
2020	587,644
2021	21,048
2022	2,217
2023	2,467
Without time limit	46,062
Total tax losses	**2,140,858**

38 Retirement benefit obligations

Defined Benefit Plans

Retirement indemnities

Most Group companies are required by local law to offer retirement indemnities to employees leaving service to retire. Such retirement indemnities are mainly in the form of lump sum payments usually based on final salary and years of service, the calculation of which depends on the jurisdiction in which the company operates and the employee's profession (e.g. Greek law provides for different indemnities for salaried employees, wages earners and lawyers). In some cases, Group company regulations provide for additional benefits to employees above the statutory minimum.

Below is a summary of the defined benefit plans of the Group:

1. Lump sum retirement benefit according to Laws 2112/1920 and 4093/2012

Lump sum retirement benefit is provided to the majority of employees of the Bank and Greek subsidiaries as per the terms set out below:

In accordance with Greek Law 4046/2012 and Board of Ministers' Decision (6/28/2/2012), from 14 February 2012 onwards, the employment contracts that lapse on attainment of the normal retirement age or based on the particular retirement conditions, are considered as indefinite duration employment contracts and therefore, the provisions for employee's statutory retirement indemnity of Law 2112/1920, are applicable.

On 12 November 2012, the Greek Law 4093/2012 (GG A' 222) decreased the statutory indemnity scale set by Greek Law 2112/1920 in case of employee dismissal or normal retirement. Employees that at 12 November 2012 have more than 16 full years of service to the same employer, are entitled to statutory indemnity for all the years they have until that date. Employees who at 12 November 2012 have less than 17 full years of service to the same employer, the maximum statutory is 12 actual salaries. In both conditions and in case of normal retirement, employees receive 40% of the statutory indemnity scale set by Greek Law 2112/1920. In case of disability before the normal retirement age or in case of early retirement no indemnity is provided. For lawyers based on Law 4194/2013 the benefit paid in case of pension is 100%, in case of departure after 28 years of service is 100%, after 20 years of service is 66.67% and after 15 years of service is 50%.

2. Lump Sum Benefit according to Piraeus Bank Collective Agreement

A lump sum benefit is granted to certain employees of Piraeus Bank. The lump sum benefit is payable when the member is eligible for full pension by the social security fund. The lump sum benefit based on pre-defined number of salaries at 100% of the average salary of the last 3 months prior to retirement. No lump sum benefit is paid in case of death, disability or termination before the normal retirement age.

3. Lump Sum Benefit according to the Agreement of former Macedonia Thrace Bank Employees

A lump sum benefit is granted to former employees of Macedonia Thrace Bank based on a collective agreement. The lump sum benefit is payable when the member is eligible for full pension from the social security fund.

The lump sum benefit is equal to 100% of the retirement benefit according to Laws 2112/1920 and 4093/2012.

4. Lump Sum Benefit to former Macedonia Thrace Children's Account

The lump sum benefit is paid to the children of former Macedonia Thrace Bank employees according to a preset formula when the child reaches the age of 25 or earlier under specific prerequisites. In case of death of the child the amount is paid to the parent, in case of departure of the parent from the Bank the amount contributed by the employee and not by the Bank is refunded without interest. If the departure is due to retirement, the plan can be continued and funded by the ex-employee's pension salary, in which case the Bank also continues to pay contributions.

5. Lumps Sum Benefit of Piraeus Bank Bulgaria A.D.

Piraeus Bank Bulgaria A.D. is required to pay a lump sum benefit to its employees based on Bulgarian Labor Law in case or retirement or disability. The amount of indemnity is based on gross monthly salary and multiple which depends on the length of service in the Bank.

6. Lump Sum Benefit according to the Insurance Policy of former Chios Bank, Chase Manhattan Bank and Piraeus Bank employees

Piraeus Bank has entered into an insurance contract relating to the former employees of Chios Bank and Chase Manhattan Bank, as well as employees from Piraeus Bank that entered the program prior to August 2012. The benefit is payable upon retirement, death or invalidity. The lump sum benefit is based on a preset formula. The employees contribute with 1.11% of their salary * 12 months per year.

7. Pension Annuity According to the Insurance Policy of Former Nat West Bank Employees

Piraeus Bank has entered into an insurance contract relating to the former employees of Nat West. The benefit is payable as an annuity only under the prerequisite that the employee is entitled to pension from the National Insurance Scheme, which can be either at 65 years of age for men or 60 years of age for women or less if they fulfill the necessary prerequisite of retirement. In case of death prior to retirement the benefit is transferred 60% to the spouse and 20% to the children excluding any actuarial gain. The annuity is paid to the managers and employees based on the respective pre-set formula per level.

In case of disability, the member is entitled to a pension calculated based on pensionable salary at the time of disability and service until the normal retirement age.

8. Lump Sum Benefit According to the Insurance Policy of some Key Management Members

Piraeus Bank has entered into an insurance contract regarding the lump sum benefit to be paid to some Executive BOD members, Executive General Managers, General Managers and Deputy General Managers based on a preset formula when the employment is terminated in all cases except for fraud.

Amounts in thousand euros (Unless otherwise stated)

9. Lump Sum Benefit and Post-Retirement Benefit according to the Insurance Policy of Former Bank of Cyprus Employees prior to 31 December 2000

The former Bank of Cyprus has entered into an insurance contract regarding the lump sum benefit and the post retirement benefit of the former employees of Bank of Cyprus that had an indefinite employment contract prior to 31 December 2000. As the successor of this insurance contract Piraeus Bank continues this insurance contract.

- The **lump sum benefit** is based on a preset formula and is payable upon retirement in accordance with the National Insurance Scheme. In case of early retirement, the amount is reduced by 5% per annum for the years remaining to the age of 60 and with 6% per annum for years remaining to the age of 55. The lump sum cannot exceed a preset number of monthly salaries.

- **Post retirement benefit** is based on a pre-defined formula that cannot exceed:
  a) the difference between 100% of the average salary and the total amount of pension received from the National Insurance Company and the Auxilliary pension and,
  b) the difference between 100% of the cap of the National Insurance Company and the total amount of pension (National Insurance Company and the Auxilliary pension) in case that the cap is bigger than the average salary.

The above plan is also valid for former Bank of Cyprus Leasing employees currently employed by Piraeus Leasing.

10. Lump Sum Benefit According to the Insurance Policy of Former Bank of Cyprus employees prior to 31 December 2002

The former Bank of Cyprus has entered into an insurance contract regarding the lump sum benefit of the former employees of Bank of Cyprus that had an indefinite employment contract between the period 1 January 2001 and 31 December 2002. As the successor of this insurance contract Piraeus Bank continues this insurance contract. The lump sum benefit is based on a preset formula and is payable upon retirement in accordance with the National Insurance Scheme. In case of early retirement, the amount is reduced by 5% per annum for the years remaining to the age of 60 and by 6% per annum for years remaining to the age of 55. The lump sum cannot exceed a preset number of monthly salaries. The employee receives upon resignation a certificate of the amount to be received upon retirement or before retirement, at the age of 60.

The above plan is also valid for former Bank of Cyprus Leasing employees currently employed by Piraeus Leasing.

The total liability of Piraeus Bank Group relating to retirement benefit obligations and the relevant charge in the Consolidated Income Statement for the years 2017 and 2016 are presented below:

	2017	2016
Retirement benefit obligations as at 1 January	196,634	192,780
Opening balance of discontinued operations	(6,158)	-
Voluntary Redundancy Costs (Note 12)	16,676	-
Retirement benefit charges	21,430	113,488
- From continuing operations	21,430	114,529
- From discontinued operations	-	(1,041)
Contributions paid and benefits paid directly by the employer	(36,994)	(135,200)
Reserve of defined benefit obligations	2,576	25,570
Currency translation differences and other movements	(2)	(4)
Retirement benefit obligations as at 31 December	**194,162**	**196,634**

Amounts in thousand euros (Unless otherwise stated)

The above mentioned amount of € 21.4 million includes the amount of € 10.7 million which has affected the income statement of 2017 (Note 12), as well as the amount of € 10.7 million, which has decreased equally the line of other provisions (Note 36).

1) Piraeus Bank

The defined benefit obligation is calculated based on actuary studied from independent actuary using the "projected unit credit method", according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The defined benefit obligation is determined by the present value of cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability.

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

The benefits paid for the years 2017 and 2016, according to the voluntary redundancy schemes are included in the disclosures for the non funded plans.

Amounts recognised in the balance sheet	31 December 2017	31 December 2016
Pension schemes - funded	92,443	95,163
Other post retirement benefits - not funded	95,490	89,456
Total	**187,932**	**184,619**

The amounts recognized in the Consolidated Income Statement or led to charge of aggregate provisions are analyzed as follows:

	1/1-31/12/2017	1/1-31/12/2016
Pension schemes-funded	(1,049)	2,808
Other post retirement benefits - not funded	36,929	106,094
Total	**35,880**	**108,902**

The above mentioned amount of € 35.9 million includes the amount of € 25.2 million which has affected the income statement of 2017 (Note 12), as well as the amount of € 10.7 million, which has decreased equally the line of other provisions (Note 36).

A) Pension schemes - funded

The amounts recognised in the Consolidated Statement of Financial Position are determined as follows:

	31 December 2017	31 December 2016
Present value of funded obligations	116,026	123,122
Fair value of plan assets	(23,584)	(27,958)
Liability in the balance sheet	**92,443**	**95,163**

Amounts in thousand euros (Unless otherwise stated)

In funded plans, the Bank follows the recommendations of the insurance company concerning the amount of contributions. The expected contributions to funded post-employment defined benefit plans for the year 2018, amount 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:

	2017	2016
Opening balance	123,122	113,081
Current service cost	6,202	5,918
Interest cost	1,872	2,554
Contributions by plan participants	976	1,017
Benefits paid from the fund	(8,780)	(6,766)
Settlement/ Curtailment/ Termination loss/ (gain)	(4,164)	(7,337)
Past service costs	(4,804)	2,160
Actuarial (gains)/ losses	1,602	12,495
Closing balance	**116,026**	**123,122**

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

	2017	2016
Opening balance	27,958	26,396
Expected return on plan assets	409	564
Employer contributions	1,411	6,509
Employee contributions	976	1,017
Benefits paid from the fund	(8,780)	(6,766)
Expenses	(254)	(77)
Actuarial gains / (losses)	1,863	315
Closing balance	**23,584**	**27,958**
Return on plan assets	**2,272**	**879**

The plan assets are invested as follows:

	31 December 2017	31 December 2016
Money market	24.8%	43.7%
Bonds	53.6%	39.1%
Deposits	3.9%	3.6%
Shares	0.1%	0.1%
Mutual funds	17.7%	13.5%

The amounts recognized in the Consolidated Income Statement or led to charge of aggregate provisions are analyzed as follows:

	1/1 - 31/12/2017	1/1 - 31/12/2016
Current service cost	6,202	5,918
Net interest cost	1,463	1,990
Expenses	254	77
Past service cost recognised	(4,164)	2,160
Settlement/ Curtailment/ Termination loss/ (gain)	(4,804)	(7,337)
Total	**(1,049)**	**2,808**

Amounts in thousand euros (Unless otherwise stated)

The amounts recognised in equity are analysed as follows:

	31/12/2017	31/12/2016
Liability gain /(loss) due to changes in assumptions	(946)	(12,187)
Liability experience gain/ (loss) arising during the year	(656)	(308)
Experience gain/ (loss) on plan assets arising during the year	1,863	315
Total amount recognised in equity	**261**	**(12,180)**

Based on the above mentioned, the movement in the liability recognised in the Consolidated Statement of Financial Position is analysed as follows:

	2017	2016
Opening balance	95,163	86,685
Total expense recognised in the income statement	(1,049)	2,808
Employer contributions	(1,411)	(6,509)
Amount recognised in equity	(261)	12,180
Closing balance	**92,443**	**95,163**

B) Other post retirement benefits - not funded

The amounts recognised in the Consolidated Statement of Financial Position are analysed as follows:

	31 December 2017	31 December 2016
Present value of unfunded obligations	95,490	89,456
Liability in the balance sheet	**95,490**	**89,456**

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

	2017	2016
Opening balance	89,456	94,212
Current service cost	4,669	4,702
Interest cost	1,506	1,938
Benefits paid directly by the employer	(33,749)	(122,992)
Settlement/ Curtailment/ Termination loss/ (gain)	30,456	101,166
Past service cost	297	(1,711)
Actuarial gains / (losses)	2,854	12,141
Closing balance	**95,490**	**89,456**

The amounts recognized in the Consolidated Income Statement or led to charge of aggregate provisions are analyzed as follows:

	1/1 - 31/12/2017	1/1 - 31/12/2016
Current service cost	4,669	4,702
Interest cost	1,506	1,938
Past servise cost recognised	297	(1,711)
Settlement/ Curtailment/ Termination loss/ (gain)	30,456	101,166
Total	**36,929**	**106,094**

Amounts in thousand euros (Unless otherwise stated)

The amounts recognised to equity are analysed as follows:

	31/12/2017	31/12/2016
Liability gain /(loss) due to changes in assumptions	(1,110)	(11,527)
Liability experience gain/ (loss) arising during the year	(1,743)	(614)
Total amount recognised in equity	**(2,854)**	**(12,141)**

The movement in the liability recognised in the Consolidated Financial Position is analysed as follows:

	2017	2016
Opening balance	89,456	94,212
Total expense recognised in the income statement	36,929	106,094
Benefits paid by the employer	(33,749)	(122,992)
Amount recognised in equity	2,854	12,141
Closing balance	**95,490**	**89,456**

The expected weighted average duration of the defined benefit obligation is 16.4 years.

The main actuarial assumptions used are as follows:

	31/12/2017	31/12/2016
Discount rate	1.6%	1.7%
Price inflation	1.8%	1.8%
Expected return on plan assets	1.6%	1.7%
Future increase in salaries	1.8%	1.8%

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	0.5%	-7.8%	8.0%
Pay increase	0.5%	7.5%	-7.3%
Voluntary withdrawal rate	decrease by 50.0%	-	4.5%

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 Consolidated Statement of Financial Position. The final cost of defined benefit plans depends on the actual future experience relating to the actual pay increases as well as other factors that affect the cost, like the mobility of the employees and the recruitment.

2) Subsidiaries

For the estimation of the liability relating to defined benefit obligation plans of Group's subsidiaries an actuarial study has been carried out. The total amount of the liability from continuing operations related to the Group subsidiaries is € 6.2 million (2016: € 12.0 million). The total charge in the Consolidated Income Statement for the year 2017 resulting from the defined benefit obligation plans of the Bank, is € 25.2 million (2016: €10.0 million) and the continuing operations of the Group subsidiaries is € 2.2 million (2016: € 5.6 million).

Defined Contribution Plans

Total contributions to social security funds, state run plans and defined contribution plans for 2017 and 2016 amounted to € 109.7 million and € 110.0 million respectively.

Below is a summary of the defined contribution plans of the Group:

1. Piraeus Bank and Domestic Subsidiaries State Pension Plan

The Bank's main post retirement pension plan is a defined contribution plan that is run by the State sponsored social security fund IKA-ETAM. Contribution by the employer and employee to the State post retirement pension plan is defined in the law and amounts to 20.51% and 13.45% respectively, of the employees' salaries with a cap.

2. Piraeus Bank State Health Plans

Defined contribution to the State Health Plan amounts to 6% of the employees' salary. Employees' contribution amount to 3% of their salary. Additional contributions are paid for insured members of the employees' families (such as spouse that does not work and children), and are increased further in the event that the insured spouse is employed or that embers for the paternal family are also insured. Contribution of retired employees amount to a percentage of their pension, while additional contributions are paid for other insured members of their families. The State Health Plan offers health benefits to employees before and after their retirement, and to insured family members.

3. Piraeus Bank Private Pension Plan

In addition, five defined-contribution pension plans are offered to employees of the Bank in collaboration with three Insurance Companies. According to the provisions of the contracts, the employee receives upon resignation an amount equal either to the total or to a pre-defined percentage of the whole amount raised during his/her participation in the program, depending on the number of years of participation, with the exception of one plan, according to which the employee receives upon resignation a certificate of the amount to be received upon retirement. Two of the plans require fixed contributions by both the employer and the employees, the other two require contributions by the Bank while the fifth one, requires only employees' contributions.

4. Group Child Savings Private Defined Contribution Plans

The Bank offers three defined-contribution plans to its employees in respect of its children, according to the Bank of origin. The three plans have the same terms and requirements.

The total amount raised during period of insurance (i.e. employee's and Bank's contributions, as well as interest) is paid in the form of a lump sum either to the child in case certain prerequisites are fulfilled, such as child's marriage, employment, 25th year of age and death of employee-parent or to the employee-parent in cases such as departure from the Bank due to retirement, participation in voluntary exit scheme, permanent or total disability and death of the insured child. In case of employee's resignation, the employee receives his/her contributions including interest.

5. Piraeus Bank Private Insurance Health Plan

In addition, the Bank offers to its employees and their families (spouse and children with specific age limits respectively) a Life & Health Care Insurance Plan. It includes employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependant's hospital care and outpatient care, surgery / hospitalisation allowance, maternity allowance and check-up. The Bank pays monthly premiums to the insurance company which are fixed for the benefit of health of employee and relatives and a percentage of salary for the benefits of life and disability insurance. In case of insurance in the plan of a spouse or child that is not insured for social health insurance under the employee, the insurance covers the benefits of hospital and outpatient care and the employee pays a monthly fixed amount per insured person which is deducted from the monthly salary.

6. Defined Contribution Pension Plans of Greek Subsidiaries

Piraeus Leases S.A., ETVA Industrial Parks S.A., Piraeus Insurance Agency S.A. and Piraeus Insurance & Reinsurance Brokerage S.A. offer employees group pension plans. According to the provisions of the contracts, the employee receives an amount equal to the total of the amount raised during his/her participation in the program, depending on the number of years of participation. They also require monthly contributions by both the employer and the employees, as a percentage of the monthly gross salary.

7. Defined Contribution Pension Plans of Foreign Branches and Subsidiaries

For the London Branch of Piraeus Bank, each employee signs an individual contract according to which the employer contributes a percentage of salary to their personal defined-contribution pension plan. The contribution percentage varies per individual contract and contributions are paid on a monthly basis. The employee has a number of options on how to use the accumulated pension fund either as a lump sum or in doses. According to the provisions of the contracts, the employee must be of retirement age in order to be able to receive the pension fund, which varies depending on birth date, but retirement is not mandatory.

For two Cypriot subsidiaries, Philoktimatiki Public Ltd and Philoktimatiki Ergoliptiki Ltd, the employer and employees pay contributions to the State Social Insurance Fund calculated on the basis of the employees' salaries. Additionally, these subsidiaries operate a defined contribution plan, the assets of which are held in a separate fund managed by a Committee. The plan is funded by payments made by the subsidiaries and the employees.

8. Child Savings Private Defined Contribution Plans of Greek Subsidiaries

Piraeus Insurance Agency and Piraeus Insurance & Reinsurance Brokerage offer defined-contribution plans to their employees children, which have the same terms and requirements.

The total amount raised during period of insurance (i.e. employee's and Bank's contributions, as well as interest) is paid in the form of a lump sum either to the child in case certain prerequisites are fulfilled, such as child's marriage, employment, 25th year of age and death of employee-parent or to the employee-parent in cases such as departure from the Bank due to retirement, resignation, participation in voluntary exit scheme, permanent or total disability and death of the insured child.

9. Private Health Plans of Greek Subsidiaries

Piraeus Leases S.A., ETVA Industrial Parks S.A., Piraeus Real Estate S.A., Piraeus Insurance Agency S.A., Piraeus Insurance & Reinsurance Brokerage S.A., Piraeus Direct Services S.A., Piraeus Direct Solutions S.A., Piraeus Factoring S.A., Piraeus Securities S.A., Piraeus Asset Management S.A., Komotini Real Estate Development S.A., Piraeus Capital Management S.A., Piraeus Jeremy Technology Catalyst Management S.A. and Piraeus Bank Group Cultural Foundation, offer employees group health plans, which include employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependant's hospital care and outpatient care, surgery/hospitalisation allowance and maternity allowance. The Subsidiaries pay monthly premiums to the insurance companies. For coverage for hospital and outpatient care of a spouse or child in the plan, in the cases of Piraeus Leases S.A., Piraeus Insurance Agency S.A., Piraeus Insurance & Reinsurance Brokerage S.A., Piraeus Factoring S.A., Piraeus Securities S.A., Piraeus Asset Management S.A. and Piraeus Bank Group Cultural Foundation the premiums are also paid by the Subsidiaries. In the case of Olympic Commercial & Touring Enterprises S.A., ETVA Industrial Parks S.A., Piraeus Real Estate S.A. and Komotini Real Estate Development S.A., the employee pays monthly premiums per insured person which are deducted from the monthly salary. For Piraeus Direct Services S.A., Piraeus Direct SolutionsS.A., Piraeus Capital Management S.A. and Piraeus Jeremy Technology Catalyst Management S.A in case of insurance in the plan of a spouse or child that is not insured for social health insurance under the employee, the employee pays a monthly fixed amount per insured person which is deducted from the monthly salary.

10. Private Health Plans of Foreign Branches and Subsidiaries

The London Branch of Piraeus Bank offers employees group health plan, which includes employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependant's hospital care and outpatient care. Premiums are paid by the Bank on an annual basis. Employees have the possibility to insure relatives under specific criteria, in the program with the same benefits for the coverage of hospital and outpatient care, for whom the premium is paid by the Bank. Tirana Bank I.B.C. S.A. and Tirana Leasing Sh.A offer employees group health plan, which includes employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependant's hospital care and outpatient care. Premiums are paid by the Bank or subsidiary respectively on an annual basis with monthly reconciliation. Employees have the possibility to insure relatives who fulfill specific criteria for the coverage of hospital and outpatient care in the program, by paying the relevant premium.

Piraeus Bank Bulgaria A.D. offers employees group health plan for hospital and outpatient care. Premiums are paid monthly. The employee pays the premium for insuring family (children or spouse).

JSC Piraeus Bank ICB, Solum Enterprise LLC and Akinita Ukraine LLC in Ukraine offer employees group health plans for hospital and outpatient care. Premiums are paid per quarter.

Piraeus Bank Romania S.A., Piraeus Real Estate Consultants SRL, Piraeus Leasing Romania IFN S.A. and Piraeus Insurance Reinsurance Broker offer a check-up (on an annual basis or more frequently under specific circumstances e.g. long-term leave of employee due to illness) only to employees, not provided on the basis of an insurance contract.

Philoktimatiki Public Ltd & Philoktimatiki Ergoliptiki Ltd in Cyprus offer employees group health plan, which includes employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependant's hospital care and outpatient care. Premiums are paid monthly by both the employees and the Subsidiaries.

39 Contingent liabilities, assets pledged, transfers of financial assets and commitments

A) Legal proceedings

The Group is a defendant in certain claims and legal actions arising in the ordinary course of business. For the cases for which a provision has not been recognized, Management is currently unable to estimate the possible losses because: a) the proceedings may last for several years, b) many of the proceedings are in early stages, c) there is uncertainty of the likelihood of the final result, d) there is uncertainty as to the outcome of the pending appeals and e) there are significant issues to be resolved. However, based on Management's judgement and after consultation with the Group's Legal Department, the ultimate disposition of these matters is not expected to have a material adverse effect on the Consolidated Statement of Financial Position, Consolidated Income Statement and Consolidated Cash Flow Statement. As at 31 December 2017 the Group has provided for cases under litigation € 32.1 million (31 December 2016: € 27.2 million).

B) Pending tax audits

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2010 have been finalized.

For the fiscal years 2011 - 2016, the tax audit for the Bank and all Greek Societe Anonyme Companies, was conducted by the statutory auditor that conducts the tax audit under Greek Law 2190/1920, according to article 82 of Greek Law 2238/1994 and article 65 of Greek Law 4174/2013 as were in force.

It is noted that, from 2016 and thereon the issue of the "Annual Tax Certificate" is optional, however the Group's Greek companies will continue to obtain the tax certificate. The Tax Administration retains its right to proceed with a tax audit, within the applicable statute of limitations in accordance with article 36 of Greek Law 4174/2013.

In accordance with the article 82 para. 5 of Greek 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 an unqualified Tax Compliance Report has been issued.

The tax audit for the fiscal year 2013 has been completed by PricewaterhouseCoopers S.A. and a relevant "Tax Compliance Report" has been issued and submitted to the Ministry of Finance. For the fiscal year 2013, Piraeus Bank has received a Tax Compliance report with an emphasis of matter on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other countries members of the European Union, according to which the above mentioned transactions are not subject to tax.

For the fiscal years 2014, 2015 and 2016, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and an unqualified "Tax Compliance Report" has been issued, whereas, for the fiscal year 2017 the tax audit is in progress by Deloitte S.A.

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 2016 has been completed and the relevant Tax Compliance Reports have been issued, whereas for the year 2017 the tax audit is in progress by the statutory auditors and has not been completed yet.

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.

Amounts in thousand euros (Unless otherwise stated)

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.

C) Credit commitments

In the normal course of business, the Group enters into a number of contractual commitments on behalf of its customers and is a party to financial instruments with off-balance sheet risk in order to meet the financing needs of its customers. These contractual commitments consist of commitments to extend credit, commercial letters of credit and standby letters of credit and guarantees. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of the conditions established in the contract. Commercial letters of credit ensure payment by the Bank to a third party for a customer's foreign or domestic trade transactions, generally to finance a commercial contract for the shipment of goods. Standby letters of credit and financial guarantees are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. All of these arrangements are related to the normal lending activities of the Group. The Group's exposure to credit loss, in the event of non-performance by the other party to the financial instrument for commitments to extend credit and commercial and standby letters of credit, is represented by the contractual nominal amount of those instruments. The Group uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

As at 31/12/2017 the Group had undertaken the following commitments:

	31 December 2017	31 December 2016
Letters of guarantee	2,770,387	2,823,918
Letters of credit	37,021	43,086
Irrevocable undrawn committed credit facilities	499,557	342,554
	3,306,965	**3,209,558**

D) Assets pledged

	31 December 2017	31 December 2016
Cash and balances with Central Bank	756,126	1,072,264
Financial instruments at fair value through profit or loss	1,473,151	14,063
Investment securities	1,465,500	1,285,581
Loans and advances to customers	27,219,771	27,831,368
Debt securities - receivables	-	7,242,929
Loans and advances to credit institutions	1,144	1,149
	30,915,692	**37,447,354**

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 Group also pledges debt securities of own issue of nominal value € 10.0 million as at 31/12/2017 (31/12/2016: nominal value € 4,993.7 million) that are not included in the Bank's assets. The amount of € 10.0 million includes securities from the issuance of covered bonds of the Bank.

On 31/12/2017, further to the above assets pledged, the Group blocked financial assets of € 168 million, which are included in line "Loans and advances to credit institutions" in the context of guarantee against the default of the Greek State.

Additionally, under interbank repurchase agreement (repo) transactions, Greek government bonds of nominal value € 70.0 million and debt securities of own issue of nominal value € 2,071.4 million (31/12/2016: € 219.0 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, have been pledged under financing from the E.L.A.

Amounts in thousand euros (Unless otherwise stated)

E) Operating lease commitments

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

	31 December 2017	31 December 2016
Up to 1 year	39,500	50,612
From 1 to 5 years	150,970	183,142
More than 5 years	284,265	285,910
	474,735	**519,664**

40 Share capital and contingent convertible securities

	Share Capital	Share Premium	Contingent convertible securities	Treasury Shares	Total
Opening balance at 1 January 2016	**2,619,955**	**13,074,688**	**2,040,000**	**(460)**	**17,734,183**
Purchases/ sales of treasury shares	-	-	-	(381)	(381)
Balance at 31 December 2016	**2,619,955**	**13,074,688**	**2,040,000**	**(842)**	**17,733,801**
Opening balance at 1 January 2017	**2,619,955**	**13,074,688**	**2,040,000**	**(842)**	**17,733,801**
Purchases/ sales of treasury shares	-	-	-	463	463
Balance at 31 December 2017	**2,619,955**	**13,074,688**	**2,040,000**	**(379)**	**17,734,264**

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 2017	**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**
Opening balance at 1 January 2017	**8,733,183,280**	**(4,084,853)**	**8,729,098,427**
Adjustment (decrease) in the number of ordinary shares due to reverse split (20:1)	(8,296,524,116)	3,880,610	(8,292,643,506)
Adjusted opening balance at 1 January 2017	**436,659,164**	**(204,243)**	**436,454,921**
Purchases of treasury shares	-	(4,376,552)	(4,376,552)
Sales of treasury shares	-	4,389,126	4,389,126
Balance at 31 December 2017	**436,659,164**	**(191,669)**	**436,467,495**

On 31/12/2016 the Bank’s share capital amounted to € 2,619,955,984, divided into 8,733,183,280 ordinary voting registered shares, each with a nominal value of € 0.30.

Following the decision of the Bank’s Annual Ordinary General Meeting of Shareholders which held on 28/6/2017, the Bank resolved the increase in the nominal value of each ordinary voting share from € 0.30 to € 6.00 with simultaneous reduction in the aggregate number of the Bank’s old ordinary registered voting shares from 8,733,183,280 down to 436,659,164 new ordinary registered voting shares, each with a nominal value of € 6.00, by means of a reverse split at a rate of twenty (20) old ordinary shares of the Bank to one (1) new ordinary share of the Bank.

As a result, following the completion of the share capital increase, and on 31/12/2017, the Bank’s share capital amounted to € 2,619,955,984, divided into 436,659,164 ordinary registered shares with a nominal value of € 6.00 each.

Amounts in thousand euros (Unless otherwise stated)

In addition, the contingent convertible securities of the Bank that were issued in the context of the share capital increase completed in December 2015 and were covered exclusively by the Hellenic Financial Stability Fund (HFSF) with bonds issued by ESM, on 31/12/2016 and 31/12/2017 corresponded to the amount of € 2,040.00 million.

On 5 July 2017, with regards to the HFSF warrants exercise process, the Bank announced that no warrant on shares issued by the Bank and owned by the HFSF has been exercised. Consequently, the issued warrants outstanding on 5 July 2017, amounted to 843,637,022 and corresponded to 37,759,281 shares of the Bank owned by the HFSF. Following the aforementioned increase in the nominal value of each ordinary voting share from € 0.30 to € 6.00, the shares of the Bank owned by the HFSF, as of 31/12/2017 corresponded to 1,887,964.

On 20 December 2017, the Bank announced the 9th last exercise process of the titles representing share ownership rights (“Warrants”) with last exercise date as at 2/1/2018.

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/2016/44) on dividend distribution policies during the year 2017 for the fiscal year 2016 and the respective provisions of the Executive Committee Act No 117/12.4.2017 of the Bank of Greece on dividend distribution policies during the year 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 legislation order by the Law 4261/2014.

Additional restrictions are provided for by Law 3864/2010, as in force for the Banks that participate in the capital support programs and the Cabinet Act 36/2015. Given the above and the fact that 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, the Bank’s Annual Ordinary General Meeting of Shareholders, held on 28/6/2017, decided not to distribute dividend.

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 2016 and 2017, as well as the treasury shares owned as at 31/12/2017 and 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.

41 Other reserves and retained earnings

	31 December 2017	31 December 2016
Legal reserve	111,592	110,354
Extraordinary reserve	13,883	13,883
Available for sale reserve	79,467	(7,877)
Currency translation reserve	(208,272)	(204,373)
Other reserves	41,624	46,975
Reserve of defined benefit obligations	(27,271)	(24,806)
Total other reserves	**11,022**	**(65,845)**

Amounts in thousand euros (Unless otherwise stated)

Statutory reserve

Pursuant to article 24 of the Piraeus Bank's Articles of Association, as in force, at least 5% is deducted from the net profit for the formation of a statutory reserve. The deduction for the formation of a reserve ceases to be mandatory when it reaches ½ of the share capital.

According to article 44 of Codified Law 2190/1920 this reserve can only be used to offset any debit balance of the "Retained earnings" account.

Special reserve

Special reserves are formed on the basis of a provision of the Articles of Association or by a decision of the general meeting of the companies and can be used for any purpose.

Other reserves

Other reserves include reserves of different origins and specific provisions of the law and have a specific purpose and goal.

Other reserves movement	31 December 2017	31 December 2016
Opening balance	(65,845)	14,096
Movement of available for sale reserve	87,344	(51,657)
Transfer from other reserves to retained earnings	(4,113)	6,767
Acquisitions, disposals, liquidations and movement in participating interest	-	(179)
Change in reserve of defined benefit obligations	(2,465)	(18,384)
Foreign exchange differences and other adjustments	(3,899)	(16,488)
Closing balance	**11,022**	**(65,845)**

Available for sale reserve movement	31 December 2017	31 December 2016
Opening balance	(7,877)	43,780
Gains/(losses) from the valuation of bonds and Greek Government Treasury Bills	157,396	17,988
Gains/(losses) from the valuation of shares and mutual funds	(4,460)	(1,477)
Recycling to income statement of shares and mutual funds impairment	2,060	14,803
Recycling of the accumulated fair value adjustment of disposed securities	(32,798)	(70,936)
Deferred income taxes	(35,214)	10,308
Foreign exchange differences and adjustments	360	(480)
Available for sale reserve from disposed companies	-	(21,863)
Closing balance	**79,467**	**(7,877)**

Retained earnings movement	31 December 2017	31 December 2016
Opening balance	(8,004,333)	(7,840,634)
Profit/ (loss) after tax attributable to the owners of the parent entity	(200,395)	(34,987)
Profit/ (loss) from sales of treasury shares	(83)	(142)
Payment to the holders of contingent convertible securities (net of tax)	(117,481)	(117,803)
Transfer between other reserves and retained earnings	4,113	(6,767)
Acquisitions, disposals and movements in participating interest	(8,691)	(4,000)
Closing balance	**(8,326,871)**	**(8,004,333)**

Amounts in thousand euros (Unless otherwise stated)

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.

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 dividends 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 2017, the Bank paid the interest of the contingent convertible securities to the HFSF, amounting to € 165.5 million. Relevant to the contingent convertible securities is Note 40.

Finally, according to the Regulation (EU) No 1024/2013, credit institutions have to comply with the recommendations of the ECB (ECB/2017/44) on dividend distribution policies (implementation of conservative distribution policy during 2018 for the fiscal year 2017, 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 2017, the Board of Directors of the Bank will propose the non – distribution of dividends for the fiscal year 2017 in the Annual General Meeting of Shareholders of 2018.

For the fiscal year 2016, although profit has been recognized for the Bank, on 28/6/2017, the Annual General Meeting of the Shareholders decided not to distribute dividends for the fiscal year 2016, according to the requirements in use (article 10 of Law 3864/2010, as in force) for credit institutions that have received capital enhancements by Hellenic Financial Stability Fund.

43 Cash and cash equivalents

For the purpose of the Consolidated 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 2017	31 December 2016
Cash and balances with Central Banks (Note 18)	951,816	950,950
Loans and advances to credit institutions (Note 19)	1,378,419	556,433
Financial assets at fair value through profit or loss (Note 21)	1,465,180	29,745
Securities of available for sale portfolio (Note 24)	158,922	700,831
	3,954,337	**2,237,960**

Cash and cash equivalents of discontinued operations as at 31/12/2017 amounted to € 233.2 million.

Amounts in thousand euros (Unless otherwise stated)

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 holds ordinary shares in the share capital of the Bank and benefits from the special rights stated in article 10 of Greek Law 3864/2010, as amended and in force.

The transactions with the above related parties are under the usual market terms. 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, with the exception of the interest payment on the outstanding contingent covertible bonds of € 165.5 million in December 2017 (Note 42) and € 165.9 million in December 2016, there were no significant transactions with the HFSF for the years 2017 and 2016.

	31/12/2017		31/12/2016	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans and advances to customers	8,892	1,887	13,422	21,968
Due to customers	1,088	1,116	2,162	3,164
Letters of guarantee and letters of credit	-	-	-	2,964

	1/1-31/12/2017		1/1-31/12/2016	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	109	247	185	1,209
Expense	3	272	22	563

Members of the Board of Directors and key management personnel benefits	1/1-31/12/2017	1/1-31/12/2016
Short term benefits	6,553	6,758
Post employment benefits	(1,633)	(1,361)

Short term benefits for the members of the Board of Directors and the key management personnel include wages, salaries, employers' share of social contributions and other charges. Line "Post employment benefits" includes the cost of programs for the post employment benefits and for the year 2017 it has been positively affected from the reversal of part of the formed provisions as at 31/12/2016, as a result of the net revenues from the benefit settlement of the period.

Amounts in thousand euros (Unless otherwise stated)

The aggregate provisions for post employment benefits to Members of the Board of Directors and key management personnel as at 31/12/2017 amounted to € 5.3 million compared to € 9.0 million as at 31/12/2016. The full amount of the above post employment benefits has been included in the retirement benefit obligations.

The transactions with associate companies are analysed as follows:

	Associates	
	31 December 2017	31 December 2016
Loans	1,260,734	1,076,200
Derivative financial instruments - assets	5,477	3,283
Other receivables	2,316	1,291
Deposits	61,754	71,262
Derivative financial instruments - liabilities	24,941	-
Other liabilities	1,460	1,731

The aggregate provisions on loans to associate companies as at 31/12/2017 amount to € 92.7 million instead of € 56.2 million as at 31/12/2016.

	Associates	
	1/1-31/12/2017	1/1-31/12/2016
Total expense and capital expenditure	(13,981)	(14,097)
Total income	72,757	66,138

Letters of guarantee to associates of the Group as at 31/12/2017 amounted to € 7.7 million (31/12/2016: € 10.5 million). The liabilities from property operating leasing of the Group's associate companies as at 31/12/2017 amounted to € 30.0 million (31/12/2016: 0.0 million).

The transactions with joint ventures are analysed as follows:

	Joint ventures	
	31 December 2017	31 December 2016
Loans and other receivables	51,818	50,495

The aggregate provisions on loans to joint ventures as at 31/12/2017 amounted to € 8.3 million (31/12/2016: € 0.2 million).

	Joint ventures	
	1/1-31/12/2017	1/1-31/12/2016
Total income	787	355

45 Changes in the portfolio of consolidated companies

During the year 2017, Piraeus Bank and its subsidiaries paid for the acquisition and participation in share capital increases/ decreases of subsidiary companies a total amount of € 34.3 million. In addition, they paid for the acquisition and participation in share capital increases/ decreases of associate companies, a total amount of € 42.5 million. The analysis of changes of the consolidated companies' portfolio is presented below:

a) Gain of control or significant influence:

On 30/6/2017, the share capital increase of Unisoft S.A. by € 210 thousand was concluded, through bond conversion, owned by Piraeus Bank, into shares. As a result, Piraeus Bank became shareholder of the aforementioned company with percentage of 25.43%, thus incorporating the said participation in the portfolio of associate companies.

On 13/12/2017, Piraeus Renewable Investments Limited, 100.00% subsidiary company of the Group, acquired the 100.00% of the company W.H. South Wind Hellas Limited, for the amount of € 28.0 million. As a result, W.H. South Wind Hellas Limited as well as its participations Emadierio Solar Energy & Investments ltd (100.00%), Anemos Ipirou Anonymi Energeiaki Etaireia (100.00%), Aioliki Mbeleheri S.A. (100.00%), Aiolikon Artas E.E. (99.80%), Aiolikon Evritanias Morforahi E.E. (99.80%), Aiolikon Evritanias Ouranos E.E. (99.80%), Josharton Ltd (100.00%), DMX Aioliki Marmariou – Agathi LLP (100.00%), DMX Aioliki Marmariou – Rigani LLP (100.00%), DMX Aioliko Rodopi 2 E.E. (99.80%), have become subsidiary companies of the Group.

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

On 23/1/2017, due to share capital increase of Trastor REIC, 57.91% subsidiary company of the bank, without the participation of the latter, its participation percentage decreased to 39.39% and the company was classified in the associate portfolio of the Group. As a result, its subsidiary company, Rembo S.A. is no longer a subsidiary company of the Group.

On 25/1/2017, Piraeus Bank paid to its associate participation, Piraeus - TANEO Capital Fund, the amount of € 48 thousand, without altering its shareholding of 50.01% in the company.

On 27/1/2017, Piraeus Bank acquired an additional 0.49% of the share capital of its associate company Selonda Aquaculture S.A., increasing its shareholding percentage to 32.92%.

On 22/2/2017, Piraeus Bank acquired an additional 20.00% of the share capital of Group's 100.00% subsidiary company, Special Financial Solutions S.A. for the amount of € 56 thousand. As a result, Piraeus Bank owns the 100.00% of the company.

On 27/3/2017, Piraeus Bank acquired an additional 16.48% and 84.02% of Group's 100.00% subsidiary companies, New Up Dating Development Real Estate and Tourism S.A. and Pleiades Estate S.A. for the amount of € 1 thousand each. As result, Piraeus Bank owns the 100.00% of the above mentioned companies.

During Q1 2017, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 239 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 72 thousand, without altering its shareholding percentage in the company.

On 14/6/2017, Piraeus - TANEO Capital Fund, 50.01% associate participation of Piraeus Bank S.A., increased its assets by € 239 thousand. As a result, Piraeus Bank S.A. covered its ratio by paying in total € 120 thousand, without altering its shareholding percentage in the company.

During Q2 2017, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 274 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 82 thousand, without altering its shareholding percentage in the company.

On 30/6/2017, Piraeus Bank S.A. acquired an additional 6.00% of its subsidiary company Olympic Commercial & Tourist Enterprises S.A. As a result, Piraeus Bank S.A. owns the 100.00% of the company.

On 7/7/2017, Piraeus Bank acquired an additional 3.04% of the share capital of its associate company Hellenic Seaways Maritime S.A. for the amount of € 9.4 million. As a result, Piraeus Bank owns the 43.48% of the company.

On 14/7/2017, the participation percentage of Piraeus Bank in the associate company Unisoft S.A., was decreased by 2.36% due to bond conversion, owned by third parties, into shares. As a result, Piraeus Bank owns the 23.07% of the company.

On 8/9/2017, Piraeus Bank acquired an additional 74.19% of the share capital of Group's 100.00% subsidiary company, Piraeus Direct Solutions S.A., for the amount of € 3.8 million. As a result, Piraeus Bank owns the 100.00% of the company.

On 13/9/2017, Piraeus Direct Services S.A., 100.00% subsidiary company of Piraeus Bank, decreased its share capital by € 300 thousand. From the said decrease, the participation percentage of Piraeus Bank did not alter.

In addition, on 13/9/2017, APE Fixed Assets Real Estate Tourist and Development S.A., 27.80% associate company of the Bank, increased its share capital by € 130 thousand. Piraeus Bank covered its ratio by paying € 36 thousand, without altering its shareholding percentage in the company.

During Q3 2017, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 363 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 109 thousand, without altering its shareholding percentage in the company.

On 13/10/2017, APE Commercial Property Real Estate Tourist and Development S.A., 27.80% associate company of Piraeus Bank, proceeded to shares' reverse split with increase of the nominal value of each share to € 60 from € 10, following by a decrease of the total amount of shares. In addition, the company at the same date completed its share capital increase through capitalization of reserves of total amount € 30.4 million and the decrease of its share capital by the amount of € 30.2 million, without altering Piraeus Bank's percentage in the company.

On 27/10/2017, Piraeus Bank acquired the total share capital of the Group's subsidiary company A.C.T. B.A.S. S.A., from Piraeus Bank's 100.00% subsidiary company, Piraeus ACT Services S.A. for the amount of € 33 thousand.

On 31/10/2017, APE Investment Property S.A., 27.20% associate company of Piraeus Bank, completed its share capital increase of total amount € 121.1 million through cash payment and capitalization of monetary claims. Piraeus Bank participated in the said share capital increase with the total amount of € 36.1 million. The Bank's shareholding percentage in the company increased to 28.92%.

Amounts in thousand euros (Unless otherwise stated)

On 24/11/2017, Achaia Clauss Estate S.A., 75.27% subsidiary company of Piraeus Bank, completed its share capital increase by € 310 thousand, which was fully covered by Piraeus Bank, increasing its shareholding percentage in the company to 75.37%.

On 15/12/2017, R.E. Anodus Ltd, 100.00% subsidiary company of Piraeus Bank, acquired from the Group's 99.09% subsidiary company Tellurion Two Ltd, the 100.00% of Akinita Ukraine Llc for the amount of € 4, maintaining the said participation in the portfolio of subsidiary companies of the Group. The Group's participation percentage in the company did not alter.

From 27/12/2017, 2,519,444 new shares of Piraeus Bank's associate company Nireus Aquaculture S.A. are 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 32.23%.

During Q4 2017, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 554 thousand. As a result, Piraeus Equity Partners Ltd, 100.00% subsidiary of Piraeus Bank S.A., covered its ratio by paying in total € 166 thousand, without altering its shareholding percentage.

Net outflow from shareholding percentage increase in subsidiaries and from acquisition of subsidiaries amounts to € 2,353 thousand and is presented below:

Acquisition of subsidiaries excluding cash and cash equivalents acquired	1/1-31/12/2017	1/1-31/12/2016
Acquisition of subsidiaries	2,400	1
Less: Cash and cash equivalents acquired	(47)	-
	2,353	**1**

c) Liquidation and disposal:

During Q1 2017 the entities Kion CLO Finance No.1 PLC and Kion Mortgage Finance No.3 PLC. were dissolved.

On 30/9/2017, Litus Advisory S.A., 50.00% associate company of the Group, which was set under liquidation from 23/6/2017, was deleted from the relevant Company Registry.

On 5/12/2017, Piraeus Clean Energy LP, 100.00% subsidiary company of the Group, which was dissolved from 22/11/2017, was deleted from the relevant Company Registry.

On 12/12/2017, Project On Line S.A., 40.00% associate company of the Bank, was deleted from the Tax Office of Commercial Companies' Registry.

Net outflow from disposal of subsidiaries amounts to € 1,842 thousand and is presented below:

Disposals of subsidiaries excluding cash and cash equivalents disposed	1/1-31/12/2017	1/1-31/12/2016
Disposal/ partial disposal of subsidiaries	2,920	157,382
Gains / (losses) from disposals	(2,920)	(49,591)
Less: Cash and cash equivalents disposed	(1,842)	(397,671)
	(1,842)	**(289,879)**

Amounts in thousand euros (Unless otherwise stated)

d) Further changes – Transfers:

On 4/5/2017, Special Business Services S.A., 100.00% subsidiary company of the Group, increased its share capital by € 3.8 million as a result of spin-off and contribution sector procedure from Piraeus Direct Services S.A., 100.00% subsidiary company of Piraeus Bank S.A. The participation percentage of the Group in the company Special Business Services S.A. did not alter. On the same date, Special Business Services S.A was renamed to Piraeus Direct Solutions S.A.

In the context of the liquidation process of Piraeus Clean Energy LP, 100.00% subsidiary company of the Group, Piraeus FI Holding, 100.00% subsidiary company of the Group, acquired the 100.00% of the share capital of Piraeus Clean Energy Holdings Ltd.

On 24/10/2017, Special Financial Solutions Anonimi Eteria Epihirimatikon Simetohon with the distinctive title Special Financial Solutions S.A. , 100.00% subsidiary company of Piraeus Bank, was renamed to Special Financial Solutions Anonimi Eteria Diahirissis Apetiseon apo Dania kai Pistossis, while the distinctive title in English remained unchanged.

46 Independent Auditors' fees

The table below analyses, the total fees for the years ended 31 December 2017 and 2016 of the Bank's statutory auditors "Deloitte" and "PricewaterhouseCoopers" respectively, for the Bank and the Group's subsidiaries, in which the aforementioned companies are the statutory auditors.

	31 December 2017	31 December 2016
Statutory audit fees	3,524	2,530
Tax audit fees	362	586
Other audit related fees	262	209
Other non audit related fees	2,118	471
Total	**6,266**	**3,796**

47 Restatements/ reclassifications of comparative year

The restatements/ reclassifications that took place in the Consolidated Income Statement, in the Consolidated Statement of Total Comprehensive Income, in the Consolidated Statement of Financial Position as well as in the Consolidated Cash Flow Statement of the year 2016 are presented below. The restatements took place mainly due to the classification of the companies, Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd in the discontinued operations.

During the year 2017, the Group and the Bank, in view of better presentation of the derivative financial instruments in the Consolidated Statement of Financial Position, amended the presentation of derivative financial instruments. More specifically, in the previous year part of the derivatives' valuation was presented in line "other liabilities", whereas in the current year it is presented in the respective accounts of derivative financial instruments. Consequently, the derivative financial instruments are recorded at fair value in lines "Derivative financial instruments – assets" and "Derivative financial instruments – liabilities". During the current year, in view of better presentation, the Bank restated the credit card expenses associated with interest and administrative expenses into the commission and fee expenses.

In addition, in view of better presentation, the Group and the Bank reclassified the balance of "Nostros and sight accounts with other banks" from line "Cash and balances with Central Banks" to line "Loans and advances to credit institutions".

As a result, the abovementioned Consolidated Financial Statements as of 31 December 2016 were restated/ reclassified as follows:

Amounts in thousand euros (Unless otherwise stated)

Consolidated Income Statement	From 1 January to 31 December 2016		
	Published amounts	Restatements	Restated amounts
Interest and similar income	2,542,779	(62,120)	2,480,659
Interest expense and similar charges	(732,066)	15,970	(716,096)
Net interest income	**1,810,713**	**(46,151)**	**1,764,563**
Fee and commission income	370,582	(11,566)	359,016
Fee and commission expense	(44,840)	(5,397)	(50,238)
Net fee and commission income	**325,742**	**(16,963)**	**308,778**
Dividend income	8,792	(159)	8,633
Net income from financial instruments designated at fair value through profit or loss	(1,704)	(5,938)	(7,642)
Results from investment securities	163,687	(1)	163,685
Other income/ (expenses)	58,821	(70,349)	(11,528)
Total net income	**2,366,052**	**(139,561)**	**2,226,490**
Staff costs	(627,511)	72,006	(555,505)
Administrative expenses	(584,566)	49,281	(535,285)
Depreciation and amortization	(110,611)	11,610	(99,001)
Gains/ (losses) from sale of property and equipment and intangible assets	621	13	634
Total operating expenses before provisions	**(1,322,067)**	**132,910**	**(1,189,157)**
Profit before provisions, impairment and income tax	**1,043,985**	**(6,651)**	**1,037,334**
Impairment losses on loans and advances to customers	(1,014,620)	10,699	(1,003,921)
Impairment losses on other assets	(119,681)	7,692	(111,989)
Impairment losses on other debt securities-receivables	(5,118)	-	(5,118)
Impairment on participations and investment securities	(28,125)	-	(28,125)
Impairment of property and equipment and intangible assets	(15,259)	354	(14,906)
Impairment on assets held for sale	(1,646)	5	(1,641)
Other provisions	(9,148)	5,105	(4,042)
Share of profit/ (loss) of associates	(18,169)	-	(18,169)
Profit/ (loss) before income tax	**(167,781)**	**17,204**	**(150,577)**
Income tax benefit/ (expense)	158,966	22,623	181,588
Profit/ (loss) for the year from continuing operations	**(8,816)**	**39,827**	**31,011**
Profit/ (loss) after income tax from discontinued operations	(31,327)	(39,827)	(71,154)
Profit/ (loss) for the year	**(40,143)**	**0**	**(40,143)**
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity	(3,664)	40,454	36,790
Non controlling interest	(5,151)	(628)	(5,779)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity	(31,322)	(40,454)	(71,776)
Non controlling interest	(5)	628	623
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):			
From continuing operations			
- Basic	(0.0004)	0.0847	0.0843
- Diluted	(0.0004)	0.0447	0.0443
From discontinued operations			
- Basic	(0.0036)	(0.1608)	(0.1644)
- Diluted	(0.0036)	(0.0828)	(0.0864)

Amounts in thousand euros (Unless otherwise stated)

Consolidated Statement of Total Comprehensive Income	From 1 January to 31 December 2016		
	Published amounts	Restatements	Restated amounts
CONTINUING OPERATIONS			
Profit/ (loss) for the year (A)	**(8,816)**	**39,827**	**31,011**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(29,966)	(1,404)	(31,370)
Change in currency translation reserve	(16,448)	1,871	(14,576)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(18,463)	256	(18,207)
Other comprehensive income, net of tax (B)	**(64,877)**	**723**	**(64,154)**
Total comprehensive income, net of tax (A+B)	**(73,692)**	**40,550**	**(33,143)**
- Attributable to equity holders of the parent entity	(68,577)	41,170	(27,407)
- Non controlling interest	(5,115)	(620)	(5,736)
DISCONTINUED OPERATIONS			
Profit/ (loss) for the year (C)	**(31,327)**	**(39,827)**	**(71,154)**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(21,681)	1,404	(20,277)
Change in currency translation reserve	(2)	(1,871)	(1,874)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	67	(256)	(189)
Other comprehensive income, net of tax (D)	**(21,616)**	**(723)**	**(22,339)**
Total comprehensive income, net of tax (C+D)	**(52,943)**	**(40,550)**	**(93,493)**
- Attributable to equity holders of the parent entity	(52,938)	(41,170)	(94,109)
- Non controlling interest	(5)	620	615

Amounts in thousand euros (Unless otherwise stated)

Consolidated Statement of Financial Position	As at 31/12/2016		
	Published amounts	Restatements	Restated amounts
Cash and balances with Central Banks	3,071,788	(1,544,772)	1,527,016
Loans and advances to credit institutions	118,859	1,544,772	1,663,631
Derivative financial instruments - assets	445,645	3,837	449,482
TOTAL ASSETS	**81,500,534**	**3,837**	**81,504,371**
Derivative financial instruments - liabilities	461,676	195,451	657,127
Other liabilities	1,402,867	(191,614)	1,211,252
TOTAL LIABILITIES	**71,676,796**	**3,837**	**71,680,633**

Consolidated Cash Flow Statement	From 1 January to 31 December 2016		
	Published amounts	Restatements	Restated amounts
- Net (increase)/ decrease in cash and balances with Central Banks	372,393	(87,142)	285,251
- Net (increase)/ decrease in loans and advances to credit Institutions	8,541	103,138	111,679
Net cash inflow/ (outflow) from operating activities	521,786	(73,860)	447,926
Purchases of investment securities	(7,071,351)	(792,824)	(6,278,528)
Disposals/ maturity of investment securities	7,086,478	788,201	6,298,277
Net cash inflow/ (outflow) from investing activities	(557,280)	94,606	(462,674)
Net cash inflow/ (outflow) from financing activities	(213,717)	-	(213,717)
Total cash inflows/ (outflows) for the year	**(249,211)**	**20,746**	**(228,465)**
Effect of exchange rate fluctuations on cash and cash equivalents	(6,510)	12,127	5,618
Net increase/ (decrease) in cash and cash equivalents from continuing operations (A)	**(255,721)**	**32,873**	**(222,848)**
Net increase/ (decrease) in cash and cash equivalents from discontinued operations (B)	**(206,086)**	**24,801**	**(181,285)**
Cash and cash equivalents at the beginning of the year (C)	**2,276,758**	**365,334**	**2,642,092**
Cash and cash equivalents at the end of the year (A)+(B)+(C)	**1,814,951**	**423,008**	**2,237,960**

48 Information on a consolidated basis according to articles 81 and 82 of Law 4261/2014

According to Law 4261/2014 article 81, which incorporated into the Greek legislation the article 89 of Directive 2013/36/EU, 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 2017 and the year ended 31 December 2016, 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's subsidiaries have received any public subsidies. All other information is presented in the following tables:

A. Country specific information

Country	31/12/2017			Number of staff [4]
	Total net income [3]	Profit/ (loss) before tax	Income tax benefit/ (expense)	
	(amounts in thousand euros)			
Greece [1]	2,196,773	(1,210,111)	(1,205,019)	13,717
Romania	(6,661)	(213)	77	15
Bulgaria	44,699	6,029	665	976
Egypt	(8,891)	(8,941)	(2,162)	1
Cyprus	4,697	3,910	229	7
Serbia	(20)	4,352	17	1
Albania	13,708	(1,264)	73	445
Ukraine	8,015	(728)	309	384
Other countries [2]	507	(1,448)	-	-
Intercompany amounts	(36,484)	-	-	-
Group	**2,216,341**	**(1,208,414)**	**(1,205,810)**	**15,546**

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 income/ (expenses).

(4) The number of employees in Greece, Romania and Serbia does not include 1,341, 1,261 and 434 employees respectively relating to discontinued operations.

Country	31/12/2016			
	Total net income [3]	Profit/ (loss) before tax	Income tax	Number of staff [4]
	(amounts in thousand euros)			
Greece [1]	2,205,122	(114,973)	(182,490)	14,140
Romania	(1,228)	5,585	101	19
Bulgaria	43,377	(36,225)	938	871
Egypt	845	829	311	1
Cyprus	(274)	(162)	(124)	6
Serbia	348	2,004	(44)	1
Albania	16,261	(4,156)	(69)	436
Ukraine	4,473	(3,331)	(212)	448
Other countries [2]	439	(149)	-	-
Intercompany amounts	(42,872)	-	-	-
Group	**2,226,490**	**(150,577)**	**(181,588)**	**15,920**

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, 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 income/ (expenses).

(4) The number of employees in Greece, Romania and Serbia does not include 1,292, 1,333 and 450 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 2017 amounted to 0.004% and -0.004% respectively (2016: 0.01% and -0.01% respectively).

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 2017 did not pay any capital and interest for the deposits that were lapsed in favor of the Greek State, as due to paragraph 6 of the first article of Legislative Act 18-7-2015 (Gazette A΄84/18/07/2015), the procedure of reimbursement of dormant accounts to the Greek State has been postponed.

50 IFRS 9 Transition Disclosures

1. Transitional Disclosures on IFRS 9 “Financial Instruments”

On 1 January 2018, the Piraeus Bank Group implemented the requirements of IFRS 9 ‘Financial Instruments’. These Transitional Disclosures to IFRS 9 'Financial Instruments' provide information relevant to understanding the impact of the new accounting standard on the Piraeus Bank Group’s financial position as at 1 January 2018.

The transition disclosures provide a bridge between IAS 39 'Financial Instruments: Recognition and Measurement', IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and IFRS 9 ‘Financial Instruments’ results. The Transitional Disclosures provide context for changes in the recognition of credit losses, changes in the classification and measurement of financial instruments on our Consolidated Statement of Financial Position and the resulting impact on regulatory capital.

The Group continues to test and refine the new accounting processes, internal controls and governance framework necessitated by the adoption of IFRS 9 ‘Financial Instruments’. Therefore, the estimation of expected credit losses (‘ECL’) and related impacts remains subject to change until finalization of the 2018 consolidated financial statements for the year ending 31 December 2018.

2. Estimated Impact of IFRS 9 “Financial Instruments”

The IFRS 9 transition impact before tax as at 1 January 2018 on the Consolidated Financial Statements of the Piraeus Bank Group estimated to € 1,620.7 million and is analysed as follows:

	€ million
A decrease from additional impairment allowances - continued	1,562.9
A decrease from additional impairment allowances – discontinued	5.4
A decrease of from the re-measurement of financial assets and liabilities as a consequence of classification changes	25.3
Net effect of IFRS 9 Transition Impact on Total Equity	**1,593.6**
ECL impact of AFS bond portfolio measured at FVTOCI	27.1
Total Estimated IFRS 9 Transition Impact	**1,620.7**

The Group has not recognized deferred tax asset on the net IFRS 9 transition impact as at 1/1/2018 based on Management’s current assessment that this DTA is not currently considered recoverable. The unrecognised deferred tax asset would have amounted to € 462.1 million.

Piraeus Bank Group remains satisfactorily capitalized following the adoption of IFRS 9 which, based on the transition impact, will result in a 24 bps decrease in the Common Equity Tier 1 ratio, applying the EU regulatory transitional arrangements, and a 382 bps decrease on a fully loaded basis as at 1 January 2018.

IFRS 9 “Financial Instruments” addresses the accounting requirements for financial instruments classification and measurement, impairment and hedge accounting. It replaces IAS 39 “Financial Instruments: Recognition and Measurement” and is effective for annual periods beginning on or after 1 January 2018. Piraeus Bank Group has not opted to early adopted IFRS 9 and as a result, the first interim consolidated financial statements under IFRS 9 will be for the quarter ending 31 March 2018.

3. Estimated Impact on regulatory capital

Key capital metrics	**At**		
	31 Dec 2017	**1 Jan 2018**	**1 Jan 2018**
	IAS 39	**IFRS 9 Transitional**	**IFRS 9 Fully loaded**
Common Equity Tier 1 Capital	7,710,725	7,505,073	5,534,976
Tier 1 Capital	7,710,725	7,505,073	5,534,976
Total Capital	7,710,725	7,505,073	5,534,976
Total risk weighted assets (on and off-balance sheet items) (€ thousand)	**50,985,761**	**50,451,483**	**48,996,903**
Capital ratios (%)[1]			
Common Equity Tier 1 Capital ratio	15.12 %	14.88 %	11.30 %
Tier 1 Capital ratio	15.12 %	14.88 %	11.30 %
Total Capital ratio	15.12 %	14.88 %	11.30 %
Leverage Ratio	11.68%	11.15%	8.67%

[1] *Capital ratios are presented on a CRD IV transitional basis at 31 December 2017 for consistency.*

4. IFRS 9 regulatory transitional arrangements

The Group has adopted the regulatory transitional arrangements published by the EU (No 2017/2395) in December 2017, amending the regulation (EU) 575/2013 with the insertion of article 473a. These transitional arrangements permit banks to add back to their capital base a proportion of the IFRS 9 impact due to expected credit loss provisions during the first five years of use. The proportion that banks may add back starts at 95% in 2018, and reduces to 25% by 2022.

The impact of IFRS 9 on the allowance for loan losses is defined as:

- the increase in expected credit losses on day one of IFRS 9 adoption; plus
- any subsequent increase in expected credit losses in the non credit-impaired book thereafter.

5. Impact on Governance and Internal Controls

Piraeus Bank Group commenced its IFRS 9 implementation program ("IFRS 9 Program") in Q1 2016. In the context of the implementations of this program, an appropriate Governance, Steering Committees, Project Management Office, and various project teams were established with participants from several of the Bank's divisions and its subsidiaries. The Group's IFRS 9 Steering Committee, participated actively throughout the process, ensuring efficient, effective, accurate and timely implementation of the IFRS 9 Program. Given the complexity and the size of the IFRS 9 Program, the Bank contracted consultants who are "Subject-Matter Experts" very early in the process for the implementation of IFRS 9 and the Bank has made substantial investments in new IT infrastructure and processes.

On the basis of its existing governance framework, Management has ensured that the appropriate internal controls and validations are in place over the key processes and judgments to determine the ECL. As part of the implementation, Management has refined its existing internal controls and implemented new internal controls and processes where required in areas that are impacted by IFRS 9. Management has also set up validation processes and controls to assess the appropriateness of ECL measurement. Some of the key governance and control areas are those related to controls over the development of macroeconomic scenarios and weighting them by an appropriate probability of default, credit risk data and systems, the determination of criteria for the assessment of a significant increase in credit risk and the criteria for the classification of loans and debt securities.

Furthermore, in addition to the existing risk management framework, a robust and strong governance framework has been set up to review and approve the ECL measurement. In this regard, Impairment Committee reviews and approves the consolidated impairment charge on a quarterly basis, along with all underlying key components and respective key assumptions.

The Board of Directors with the assistance of the Audit Committee and Risk Management Committee, as well as the Group's Executive Committee, monitored very closely the implementation of the IFRS 9 Program on a frequent base and participated actively in the decision making process. In this context, the policies approved by Audit Committee were:

- IFRS 9 - Classification & measurement policy for financial instruments
- IFRS 9 - Classification policy for loans and advances to customers
- IFRS 9 - Impairment policy for loans and advances to customers
- IFRS 9 - De-recognition policy for loans and advances to customers
- IFRS 9 – Disclosures policy

6. Amendments to accounting policies due to IFRS 9 implementation

6.1. Basis of preparation

IFRS 9 'Financial Instruments' was adopted on 1 January 2018. This excludes the adoption of 'Prepayment Features with Negative Compensation (Amendments to IFRS 9)' which is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting, until the micro- hedging project is finalized, which the Piraeus Bank Group has exercised.

The classification and measurement as well as impairment requirements are applied retrospectively by adjusting the opening balances in the Statement of Financial Position at the date of initial application, with no requirement to restate comparative periods. The Group has not restated comparatives. The adoption is expected to reduce consolidated Total Equity at 1 January 2018 by € 1,593.6 million.

6.2. Classification and Measurement of Financial Assets and Liabilities

All recognized financial assets under IAS 39 will be measured at either amortized cost or fair value under IFRS 9.

Specifically,

- a debt instrument that is held within a business model whose objective is to collect the contractual cash flows and has contractual cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding (SPPI test pass), must be measured at amortized cost, unless the asset is designated at fair value through profit or loss ("FVTPL") under the fair value option.
- a debt instrument that is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and has contractual terms that give rise on specified dates to cash flows that are solely payments

of principal and interest on the principal amount outstanding (SPPI test pass), must be measured at fair value through other comprehensive income (“FVTOCI”), unless the asset is designated at FVTPL under the fair value option.

- all other debt instruments are to be measured at FVTPL.

Upon transition, the business model assessment has been based on the facts and circumstances as at 1 January 2018.

In order to identify its business models, the Group’s decisions have been based on factors such as; 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. In the context of the SPPI test on loans and advances to customers the cash flow characteristics have been assessed either on a contract/product basis in case of non-standardized loans or in groups with common characteristics in case of standardized products.

The classification and measurement of financial liabilities remains essentially unchanged from the current IAS 39 classification. The only exception is that IFRS 9 requires that changes in the fair value of those instruments that are attributable to changes in the credit risk to be presented in OCI, unless the presentation of the effect of the change in the liability's credit risk would create or enlarge an accounting mismatch in the Consolidated Income Statement.

6.3. Summary of significant accounting policies

Set out below are the new or substantially revised accounting policies implementing IFRS 9, which replace the existing IAS 39 policies. The accounting policies on hedge accounting and derivatives are substantially unchanged and are not repeated. The following policies will substantially replace existing policies as disclosed in the 2017 Annual Financial Statements.

a. Loans and advances to customers & Debt securities measured at amortized cost.

A financial asset is generally measured at amortized cost if both of the following conditions are met:

i. The asset is held within a business model whose objective is to hold it in order to collect contractual cash flows

The business model of financial assets is determined by the Management. Management exercises judgment to assess its business model for managing its loan and advances to customers and debt securities portfolios and such assessment is not determined by a single factor or activity. Rather, the Group considers all relevant evidence that is available at the date of the assessment. Such relevant evidence includes, but is not limited to:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the key Management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The way that Management monitors loans and advances to customers and debt securities portfolios performance is consistent with the hold to collect (“HTC”) business model. The Group’s loans and advances to customers and debt securities measured at amortised cost are managed to realize cash flows by collecting contractual payments over the life of the assets.

The business model may be to hold assets to collect contractual cash flows even if the Group sells these assets when there is an increase in the financial assets' credit risk. To determine whether there has been an increase in the financial assets' credit risk, Management considers reasonable and supportable information, including forward looking information. Irrespective of their frequency and value, sales due to an increase in the financial assets' credit risk are not inconsistent with a business model whose objective is to hold financial assets to collect contractual cash flows because the credit quality of assets is relevant to the Group's ability to collect contractual cash flows. Annual reassessment of the HTC business model has been established in order to determine if evidence initially used, has changed.

In certain rare circumstances where the Group changes its business model for managing financial assets, it should reclassify all affected financial assets in accordance with the new business model. The reclassification should be applied prospectively from the 'reclassification date', which is defined as, 'the first day of the first reporting period following the change in business model that results in the Bank reclassifying the financial assets'. This does not give rise to a prior period error in the Bank's consolidated financial statements (as defined in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors) nor does it change the classification of the remaining financial assets held in that business model, as long as the Group has considered all relevant information that was available at the time that it made the business model assessment. Accordingly, any previously recognized gains, losses or interest should not be restated.

ii. The contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test).

For the purposes of applying the contractual cash flow characteristics test, the principal is 'the fair value of the asset at initial recognition' and it may change over the life of the financial assets.

Furthermore, the most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money and credit risk. In addition, interest may also include consideration for other basic lending risks (e.g., liquidity risk) and costs (e.g., administrative costs) associated with holding the financial asset for a particular period of time. In addition, interest may include a profit margin that is consistent with a basic lending arrangement.

A contractual cash flow characteristic does not affect the classification of the asset if it could have only a de minimis effect on the contractual cash flows of the financial asset.

In addition, if a contractual cash flow characteristic could have an effect on the contractual cash flows that is more than de minimis (either in a single reporting period or cumulatively) but that cash flow characteristic is not genuine, it does not affect the classification of a financial asset. A cash flow characteristic is not genuine if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur.

Unlike a change in business model, the contractual terms of a financial asset are known at initial recognition. However, the contractual cash flows of a financial asset may vary over its life based on its original contractual terms. Given that the Group classifies a financial asset at initial recognition on the basis of the contractual terms over the life of the instrument, reclassification on the basis of a change in a financial asset's contractual cash flows is not permitted, unless the asset is substantially modified that it is derecognized.

Initial measurement at amortised cost includes also transaction costs that are directly attributable to the acquisition or issue of the financial asset.

The financial assets, after initial recognition, are measured at the amortised cost less impairment allowance. Interest is calculated using the effective interest method. Initial impairment allowance and subsequent changes are recognized in Consolidated Income Statement.

A loan that is not measured at amortized cost or at FVTOCI must be measured at FVTPL.

Nevertheless, the Group may, at initial recognition, irrevocably designate a loan as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

b. Investment Securities measured at FVTOCI

i. Debt securities

A financial asset is normally measured at FVTOCI if both of the following conditions are met:

- The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling assets.
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (see section (a) for the analysis).

A "hold to collect and sell" business model applies when key management personnel have made a decision that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. In order to determine whether this is so, the Group considers:

- If the business model will typically involve greater frequency and value of sales than a hold to collect model,
- If there are various objectives that may be consistent with this type of business model, such as:
    - when the objective of the business model may be to manage everyday liquidity needs,
    - to maintain a particular interest yield profile,
    - to match the duration of the financial assets to the duration of the liabilities that those assets are funding.

As mentioned in section (a) above, the Group should reassess its business models at each reporting period in order to determine whether they have changed since the preceding period. As an example, an increased level of sales of assets within a portfolio that was assessed as 'hold to collect' may indicate that the business model has evolved and that it would be inappropriate to classify future additions to the portfolio in the same way. As discussed above, this does not however mean that the remaining assets within the portfolio need to be reclassified. Reclassification would be required only if the original business model assessment was made in error, or IFRS 9's strict conditions for reclassification of financial assets on change in business model are met.

The financial assets, after initial recognition, are measured at fair value through OCI. In P&L, the Group recognizes the interest calculated using the effective interest method, the impairment allowance and subsequent changes and the foreign exchange gains and losses. On the date of derecognition or reclassification to the FVTPL category, the cumulative FV gains/ losses of debt financial assets are reclassified from equity to profit or loss as a reclassification adjustment.

ii. Equity instruments

Namely to equity instruments, the Group may on initial recognition make an irrevocable election to classify specific equity instruments in the FVTOCI portfolio. This decision is taken on an “one to one” basis.

Subsequent changes in the fair value of an investment in an equity instrument that has been irrevocably elected on initial recognition to be classified in the FVTOCI portfolio are presented in other comprehensive income.

Furthermore, on equity instruments, in contrast to the FVTOCI debt instruments:

- gains and losses recognized in other comprehensive income are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity (retained earnings),
- equity instruments are not subject to any impairment accounting.

Only dividend income on such equity instruments is recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, with all other gains and losses (including those relating to foreign exchange), recognised in other comprehensive income.

c. Financial assets at fair value through profit or loss (FVTPL)

In this category a financial asset is classified as subsequently measured at fair value, with changes in fair value recognized in the Consolidated Income Statement.

Financial assets that do not meet the criteria for classification at either amortised cost or fair value through other comprehensive income, are measured at fair value through profit or loss.

In addition, it is possible to designate a financial asset at FVTPL in certain circumstances. Specifically, at initial recognition, the Group may designate a financial asset as measured at FVTPL that would otherwise be measured subsequently at amortised cost or at fair value through other comprehensive income. Such an election is, however, irrevocable and such designation can only be made if it eliminates or significantly reduces an accounting mismatch (measurement or recognition inconsistency) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. There is no requirement to apply the choice consistently to all similar transactions, instead the Group has this option if it results in more relevant information.

6.4. Impairment of financial assets

IFRS 9 introduces an expected credit loss (“ECL”) model, compared to the incurred loss model of IAS 39, that will apply to all financial instruments that are subject to impairment and certain off-balance sheet commitments on loans and advances to customers and guarantees and replaces the incurred loss model in IAS 39. The new standard uses a “three Stage” approach (Stage 1, Stage 2, Stage 3) that will reflect changes in credit quality since initial recognition of a financial asset. At each reporting date, an impairment loss equal to 12-month expected credit losses (allocated to 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 a) which there is a significant increase in credit risk since their initial recognition (allocated to Stage 2), b) that are credit impaired (allocated to Stage 3) and c) that are purchased or originated credit impaired "POCI" (allocated to Stage 3), an impairment loss equal to lifetime expected credit losses will be recognized. The Bank has decided to apply the CRR definition of default.

A default is considered to have occurred with regards to a particular borrower when either of the following conditions have taken place:

- Past due criterion: The borrower is past due more than 90 days on any material credit obligation to the Bank, or any of its subsidiaries.
- Unlikeliness to Pay (UTP) criterion: The Group considers that the obligor is unlikely to pay its credit obligations to the Bank, or any of its subsidiaries.

The determination of a significant increase in credit risk takes into account many different factors and will vary by product and risk segment. The main factors considered in making this determination are relative changes in probability of default since origination and certain other criteria either as secondary indicators or backstops such as watch-list status, existence of forbearance, behavioral flags (maximum delinquency bucket for the last 12 months) and 30-day past due. The Group measures and assesses significant increase in credit risk, by comparing the risk of default at "initial recognition date" with the risk of default at "reporting date".

6.5. Key Impairment Modelling Concepts

ECL is a function of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment to reflect factors not captured in models.

7. Derecognition of financial assets

The Group derecognizes a financial asset in the following cases:

- the contractual rights to the cash flows from the asset expire, or
- the Group transfers the financial asset and the transfer qualifies for derecognition.

The term 'financial asset' is used to refer to either the whole, or a part, of a financial asset (or the whole or a part of a group of similar financial assets). It is therefore important that a reference to an asset being derecognized 'in its entirety' does not necessarily mean that 100% of the financial asset is derecognized. It may mean, for example, that there has been full derecognition of, say, 80% of the financial asset to which the derecognition rules have applied separately.

The contractual rights to the cash flows from that asset have expired when for example:

- a loan receivable is repaid;
- a purchased option expires unexercised.

The Group transfers a financial asset if, and only if, it either:

- transfers the contractual rights to receive the cash flows of the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows on to one or more recipients.

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group must derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.

It is a common practice, to proceed in the restructuring of debt instruments particularly but not always when debtors are in financial difficulties. The restructuring is a modification to the terms of a loan or an exchange of one debt instrument issued by the borrower for another. If the contractual cash flows on a financial asset are modified, the Group assesses whether the rights over the cash flows have expired and thus the financial asset should be derecognized.

Whether the Group has retained control of the transferred asset, it is determined by the transferee's ability to sell the asset.

Further to the above, the Group has clearly defined which modifications of the contractual terms of lending arrangements shall be considered as substantial and as a result lead to derecognition accounting.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount of the asset; and
- the consideration received including any new asset obtained less any new liability assumed (in case of transfer) or the new loan calculated at fair value (in case of expiration)

is recognized by the Consolidated Income Statement. In addition, any cumulative gain or loss in respect of that asset which was previously recognized in OCI should be reclassified from equity to the Consolidated Income Statement if the asset is a debt instrument accounted for at FVTOCI under IFRS 9.

In case that the renegotiation or modification of the contractual cash flows of a financial asset does not lead to derecognition of the existing financial asset as per IFRS 9, the Group:

- Continues with its current accounting treatment for the existing asset that has been modified.
- Records a modification gain or loss by recalculating the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows, discounted at the financial asset’s original EIR (or the credit-adjusted EIR for purchased or originated credit-impaired financial assets).

Amounts in thousand euros (Unless otherwise stated)

1. Classification of Financial Assets at the date of initial application of IFRS 9

The following tables disclose changes in the carrying amounts and the classifications of financial assets as at the date of initial application of IFRS 9:

	IAS 39 measurement	IAS 39 carrying amount 31.12.2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at amortised cost under IFRS 9					
Cash and balances with Central Banks	Amortised Cost				
Closing balance 31/12/2017		1,449,240			
Remeasurement (ECL allowance)				(50)	
Opening balance 1/1/2018					**1,449,190**
Loans and advances to credit institutions	Amortised Cost				
Closing balance 31/12/2017		2,147,758			
Remeasurement (ECL allowance)				(218)	
Opening balance 1/1/2018					**2,147,540**
Loans and advances to customers (net)	Amortised Cost				
Closing balance 31/12/2017		44,719,530			
Reclassification to Non-trading financial assets at FVTPL			(117,874)		
Remeasurement (ECL allowance)				(1,408,773)	
Opening balance 1/1/2018					**43,192,883**
Debt securities - receivables	Amortised Cost				
Closing balance 31/12/2017		23,109			
Reclassification to Non-trading financial assets at FVTPL			(23,109)		
Opening balance 1/1/2018					**0**
Reverse repos with customers	Amortised Cost				
Closing balance 31/12/2017		90,253			
Remeasurement (ECL allowance)				(158)	
Opening balance 1/1/2018					**90,095**
Total financial assets measured at amortised cost under IFRS 9		**48,429,890**	**(140,983)**	**(1,409,199)**	**46,879,708**

Amounts in thousand euros (Unless otherwise stated)

	IAS 39 measurement	IAS 39 carrying amount 31.12.2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at FVTPL under IFRS 9					
Debt securities	Fair value through PL				
Closing balance 31/12/2017		1,476,244			
Reclassification to Derivative financial instruments - assets			(35)		
Reclassification from Derivative financial instruments - assets			4,515		
Reclassification from Debt securities receivables			23,109		
Remeasurement due to reclassifications				(8,943)	
Opening balance 1/1/2018					**1,494,891**
Equity securities	Fair value through PL				
Closing balance 31/12/2017		23,579			
Reclassification from Investment Securities (Equity securities available for sale)			124,338		
Opening balance 1/1/2018					**147,917**
Derivative financial instruments - assets	Fair value through PL				
Closing balance 31/12/2017		459,993			
Reclassification from Debt securities at FVTPL (Trading portfolio)			35		
Reclassification from Available for sale securities			21,979		
Reclassification to FVTPL (Loans and advances to customers)			(5,477)		
Reclassification to FVTPL (Debt securities)			(4,515)		
Opening balance 1/1/2018					**472,015**
Loans and advances to customers					
Closing balance 31/12/2017		0			
Reclassification from Loans and advances to customers at amortised cost (net)			117,874		
Reclassification from Derivative financial instruments - assets (at FVTPL)			5,477		
Remeasurement due to reclassifications				(16,340)	
Opening balance 1/1/2018					**107,011**
Total financial assets measured at FVTPL under IFRS 9		**1,959,817**	**287,300**	**(25,283)**	**2,221,834**

Amounts in thousand euros (Unless otherwise stated)

	IAS 39 measurement	IAS 39 carrying amount 31.12.2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at FVOCI under IFRS 9					
Available for sale securities	Fair value through AFS Reserve				
Closing balance 31/12/2017		2,203,803			
Reclassification to: Financial assets at FVOCI (debt securities)			(1,902,230)		
Reclassification to: Financial assets at FVOCI (equity securities)			(155,255)		
Reclassification to: Financial assets at FVTPL			(124,338)		
Reclassification to Derivative financial instruments - assets			(21,979)		
Opening balance 1/1/2018					**(0)**
Financial assets at FVOCI (debt securities)					
Closing balance 31/12/2017		0			
Reclassification from Available for sale			1,902,230		
Opening balance 1/1/2018					**1,902,230**
Financial assets at FVOCI (equity securities)					
Closing balance 31/12/2017		0			
Reclassification from Available for sale			155,255		
Opening balance 1/1/2018					**155,255**
Total financial assets measured at FVOCI under IFRS 9		**2,203,803**	**(146,317)**		**2,057,485**

Amounts in thousand euros (Unless otherwise stated)

2. Reconciliation of allowance

The following table reconciles the allowance for impairments measured in accordance with the IAS 39 incurred loss model and the provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 as at 31 December 2017 to the allowance for impairments estimated in accordance with the IFRS 9 expected loss model at 1 January 2018:

	Measurement under IAS 39 / IAS 37	Measurement under IFRS 9	Allowance for impairment under IAS 39 and Provisions under IAS 37 (31 December 2017)	Remeasurements	Allowance for impairments under IFRS 9
Cash and balances with Central Banks	Amortised Cost	Amortised Cost	0	(50)	(50)
Loans and advances to credit institutions	Amortised Cost	Amortised Cost	0	(218)	(218)
Loans and advances to customers	Amortised Cost	Amortised Cost	(15,378,357)	(1,408,773)	(16,787,130)
Debt securities- receivables	Amortised Cost	Amortised Cost	0	0	0
Reverse repos with customers	Amortised Cost	Amortised Cost	0	(158)	(158)
Investment securities (debt securities)	Fair value through AFS Reserve	FVOCI	0	(27,111)	(27,111)
Total			**(15,378,357)**	**(1,436,310)**	**(16,814,667)**
Loan commitments	Off Balance sheet	Off Balance sheet		(137,020)	**(137,020)**
Financial guarantees	Off Balance sheet	Off Balance sheet		(16,673)	**(16,673)**
Total				**(153,694)**	**(153,694)**

Amounts in thousand euros (Unless otherwise stated)

3. IFRS 9 estimated impact on equity

The table below discloses the total estimated impact of IFRS 9 on equity, as well as reclassifications within Total Equity, as at 1 January 2018:

	Impact of adopting IFRS 9 1/1/2018
AFS Reserve	
Closing balance under IAS 39 (31 December 2017)	79,467
Reclassifications to Reserve from financial assets at FVOCI (debt securities)	(84,904)
Reclassifications to Reserve from financial assets at FVOCI (equity securities)	(2,626)
Transfer to Retained Earnings	8,064
Opening balance under IFRS 9 (1 January 2018)	**0**
Reserve from financial assets at FVOCI (debt securities)	
Reclassifications from AFS Reserve	84,904
Recognition of expected credit losses under IFRS 9	27,111
Opening balance under IFRS 9 (1 January 2018)	**112,015**
Reserve from financial assets at FVOCI (equity securities)	
Reclassifications from AFS Reserve	2,626
Opening balance under IFRS 9 (1 January 2018)	**2,626**
Retained earnings	
Closing balance under IAS 39 (31 December 2017)	(8,326,871)
Transfer from AFS Reserve	(8,064)
Remeasurements due to Reclassifications	(25,283)
Recognition of expected credit losses under IFRS 9	(1,595,410)
Opening balance under IFRS 9 (1 January 2018)	**(9,955,627)**

In the movement of Retained Earnings, in "Recognition of expected credit losses under IFRS 9" the estimated impact of IFRS 9 adoption from discontinued operations amounting to € 5.4 million has been included.

Amounts in thousand euros (Unless otherwise stated)

4. Remeasurements in allowance for impairment for loans and advances to customers per portfolio and stage

The table below analyzes the remeasurement in allowance for impairment for loans and advances to customers per portfolio and stage as at 1 January 2018:

	Gross balance as at 31/12/2017				Allowance for impairment for loans and advances to customers under IAS 39 as at 31/12/2017				Remeasurement of the allowance for impairment for loans and advances to customers under IFRS 9 as at 1/1/2018				Difference between IAS 39 and IFRS 9 in the allowance for impairment of loans and advances to customers			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail	**7,882,056**	**4,000,079**	**8,782,697**	**20,664,832**	**(36,811)**	**(265,580)**	**(3,624,767)**	**(3,927,158)**	**(35,052)**	**(561,850)**	**(3,936,657)**	**(4,533,560)**	**1,758**	**(296,270)**	**(311,890)**	**(606,402)**
Mortgages	6,472,864	3,006,675	5,703,711	15,183,250	(5,796)	(71,889)	(1,673,329)	(1,751,014)	(5,375)	(256,939)	(1,695,653)	(1,957,967)	421	(185,050)	(22,324)	(206,953)
Consumer/ personal loans	933,514	893,947	2,567,098	4,394,559	(28,129)	(191,585)	(1,558,090)	(1,777,804)	(27,152)	(295,570)	(1,803,515)	(2,126,236)	977	(103,985)	(245,425)	(348,433)
Credit cards	475,659	99,457	511,424	1,086,540	(2,886)	(2,105)	(392,979)	(397,970)	(2,522)	(9,341)	(437,105)	(448,967)	364	(7,235)	(44,126)	(50,997)
Receivables from finance leases - (retail)	19	0	464	483	(0)	0	(369)	(369)	(4)	0	(385)	(389)	(4)	0	(16)	(19)
Corporate loans	**11,139,616**	**3,699,281**	**22,709,566**	**37,548,464**	**(129,411)**	**(140,962)**	**(11,145,307)**	**(11,415,680)**	**(114,348)**	**(348,348)**	**(11,789,408)**	**(12,252,104)**	**15,063**	**(207,386)**	**(644,101)**	**(836,424)**
Public Sector	**1,750,484**	**5,423**	**10,810**	**1,766,717**	**(34,955)**	**(101)**	**(464)**	**(35,519)**	**(534)**	**(545)**	**(387)**	**(1,466)**	**34,420**	**(444)**	**76**	**34,053**
Total	**20,772,157**	**7,704,783**	**31,503,074**	**59,980,013**	**(201,177)**	**(406,642)**	**(14,770,537)**	**(15,378,357)**	**(149,935)**	**(910,742)**	**(15,726,452)**	**(16,787,130)**	**51,242**	**(504,100)**	**(955,915)**	**(1,408,773)**

Amounts in thousand euros (Unless otherwise stated)

51 Events Subsequent to the End of the Year

- 2 January, 2018 was the last day (T) for the exercise of Piraeus Bank Titles Representing Share Ownership Rights (Warrants). During their 9th and last exercise process, a total of 7,136 Warrants on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) were exercised, resulting in 15 new common shares and a commensurate increase of the Bank's free float. The 843,629,886 Warrants that had not been exercised by that date automatically expired and were cancelled by the HFSF after the exercise orders settlement date, on 5th January 2018 (T+3).

- During the 1st quarter 2017, the exchange of floating rate EFSF and ESM notes held by Piraeus Bank with fixed rate ESM bonds was initiated, within the framework of the short-term measures for the relief of Greek public debt. Up until 31 December, 2017, notes held by the Bank with a nominal value of € 10.9 billion had been exchanged for cash, and an additional € 1.5 billion with new ESM bonds. These new bonds were exchanged for cash on 17 January 2018, bringing the bond exchange program to an end. Following the completion of the program, the total amount of EFSF and ESM bonds held by the Bank has dropped to zero.

- On 1 January 2018, Piraeus Bank Group applied the requirements of IFRS 9 “Financial Instruments”. These disclosures which relate to the transition to IFRS 9 “Financial Instruments” are offering information necessary to understand the effect of the first time adoption on the new accounting standard to the financial position of Piraeus Bank Group as of 1st January 2018. The effect of the first time adoption of IFRS 9 to the financial position of Piraeus Bank Group on 1st January 2018, was the reduction of its total equity of €1.6 billion. More details on the impact from the adoption of IFRS 9 are given in Note 50 of the Consolidated Financial Statements.

- During March 2018, the procedure for the sale of Piraeus Bank's subsidiary Olympic Commercial and Tourism Enterprises – which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece – to a special purpose company designated by Avis Budget Group was completed.

Athens, 28 March 2018

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
GEORGE P. HANDJINICOLAOU	CHRISTOS I. MEGALOU	KONSTANTINOS S. PASCHALIS	GEORGE TH. MARINOPOULOS

PIRAEUS BANK

PIRAEUS BANK S.A.

Financial Statements

31 December 2017

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Amounts in thousand euros (Unless otherwise stated)

INCOME STATEMENT	Note	Year ended 31 December 2017	Year ended 31 December 2016
Interest and similar income	6	2,187,531	2,409,508
Interest expense and similar charges	6	(581,209)	(716,542)
NET INTEREST INCOME		**1,606,322**	**1,692,966**
Fee and commission income	7	351,034	286,615
Fee and commission expense	7	(68,712)	(58,373)
NET FEE AND COMMISSION INCOME		**282,322**	**228,241**
Dividend income	8	77,619	21,923
Net income from financial instruments designated at fair value through profit or loss	9	24,864	(7,587)
Results from investment securities	10	51,085	208,948
Other income/ (expenses)	11	(10,680)	7,192
TOTAL NET INCOME		**2,031,532**	**2,151,683**
Staff costs	12	(509,196)	(504,497)
Administrative expenses	13	(462,330)	(503,143)
Depreciation and amortisation	25,26	(89,903)	(84,682)
Gains/ (losses) from sale of property and equipment and intangible assets		(1,436)	443
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,062,866)**	**(1,091,879)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**968,666**	**1,059,804**
Impairment losses on loans and advances to customers	21	(1,979,372)	(961,129)
Impairment losses on other assets	29	(64,441)	(103,434)
Impairment losses on other debt securities - receivables		-	(5,118)
Impairment on participations and investment securities	24,39	(142,450)	(80,478)
Impairment of property and equipment and intangible assets	25,26	(9,691)	(15,218)
Impairment on assets held for sale	28	(5,041)	(26,046)
Other provisions	34	29,223	(43,278)
PROFIT/ (LOSS) BEFORE INCOME TAX		**(1,203,107)**	**(174,897)**
Income tax benefit/ (expense)	14	1,205,858	185,418
PROFIT/ (LOSS) FOR THE YEAR		**2,752**	**10,522**

Amounts in thousand euros (Unless otherwise stated)

STATEMENT OF TOTAL COMPREHENSIVE INCOME	**Note**	**Year ended 31 December 2017**	**Year ended 31 December 2016**
Profit/ (loss) for the year (A)		**2,752**	**10,522**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	15,39	86,431	(26,685)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	15,39	(1,841)	(17,268)
Other comprehensive income, net of tax (B)		**84,590**	**(43,953)**
Total comprehensive income, net of tax (A)+(B)		**87,342**	**(33,431)**

Amounts in thousand euros (unless otherwise stated)

STATEMENT OF FINANCIAL POSITION	Note	31 December 2017	31 December 2016
ASSETS			
Cash and balances with Central Bank	16	1,154,395	902,248
Loans and advances to credit institutions	17	2,091,669	1,771,326
Financial assets at fair value through profit or loss	19	1,476,244	8,428
Derivative financial instruments - assets	18	461,402	448,907
Reverse repos with customers	20	88,874	29,076
Loans and advances to customers	21	44,884,572	48,720,105
Available for sale securities	22	2,019,464	2,368,408
Debt securities - receivables	23	23,109	13,246,257
Assets held for sale	28	183,367	73,000
Investment property	27	400,172	362,851
Investments in subsidiaries	24	810,928	1,051,392
Investments in associated undertakings and joint ventures	24	246,020	201,961
Property and equipment	26	898,367	852,450
Intangible assets	25	256,292	259,592
Deferred tax assets	35	6,483,830	5,264,510
Other assets	29	3,012,524	2,977,058
TOTAL ASSETS		**64,491,230**	**78,537,571**
LIABILITIES			
Due to credit institutions	30	11,771,541	27,392,700
Due to customers	31	41,300,806	39,765,301
Derivative financial instruments - liabilities	18	403,881	656,655
Debt securities in issue	32	435,277	69,515
Retirement benefit obligations	36	187,932	184,619
Other provisions	34	105,324	163,356
Other liabilities	33	859,825	848,643
TOTAL LIABILITIES		**55,064,587**	**69,080,790**
EQUITY			
Share capital (ordinary shares)	38	2,619,955	2,619,955
Share premium	38	13,074,688	13,074,688
Contigent convertible securities	38	2,040,000	2,040,000
Other reserves	39	159,754	75,164
Retained earnings	39	(8,467,755)	(8,353,025)
TOTAL EQUITY		**9,426,642**	**9,456,781**
TOTAL LIABILITIES AND EQUITY		**64,491,230**	**78,537,571**

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 2016		**2,619,955**	**13,074,688**	**2,040,000**	**119,116**	**(8,245,744)**	**9,608,016**
Other comprehensive income, net of tax	15	-	-	-	(43,953)	-	(43,953)
Profit/ (loss) for the year 2016	39	-	-	-	-	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)	39	-	-	-	-	(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**
Opening balance as at 1st January 2017		**2,619,955**	**13,074,688**	**2,040,000**	**75,164**	**(8,353,025)**	**9,456,781**
Other comprehensive income for the year, net of tax	15,39	-	-	-	84,590	-	84,590
Profit/ (loss) for the year 2016	39	-	-	-	-	2,752	2,752
Total recognised income for the year 2017		0	0	0	**84,590**	**2,752**	**87,342**
Payment to the holders of contingent convertible securities (net of tax)	39	-	-	-	-	(117,481)	(117,481)
Balance as at 31st December 2017		**2,619,955**	**13,074,688**	**2,040,000**	**159,754**	**(8,467,755)**	**9,426,642**

Amounts in thousand euros (unless otherwise stated)

CASH FLOW STATEMENT	Note	Year ended 31 December 2017	Year ended 31 December 2016
Cash flows from operating activities			
Profit / (loss) before tax		(1,203,107)	(174,897)
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		2,171,773	1,234,700
Add: depreciation and amortisation charge	25,26	89,903	84,682
Add: retirement benefits and cost of voluntary exit scheme	12	25,193	9,923
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		1,338	27,289
(Gains)/ losses from investing activities		(96,329)	(112,846)
Cash flows from operating activities before changes in operating assets and liabilities		988,772	1,068,852
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		(78,797)	60,967
Net (increase)/ decrease in financial instruments at fair value through profit or loss		1,463,338	41,873
Net (increase)/ decrease in loans and advances to credit Institutions		556,460	366,919
Net (increase)/ decrease in loans and advances to customers		1,687,321	(331,069)
Net (increase)/ decrease in debt securities - receivables		11,740,636	3,757,435
Net (increase)/ decrease in reverse repos with customers		(59,798)	(29,076)
Net (increase)/ decrease in other assets		32,591	(114,982)
Net increase/ (decrease) in amounts due to credit institutions		(15,621,159)	(7,199,051)
Net increase/ (decrease) in liabilities at fair value through profit or loss		-	(2,514)
Net increase/ (decrease) in amounts due to customers		1,535,505	2,794,451
Net increase/ (decrease) in other liabilities		(274,939)	(370,774)
Net cash flow from operating activities before income tax payment		1,969,930	43,031
Income tax paid		-	(1,064)
Net cash inflow/ (outflow) from operating activities		**1,969,930**	**41,967**
Cash flows from investing activities			
Purchases of property and equipment	26,27	(149,547)	(128,425)
Sales of property and equipment and intangible assets		9,110	18,908
Purchases of intangible assets	25	(31,727)	(27,006)
Purchases of assets held for sale		(2,400)	(506)
Purchases of investment securities		(5,897,036)	(6,166,216)
Disposals/ maturity of investment securities		5,854,228	6,235,574
Acquisition of subsidiaries and participation in share capital increases/(decreases)		(4,202)	(28,688)
Acquisition of associates and participation in share capital increases/ (decreases)		(31,149)	(1,407)
Sales of subsidiaries		-	107,792
Sales of associates		-	11,436
Dividends received from subsidiaries		69,946	13,540
Dividends received from available for sale securities	8	7,672	8,335
Net cash inflow/ (outflow) from investing activities		**(175,105)**	**43,336**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		347,911	(47,273)
Payment to the holders of contingent convertible securities	39	(165,467)	(165,920)
Net cash inflow/ (outflow) from financing activities		**182,445**	**(213,193)**
Effect of exchange rate changes on cash and cash equivalents		(3,845)	4,482
Net increase/ (decrease) in cash and cash equivalents of the year (A)		**1,973,424**	**(123,408)**
Cash and cash equivalents at the beginning of the year (B)		**1,505,950**	**1,629,358**
Cash and cash equivalents at the end of the year (A) + (B)	41	**3,479,374**	**1,505,950**

Amounts in thousand euros (Unless otherwise stated)

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. The duration of the Bank lapses on 6/7/2099. Piraeus Bank operates in Greece, in Frankfurt (Germany) and in London (U.K.). The Bank employs in total 12,913 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), MSCI (Emerging Markets, EM EMEA, Greece), Stoxx (TMI, All Europe, Greece TM) and S&P (Global, Greece BMI).

The composition of the Board of Directors on the approval date of these Financial Statements is as follows:

George P. Handjinicolaou	Chairman (Non-Executive Member)
Karel G. De Boeck	Vice-Chairman of the Board of Directors (Independent Non-Executive Member)
Christos I. Megalou	Managing Director (Executive Member)
George G. Georgakopoulos	Authorized Executive Director (Executive Member)
Venetia G. Kontogouri	Independent Non-Executive Member
Arne S. Berggren	Independent Non-Executive Member
Enrico Tommaso C. Cucchiani	Independent Non-Executive Member
David R. Hexter	Independent Non-Executive Member
Solomon A. Berachas	Non-Executive Member
Alexander Z. Blades	Non-Executive Member
Per Anders J.Fasth	Representative of the Hellenic Financial Stability Fund pursuant to the provisions of L. 3864/2010 (Non – Executive Member)

The Directors are elected by the Bank's General Meeting of Shareholders for a maximum term of 3 years and may be re-elected. The term of the above members expires at the annual General Meeting of the Bank's shareholders in 2020.

These Financial Statements have been approved for issue by the Bank's Board of Directors on 28 March 2018 and are subject to approval from the Bank's Annual Shareholders Meeting in 2018.

2. Summary of significant 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 financial statements of the Bank for the year ended 31 December 2017 (the "financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (the

"IASB"), as endorsed by the European Union (the "EU") issued and effective as at the time of preparing these financial statements.

The amounts are stated in Euro, rounded to the nearest thousand (unless otherwise stated). Any differences, between the amounts of the financial statements and the relevant amounts presented in the notes, are due to roundings. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

The financial statements have been prepared under the historical cost convention, except for available for sale financial assets, financial assets and liabilities held at fair value through profit or loss and all derivative financial instruments and investment property which have been measured at fair value.

The preparation of the financial statements in conformity with IFRS requires the use of estimates, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: allowance for impairments on loans and advances to customers, fair value of available for sale portfolio, recoverability of deferred tax assets ("DTA"), estimation of investment property fair value, estimation of the fair value of over the counter derivative instruments, impairments of subsidiaries, associated companies and joint ventures and greek public sector.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2. Going concern

Conclusion

Management has concluded, after taking into account the factors mentioned below, regarding the macroeconomic environment, the Bank's liquidity and the Bank's capital adequacy, that the financial statements of the Bank have been appropriately prepared on a going concern basis as of 31 December 2017.

Macroeconomic environment

In 2017, significant developments in the Greek economy give the picture of stability to the side of fiscal adjustment, but also recovery of confidence and trust in the market side.

In the framework of the 3rd financial adjustment programme in 2017, a range of short-term debt relief measures were implemented, the second review was completed with success while in the 1st quarter of 2018 the completion of the third review was achieved. Moreover, in the beginning of 2018 Moody's, S&P and Fitch raised Greece's credit risk rating to "B3", "B" and "B" respectively maintaining the positive Outlook.

In 2017, the economic sentiment indicator (ESI) improved to 96.8 points from 91.9 points in 2016, at the highest level in the last three years. In addition, ESI is in an upward trend, at 103 points on average, in the first two months of 2018. In 2017, the consumer price index rose 1.1% against -0.8% in 2016, with the Greek economy returning to a positive inflation levels after four years of deflation. Real GDP in 2017 increased on average by 1.4% on an annual basis (by 1.3% according to seasonally adjusted data), enhancing growth prospects of the economy. Moreover, based on the average non-seasonally adjusted data, the unemployment rate fell to 21.5% from 23.5% in 2016, with a 2.2% increase in employment in 2017. Furthermore, 2017 is a new tourism record year, as travel receipts rose to € 14.6 billion (€ 14.1 billion in the previous record year, 2015), driven by a 10.5% annual increase. On the fiscal front, in 2017 the state budget deficit, in a modified cash basis, stood at € -4.3 billion, against the target that has been incorporated in the 2018 Budget introductory report, of deficit of €5.1bilion. The state budget primary balance amounted to a surplus of €1.9 billion.

The maintenance of the fiscal stability, the gradual strengthening of the international confidence in the sustainability of the country's public finances, as well as the positive effects on economic activity from the boosted domestic credibility, that will be greatly reinforced by focusing economic policy to the necessary reforms for development, will ensure the growth trajectory of the Greek economy.

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 while geopolitical developments in the wider region are an additional secondary risk factor. To this end, adverse developments regarding the implementation of the country's economic adjustment program would potentially have a negative effect on the Bank's liquidity (i.e. stop attracting or loosing deposits, reducing repo interbank transactions with third parties, downgrading of securities of the Greek State that are used for liquidity purposes from the Eurosystem, increasing funding through Emergency Liquidity Assistance ''ELA'' mechanism) and on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio, possible negative assessment of the credit risk of the Greek State in which the Greek banks have significant direct and indirect exposure). Piraeus Bank's Management closely monitors the developments and assesses periodically the negative impact that might have on its operations.

Liquidity

During 2017, domestic market deposits (private and public sector,) increased by 4% to € 137.8 billion. The exposure of all Greek banks in the Eurosystem was reduced from € 66.6 billion as at 31 December 2016 to € 33.7 billion as at 31 December 2017, of which € 21.6 billion, was covered by the 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) and € 12.1 billion from ECB's Main Refinancing Operations and ECB's Targeted Longer-Term Refinancing Operations II ("TLTRO II").

During 2017, the Piraeus Bank's Group exposure to the Eurosystem reduced by € 11.2 billion to € 9.7 billion as at 31 December 2017 compared to € 20.9 billion as at 31 December 2016, mainly assisted by access to international repo markets, further deleveraging of the loan portfolio, the Bank´s participation in the ECB´s program of Quantitative Easing ("QE") with the sale of EFSF bonds of notional amount € 0.7 billion during the 1st quarter 2017 and its participation in ESM's bond exchange program with cash (€ 10.9 billion). Piraeus Bank's financing through the ELA was reduced by € 6.2 billion during the period 1/1-31/12/2017 and amounted to € 5.7 billion as at 31 December 2017 versus € 11.9 billion as at 31 December 2016. It is noted that during 2017, the deposits of the Piraeus Bank Group in Greece increased by € 1.6 billion or 4.0%, mainly due to the increase in the second half of the year, despite the decrease during the first quarter.

In January 2017 the governing bodies of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) approved the implementation of a set of short term measures for the relief of Greek public debt that was agreed on 25 May 2016. Among the aforementioned set of measures, a bond exchange scheme was also included, where floating rate notes disbursed by ESM and EFSF to Greece for recapitalization of Greek banks and funding gaps stemming from acquisitions/mergers were exchanged for fixed coupon notes or cash. During 2017 a notional amount of notes totaling at € 10.9 billion that was held by Piraeus Bank, was exchanged for cash and another € 1.5 billion for fixed coupon notes, which were subsequently exchanged for cash on 17 January 2018, raising the total amount exchanged to € 12.4 billion. Following the exchange on 17 January 2018, the bond exchange scheme has been concluded.

Furthermore, Greek banks can participate in the 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 II is four years while Piraeus Bank participated only in the first auction on 23 June 2016 with € 4.0 billion, shifting at the same time the € 2.7 billion of TLTRO I to TLTRO II.

Capital adequacy

The Common Equity Tier 1 (CET1) ratio of the Bank as at 31 December 2017 stood at the satisfactory level of 16.3% versus 17.6% as at 31 December 2016.

Please refer to Note 4.15 for further details on the capital adequacy.

2.3 Adoption of International Financial Reporting Standards ("IFRSs")

New accounting standards, amendments and interpretations to existing accounting standards effective from 1 January 2017

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

A) The following amendments in IFRSs have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and are effective from 1/1/2017:

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 treatment for deferred tax assets on unrealized losses arising from financial instruments measured at fair value.

IAS 7 (Amendment) "Disclosure Initiative" (effective for annual periods beginning on or after 1 January 2017). These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

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.

The above group of amendments 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 2017. They are not effective in 2017 nor have they 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. The adoption of the revised provisions is optional. As permitted the Group has elected to retain the IAS 39 hedge accounting requirements.

The Bank will fully implement IFRS 9 as at 1 January 2018, without restating the relevant comparatives and with all the required transitional disclosures being made. Please refer to the relevant IFRS 9 transitional disclosures is Note 46.

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 adopted IFRS 15 as of 1 January 2018 and the adoption of the standard will not to have a material effect to the financial statements.

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.

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019). IFRS 16 has been issued in January 2016 and will supersede 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 standard has been endorsed by the EU.

The Bank has not early adopted this standard and will evaluate the impact of IFRS 16 on its financial statements.

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: 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.

Annual Improvements to IFRSs 2014-2016 (December 2016)

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**.**

IFRS 1 "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2018). The amendment deletes the paragraphs E3–E7 regarding the short-term exemptions.

(C) The following new IFRSs, amendments, improvements and interpretations to IFRSs have been issued by the International Accounting Standards Board but have not yet been endorsed by the E.U. up to December 2017 and they have not been adopted by the Bank:

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.

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.

IFRS 17 "Insurance contracts" (effective for annual periods beginning on or after 1 January 2021). The new standard replaces IFRS 4.The scope of the standard is the consistent accounting treatment of all insurance contracts and measurement of the insurance liabilities in current amounts instead of the historical cost based on a) current estimations of future cash flows and

b) discount rates which reflect the characteristics of the above mentioned flows as well as non financial risks. The standard has not yet been endorsed by the EU.

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019). The amendment allows companies to measure symmetrical options which include prepayable features with negative compensation at amortised cost or at fair value through other comprehensive income instead of at fair value through profit or loss.

IAS 28 (Amendments) "Long-term interests in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that companies account for long-term interests in an associate company or a joint venture—to which the equity method is not applied—using IFRS 9.

IAS 19 (Amendments) "Employee benefits" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that if a plan amendment, curtailment or settlements occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. Furthermore, the amendment clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

IFRIC 23 "Uncertainty over Income Tax Treatments" " (effective for annual periods beginning on or after 1 January 2019). The interpretation aims to reduce diversity in how companies recognise and measure a tax liability or tax asset when there is uncertainty over income tax treatments regarding the determination of taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

<u>Annual Improvements to IFRSs 2015 – 2017 (December 2017)</u>

IFRS 3 (Amendment) "Business Combinations (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

IFRS 11 (Amendment) "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 (Amendment) "Income taxes" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that all income tax consequences on dividends (i.e. distribution of profits) should be recognized in the income statement, regardless of how tax arises. (income tax consequences of dividendsn

IAS 23 (Amendment) "Borrowing costs" (effective for annual periods beginning on or after 1 January 2019). The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

2.4 Foreign Currencies

(a) Functional and presentation currency

The financial statements are presented in euro, which is the Bank's functional and presentation currency, i.e. entities controlled by the Bank.

(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.

2.5 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 currency and interest rate swaps, forward rate agreements, 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 additionally 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).

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.

The interest income or interest expense from interest rate swaps, FX forwards and currency swaps are recorded in the interest and similar income or interest expense and similar charges, respectively.

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 highly 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 amortization is based on the recalculated effective interest rate at the date the amortisation commences. The unamortized 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.

2.6 Recognition of deferred day one profit or 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 arise from observable market prices. 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 initial difference between the transaction price and the model value, commonly referred to as “deferred day one profit and loss’’, is not recognised directly in the Income Statement.

The timing of recognition of “deferred day one profit or loss” is determined individually. It is either amortised over the life of the financial instrument, 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 or loss”. Subsequent changes in fair value are recognised immediately in the Income Statement without reversal of “deferred day one profits or losses”.

2.7 Interest income and expense

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Bank and the amount can be measured reliably.

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 and advances to customers, 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 and advances to customers are recognised 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.

2.8 Fees and commission income and expense

Fees and commission income and expense are recognized on an accrual basis when the relevant services are provided.

Loan syndication fees are recognised as income 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. Fees and commissions 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.

2.9 Dividend income

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

2.10 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".

2.11 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.

2.12 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 2.14.

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 IAS 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 Income Statement.

Impairment losses recognised in the Income Statement for an investment in an equity instrument classified as available for sale cannot be reversed through the Income Statement. On the contrary impairment losses for a debt instrument that is classified as available for sale, can be reversed in the Income Statement 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 the Income Statement.

2.13 Reclassification of financial assets

Reclassification of financial assets out of the “Available for sale securities” category to “Loans and receivables” 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” 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 Income Statement or the available-for-sale reserve until the date of reclassification shall not be reversed. The new effective interest rate of the financial assets reclassified to “Loans and receivables” category and “Held to maturity” category is calculated based on the expected cash flows at the date of 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.

Investments in equity instruments cannot be reclassified out of the Available for Sale portfolio.

2.14 Loans and advances to customers

Loans and advances to customers 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 advances to customers drawn 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 and advances to customers 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 on loans and advances to customers is recognised. The amount of the allowance for impairment loss on loans and advances to customers 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 on loans and advances to customers 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 who are active in the same industry 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).
vi. Submission of an application for bankruptcy by a company of any form within the group of related companies of the borrower.

The Bank first assesses whether objective evidence of impairment exists 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, or no impairment loss is calculated for an individually significant loan, the loan is included in a pool of loans with similar credit risk characteristics and is collectively assessed for impairment. Loans and advances to customers that are individually assessed but for which no impairment loss is calculated due to adequate collateral are excluded from the collective impairment assessment.

For the purpose of the collective impairment assessment, loans and advances to customers are grouped on the basis of similar credit risk characteristics (i.e. arrears bucket, industry sector, business/product segment, 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 impairment losses are also calculated for performing loans (zero days past due).

Future cash flows for a group of loans that are collectively assessed 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 gain is recognised in the Income Statement.

Forborne loans are loans and advances to customers for 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" in the Income Statement.

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

Note 4.1.11 is relevant to the policy of forborne loans.

2.15 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.

2.16 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 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.

Modification of financial assets

In case that the renegotiation or modification of the contractual cash flows of a financial asset does not lead to the derecognition of the existing financial asset, the Bank recalculates the carrying amount of the financial asset as the present value of the revised contractual cash flows, discounted at the financial asset's original effective interest rate. The adjustment is recognised in the Income Statement. The Bank also continues with its current accounting treatment for the existing asset that has been modified.

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 Income Statement.

2.17 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.

2.18 Intangible assets

2.18.1 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 in the Income Statement as incurred.

Software is derecognised:

(a) upon disposal, or
(b) when no future economic benefits are expected from use or disposal of sofware.

The profit or loss stemming from the sale of software is defined as the difference between the net proceeds of the sale, if any, and its net book value.

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.

Subsequent to initial recognition, software is measured at cost less accumulated amortization and accumulated impairment loss.

Software is amortised over at least 3 years on a straight-line basis and its useful life is examined separately on an annual basis.

At the end of each reporting period, the Bank reviews the carrying amounts of computer software to determine whether there is any indication of impairment i.e. 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.

2.18.2 Other intangible assets

Other intangible asset are initially recognized at cost 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.

Other intangible assets are derecognised:

(a) upon disposal, or

(b) when no future economic benefits are expected from use or disposal of the intangible asset.

The profit or loss stemming from the sale of the intangible asset is defined as the difference between the net proceeds of the sale, if any, and its book value.

Subsequent to initial recognition, other intangible assets are measured at cost less accumulated amortization and accumulated impairment loss.

These assets are amortised in a period of 5-10 years using the straight line method, depending on the useful life of each asset. The useful life of other intangible assets is reviewed annually.

At the end of each reporting period, the Bank reviews the carrying amounts of other intangible assets to determine whether there is any indication of impairment i.e. 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.

2.19 Property and equipment

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

An own-occupied property is derecognised and its carrying amount is written-off, according to the provisions of IAS 16, upon disposal or when no future economic benefits are expected to flow to the entity.

Property may be disposed through sale or lease agreement (as lessor) or donation.
The gain or loss on disposal of own-occupied property is defined as the difference between the sale price (less cost to sell) and the carrying value of the property as at the date of the disposal. Such gain or loss is recognized in the Income Statement.

Property, 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. At the end of each reporting period, the Bank reviews the carrying amounts of property and equipment to determine whether there is any indication of impairment i.e. 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 are the following: a) the borrowing costs should 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.

Depreciation on property and equipment is calculated using the straight-line method based on the estimated useful lives and taking into account their residual values.

- 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: 25-40 years

Land is not depreciated.

Depreciation of a property and equipment begins when it is available for use and ceases when it 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 Bank conducts an assessment on an annual basis, both in the useful lives and the residual values of the property and equipment.

2.20 Investment property

Property that is held for long-term rental yields or for capital appreciation and is occupied by third parties is recognised 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 the Bank as a lessee under a finance lease it is classified and accounted for as investment property if and only if the definition of investment property is met as defined in the International Accounting Standard 17 “Leases” (IAS 17).

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

After initial recognition, investment property is carried at fair value, as this is estimated by independent valuers. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific 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. Comparative Method. According to this method, the valuation will be based on the conclusions drawn from research and collecting comparative data of property having the greatest similarity features with the estimated property.

ii. Income Approach. This method calculates the fair value of each property based on the capitalized value of the present lease.

iii. Cost Approach. This method calculates the fair value of each property based on the cost of replacement of each property or its exploitation.

iv. Mass Appraisal. The purpose of this method is to calculate the current commercial value of property with the use of econometric and spatial econometric techniques.

v. Residual Method. This method is based on the highest price a willing buyer would pay for a plot of land, in order to use it and then operate it.

The above mentioned valuation methods are used by independent valuers, in the context of the fair valuation of investment property. 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.

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. Fair values of investment properties reflect current lease income, as well as assumptions for future leases, taking into account 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.

Pursuant to the provisions of IFRS 40, subsequent expenses are recognized in the carrying amount of the property only when it is probable that future economic benefits associated with the property will flow to the Bank and its cost can be measured reliably. Improvement and maintenance costs are recognized in the Income Statement during the year in which they are incurred.

Changes in fair value are recognized in the Income Statement, in the period in which they arise.

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

Property that is being constructed or developed for future use as investment property is classified as property 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.

An investment property is derecognised from the Statement of Financial Position upon disposal. An investment property may be disposed of via sale or lease agreement. Gains or losses arising from investment property withdrawal or disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the investment property on the date of the disposal. Such difference is recognised in the Income Statement.

2.21 Non current assets held for sale

Non current 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 is 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 categorisation in the "Non-current assets held for sale".

Assets held for sale are measured 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.

2.22 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 for according to IAS 2 as inventory and are measured at the lower of cost and net realisable value and are included in 'Other Assets' in the Statement of Financial Position. The cost of the inventories 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.

Inventories property are derecognised from the Statement of Financial Position at their disposal. The gain / loss resulting from the disposal of the inventories property is determined as the difference between the sale price (less selling costs) and the carrying amount of the property. The difference is recognized in the Income Statement.

2.23 Leases

A. The Bank is the Lessee

Operating leases

Leases of tangible 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 Statement of Financial Position.

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 tangible asset are recognised as finance leases.

In case that the Bank is the lessee under a finance lease, tangible 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 Statement of Financial Position.

At the inception of the lease, leased tangible assets are recognised on the Statement of Financial Position 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 Statement of Financial Position. 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 gain 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.

2.24 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition such as: cash, unrestricted 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 these are not included in balances with less than three months maturity.

2.25 Provisions

Provisions are recognised when: a) the Bank has a present legal or constructive obligation as a result of past events, b) it is probable, 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.

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

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

2.26 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 issued 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 recognised in the Income Statement, in the period in which it arises.

2.27 Employee benefits

A. Funded post employment benefit plans

The pension schemes adopted by Piraeus Bank are funded through payments to insurance companies or social security funds.

The Bank ’s pension obligations relate both to defined contribution plans as well as defined benefit plans.

For defined contribution plans, the Bank pays fixed contributions to publicly administered pension insurance funds (i.e. Social Security Fund) 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 recognised in line of the Income Statement, “staff costs”.

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 liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the obligation at the balance sheet date less the fair value of the 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 the Income Statement.

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 in the Income Statement, 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.

2.28 Income tax and deferred tax

Income tax

Income tax benefit/ (expense) represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit/(loss) before tax” as reported in the Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Bank’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable will be available to allow all of part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Management reviewed the Bank's investment property portfolios and concluded that none of the Bank's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, Management have determined that the "sale" presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Bank has recognized deferred taxes on changes in fair value of the investment properties as the Bank is subject to income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

a) Initial recognition and measurement

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

b) Measurement after initial recognition

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

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

2.30 Other financial liabilities measured at amortised cost

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

2.31 Share capital

The Bank's share capital, 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 38.

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 are referred in Note 38.

2.32 Related party transactions

Related parties include: a) Members of the Bank Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel, c)

Companies having transactions with Piraeus Bank, 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 holds ordinary shares in the share capital of the Bank and 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 at arm's length.

2.33 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Bank's 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.

2.34 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the 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.

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

The preparation of the 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:

3.1. Allowance for impairment on loans and advances to customers

The allowance for impairment on loans and advances to customers represent Management's best estimate of impairment losses incurred in the loans and advances to customer's at each reporting date. Management is required to exercise judgement in making assumptions and estimates when calculating the allowance for impairment on loans and advances to customers on both individually and collectively assessed loans and advances to customers.

The estimation methods include the use of statistical analyses of historical information, supplemented with significant judgements made by Management, to assess whether current economic and credit conditions are such that the actual level of incurred losses is likely to be greater or less than historical experience.

Risk factors include macroeconomic factors such as GDP, Unemployment Rates, House Price Index Evolution, bankruptcy trends, loan product features, economic conditions such as national and local trends in housing markets, the level of interest rates, account management policies and practices, changes in laws and regulations, and other influences on customer payment patterns. The methodology and the assumptions used in calculating the allowance for impairments on loans and advances to customers are reviewed regularly in the light of differences between allowance for impairments on loans and advances to customers estimated and actual loss experience.

For the individual assessment of the allowance on loans and advances to customers, judgement is required in determining whether there is objective evidence that a loss event has occurred and, if so, the measurement of the allowance for impairment on loans and advances to customers required. In determining whether there is objective evidence that a loan loss event has occurred, judgement is exercised in evaluating all relevant information on impairment indicators, including the consideration of whether payments are contractually past due and the consideration of other factors indicating deterioration in the financial condition and outlook of borrowers, affecting their ability to pay.

A higher level of judgement is required for loans to borrowers showing signs of financial difficulty in market sectors experiencing economic stress, particularly where the likelihood of repayment is affected by the prospects for refinancing or the sale of a specified asset. For those loans where objective evidence of impairment exists, Management determines the size of the allowance for impairment required based on a range of factors as included in Note 4.

The Bank might provide loan forbearance to borrowers experiencing financial difficulties by agreeing to modify the contractual payment terms of loans in order to improve the management of customer relationships, maximise collection opportunities or avoid default or repossession. Where forbearance activities are significant, higher levels of judgement and estimation uncertainty are involved in determining their effects on the allowance for impairment on loans and advances to customers. Judgements are involved in differentiating the credit risk characteristics of forbearance cases, including those which return to performing status following renegotiation.

The exercise of judgement requires the use of assumptions which are highly subjective and very sensitive to the risk factors, in particular to changes in economic and credit conditions. Many of the factors have a high degree of interdependency.

3.2. Recoverability of Deferred Tax Assets

Management evaluates the recoverability of deferred tax asset at each reporting period. The recognition of a deferred tax asset relies on Management's assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies. In the absence of a history of taxable profits, the most significant judgements relate to expected future profitability and to the applicability of tax planning strategies.

Management's estimates for the future tax results of the Bank and consequently the recoverability of the deferred tax asset, 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 financial statements.

Finally, at each reporting period, Management evaluates the consequences of the changes in the current tax legislation on the tax base of the Assets and Liabilities.

3.3. Fair value of Available for Sale portfolio

The available for sale ("AFS") portfolio is recorded at fair value and any changes in fair value are recorded in the AFS reserve. Impairment of AFS 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. In which case the AFS 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 also takes into account evidence of deterioration in the financial performance of the investee, as well as industry and sector economic performance and changes in technology.

3.4. Fair value of over the counter derivative instruments

The fair value of derivative financial instruments that are traded over the counter (OTC), with banking counterparties, is determined by using commonly accepted valuation models.

These valuation models use observable data. Where this is not possible, estimates and assumptions are required by Management concerning the parameters that affect the fair value of derivatives. These assumptions and estimates are assessed regularly and when market conditions change significantly.

The fair value for derivative financial instruments includes adjustments for the credit risk in a bilateral derivative transaction (CVA/ DVA).
The calculation of credit adjustments takes into account the future expected credit exposure, which is estimated using simulation techniques for the derivatives' future fair values, in combination with the currently in force netting agreements and collateral held (as per the ISDA-CSA contracts in force).

In addition, the calculation of credit adjustments is also based on loss given default (LGD) rates as well probability of default (PD) curves, as these are derived from the purchase prices of the Credit Default Swap Market.

In case that the aforementioned prices are not available from the CDS market, or the available market prices are not reliable due to very low liquidity, the relevant calculation is based on proxy credit curves and LGD rates, approved by the Bank's management.

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

3.5. Impairment of subsidiaries, associates and joint ventures

Impairment testing of investments in subsidiaries, associates and joint ventures involves significant judgement in determining the value in use, and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment. The Bank tests for impairment the investments in subsidiaries, associates and joint ventures when an impairment indication arise, comparing the recoverable amount the with its carrying amount. If during this assessment, a permanent impairment occurs, the amount of the impairment loss is posted directly to the Income Statement of that period.

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 or the joint venture.

3.6. Estimation of investment property fair value

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

Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific investment property. If this information is not available, valuation methods, as described in Note 2.20 of the 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.

Amounts in thousand euros (Unless otherwise stated)

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 property, with similar characteristics.

3.7. 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 2017, the total carrying value of the Bank's receivables from Greek Public Sector was as follows:

	2017	2016
Derivative financial instruments – assets	284,395	341,796
Bonds and treasury bills at fair value through profit or loss	8,006	8,428
Loans to Public sector	1,728,663	2,060,210
Bonds, treasury bills and other variable income securities of Investment portfolio	1,701,181	2,078,152
Other assets	501,516	740,012
Total	**4.223.761**	**5.228.598**

Loans to Public sector as at 31/12/2017 include funding € 1,612.3 million (31/12/2016 € 1,928.6 million) which has been provided to a public sector organisation, aiming the prompt distribution of European Union subsidies to Greek farmers.

4. Financial risk management

Risk management framework

The recognition and management of risks arising from the Bank's activities is a priority in the development of its business strategy. In this regard, a framework for prudent risk management has been established, which is based on supervisory guidelines and best international practices and the guidelines of the Basel Committee for Banking Supervision.

The responsibility for the development and overseeing of the risk management framework lies with the Board of Directors (BoD). The Risk Management Committee, as a committee of the BoD 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, and 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 affect the Bank's risk profile.

The Board of Directors ensures the development of an appropriate risk management framework, including strategy and policies, by setting acceptable risk limits, while shaping an appropriate internal environment so that every employee of the Bank is aware of the nature of the risks associated with its duties.

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

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

- Group Credit Risk Management
- Group Capital Management
- Group Market, Liquidity and Operational Risk Management
- Corporate Credit Control
- Group Risk Coordination and Model Validation
- Risk Data Office and
- Risk Management Office

The Unit'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 an appropriately approved Risk & Capital Strategy, which includes a defined Risk Appetite Framework. The Bank aims to continuously improve the framework regarding the recognition, management and governance of risks and the further development of a risk management culture.

The Risk & Capital Strategy of the Bank takes into consideration the present conditions and strategic targets, offers guidelines and constitutes the foundation for the Bank's risk management framework, contributing to the achievement of the Bank's business objectives and commitments to the supervisory authorities.

The effectiveness of the aforementioned Strategy is additionally monitored by the 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.

4.1 Credit risk

4.1.1 Credit risk management strategies and procedures

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 the Bank's credit risk management, 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 Unit, the Credit Risk Management Division operates with the objective of identifying, monitoring and managing credit risk, according to the Risk Appetite Framework, as approved by the Board of Directors, in compliance with the respective obligations towards the supervisory authorities.

4.1.2 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 to customers, the following are performed at a counterparty level:

– The customer's creditworthiness and the probability of default on its 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 to their special characteristics and features. These models combine financial and statistical analysis together with the expert judgement of responsible officers. Whenever possible, these models are tested by benchmarking against externally available information.

Borrowers are 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 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 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	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 Moody’s Risk Advisor System (“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). Additionally, for specialized lending categories project finance and Income Producing Real Estate, 2 new models have been developed, which are also optimized and aligned with the special lending criteria of Basel’s Internal Ratings - based approach (IRB) and are expected to be implemented in 2018.
- 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 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 five 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, his bureau score and his Teiresias 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 that is taken into account in the approval process and determine the willingness as well as the ability of the applicant to fulfil his obligations 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 annually for:

- The Stability of the Population Rating between the Development and the Recent Period,
- Whether the changes in the PD/LGD parameters are statistically significant,
- Whether the models retain their discrimination power.
- Retail loans under the standard monitoring category, are the ones that are neither past due nor impaired.

(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. For the proper management and monitoring of risks, all positions in securities are subject to approved limits, according to the Bank's policies and procedures. For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used. 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.

4.1.3 Risk based pricing

In the context of risk integration in business decision making and in particular in relation to new lending, the Bank has developed a Risk Based Pricing methodology which incorporates the cost of credit risk as well as other risk factors and administration cost in the loan pricing. The methodology aims to achieve an appropriate return given the underlying risks in lending business.

Within 2017, the Bank has completed the development of the necessary technical infrastructure (i.e. Risk Based Pricing calculation tool) to support the implementation of the methodology in SME and Mortgage portfolios. The risk based pricing tool is expected to be implemented in business within the first quarter of 2018. The day-to-day use will be of great value in order to assess performance with a view to continuous improvement.

4.1.4 Concentration risk

Concentration risk may arise from various types of portfolio incomplete diversification, such as the concentration risk on large borrowers, economic sectors, geographical areas and types of collateral.

The Bank monitors concentration risk on a regular basis, through a reporting framework which respectively informs Senior Management and the supervisory authorities. In addition to monitoring supervisory limits, the Bank has set internal limits within the Risk Appetite Framework, which are revised annually.

4.1.5 Country risk

Country risk reflects the risk of economic losses and the decrease in value of the Bank's net assets, arising from one or more of the following reasons: (a) a deterioration in the economic, political and social conditions prevailing in countries in which the Bank operates, (b) the possibility of expropriation and nationalization of assets by the government, (c) default on external or internal government debt, (d) the application of restrictive measures with regards to fund transferring, (e) the possibility of significant currency depreciation.

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. For country risk assessment, both quantitative and qualitative criteria are used, which take into consideration the evolution of risk parameters and the volume/ structure of the Bank’s country exposures.

4.1.6 Counterparty credit risk

Counterparty credit risk (CCR) is defined as the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. It refers to derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.

For the effective management of CCR, the Bank has in place 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 a procedure for limit cancelation or restriction in limits, when certain conditions are met regarding counterparty’s credit rating downgrade.

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.

4.1.7 Credit limits management and risk mitigation techniques

The 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 sub-limits 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 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,
- Mortgages on real estate property,
- Ship mortgages,
- Greek government guarantees,
- Bank letters of guarantee,
- 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,
- 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 re-evaluated 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.

4.1.8 Impairment policy for allowance for impairment on loans and advances to customers

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 at each reporting period, the Bank uses a very analytical method of calculating the allowance for impairment losses on loans and advances to customers (impairment test) for the purpose of creating adequate provisions coverage for this portfolio, according to the provisions of IFRSs. The allowance for impairments on loans and advances to customers for the Bank is approved by the Provisioning Committee.

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 will not 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 allowance for impairment on loans and advances to customers 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 2.14.

Impairment assessment is conducted individually for all loans that the Bank considers individually significant, and collectively for all loans that are not considered individually significant. Bank's individually significant loans, are considered those loans which exceed € 1 million at borrower level, while for the Bank the individually significant loans depend 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. Furthermore, collective assessment includes loans that are not individually impaired. Loans and advances to customers that are individually assessed but for which no impairment loss is calculated due to adequate collateral are excluded from the collective impairment assessment.

4.1.9. Collective assessment for business loan portfolio

All loans that are not individually assessed for impairment as well as those assessed but not impaired, excluding loans for which no impairment loss was identified because they are over-collateralized, are assessed on a collective basis. Exceptions are loans that are individually assessed but for which no impairment loss is calculated due to overcollateralization.

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 assets that are collectively assessed are estimated for impairment based on historical data of losses of assets with similar credit characteristics with the assets assessed. 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.

4.1.10. Collective assessment for retail loan portfolio

In order to determine the necessary collective allowance for impairment losses for the Group's retail loan portfolio, according to the IFRSs, loans which are individually assessed for impairment, excluding those for which no impairment loss was identified, are deducted from the whole retail loan portfolio due to overcollateralization.

Thereafter, the remaining portfolio is segmented, so that loans in each segment show the greatest possible homogeneity and uniformity in terms of their characteristics. Basic parameters, used for portfolio segmentation, are the following:

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

In order to determinate the allowance for impairment losses 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 allowance for impairment losses 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.

4.1.11 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 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.

Forborne loans are defined as exposures arising from loan agreements that have been subject to forbearance measures. The measures are considered as a concession of the Bank to a borrower who is facing or is about to face financial difficulties in fulfilling its financial obligations. Forbearance may involve conversion of contractual terms and conditions and / or refinancing of debts.

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

Forbearance measures do not lead to derecognition unless the loan is altered in a manner that the terms under the modified contract are substantially different from those under the original contract.

Loans in forbearance status are assessed for impairment either on individual or collective basis, according to the Provisioning Policy.

Retail Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The exposure is more than 90 days past due on any material credit obligation to the Bank or its subsidiaries.
- The exposure is considered as unlikely to pay (UTP) its obligations to the Bank or its subsidiaries.

Corporate Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The borrower is more than 90 days past due,
- The exposure or borrower is considered as unlikely to pay (UTP) his obligations to the Bank or its subsidiaries.

Exceptions are loans and advances to customers that are individually assessed but for which no impairment loss is calculated (eg. due to overcollateralization).

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 the Credit Risk Management Division, new teams were established with the responsibility to monitor the effectiveness and efficiency of the RBU’s in view of implementing the Bank’s NPL’s management strategy.

These 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 RBU 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

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

4.1.12 Write-offs

The Bank writes-off debt against the allowance for impairments, 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.

Amounts in thousand euros (Unless otherwise stated)

4.2 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 2017			31 December 2016		
	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	2,091,669	88,874	23,109	1,771,326	29,076	13,246,054
B) Loans and advances past due but not impaired	-	-	-	-	-	-
C) Loans and advances impaired	-	-	-	-	-	5,692
Total	**2,091,669**	**88,874**	**23,109**	**1,771,326**	**29,076**	**13,251,746**

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 2017	31 December 2016
Investment monitoring	1,715,014	1,214,092
Standard monitoring	466	15,112
Special monitoring	376,189	542,123
Total	**2,091,669**	**1,771,326**

Grades of reverse repos with customers	31 December 2017	31 December 2016
Standard monitoring	88,874	29,076
Total	**88,874**	**29,076**

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 4.5.

	31 December 2017	31 December 2016
Debt securities-receivables	23,109	13,251,746
Less: Allowance for impairment on debt securities - receivables	-	(5,489)
Debt securities-receivables net of provisions	**23,109**	**13,246,257**

Amounts in thousand euros (Unless otherwise stated)

Loans and advances to customers are summarized below:

	31 December 2017				
	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	Total allowance for impairment of loans and advances	Loans and advances to customers
A) Loans and advances neither past due nor impaired	29,041,909	-	(563,272)	(563,272)	**28,478,637**
B) Loans and advances past due but not impaired	3,913,536	-	(142,112)	(142,112)	**3,771,424**
C) Loans and advances impaired	26,750,474	(9,225,934)	(4,890,029)	(14,115,962)	**12,634,512**
Total	**59,705,919**	**(9,225,934)**	**(5,595,413)**	**(14,821,347)**	**44,884,572**

	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	Total provisions for impairment of loans and advances to customers	Loans and advances to customers
A) Loans and advances neither past due nor impaired	30,118,763	-	(430,581)	(430,581)	**29,688,181**
B) Loans and advances past due but not impaired	5,593,219	-	(314,007)	(314,007)	**5,279,212**
C) Loans and advances impaired	29,077,091	(10,255,708)	(5,068,672)	(15,324,380)	**13,752,711**
Total	**64,789,074**	**(10,255,708)**	**(5,813,260)**	**(16,068,969)**	**48,720,105**

It is noted that the amounts of loans and advances to customers before allowances for impairment on loans and advances to customers have been amended by fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. Specifically, the remaining allowance for impairment on loans and advances to customers of the Bank amount to € 5.6 billion as at 31/12/2017 relating to 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., which at their acquisition date by Piraeus Bank amounted to € 7.9 billion, has increased the gross balance of loans and advances to customers and the allowance for impairment on loans and advances to customers respectively in the table above. As for purposes of credit risk monitoring in accordance with IFRS 7 (Note 4), as well as for the presentation of Business Segments (Note 5) in accordance with IFRS 8, the aforementioned adjustment is part of the allowance for impairment on loans and advances to customers.

Amounts in thousand euros (Unless otherwise stated)

4.2.1. Loans and advances to customers by asset quality (impaired or non - impairment allowance - value of collateral)

31/12/2017	Non impaired L&As		Impaired L&As		Gross loans and advances to customers including PPA adjustment	Impairment Allowance			Loans and advances to customers	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed	Allowance for impairments on loans and advances to customers including PPA adjustment		
Retail Lending	**9,970,227**	**1,649,705**	**388,586**	**8,414,763**	**20,423,281**	**(258,397)**	**(3,653,960)**	**(3,912,357)**	**16,510,924**	**12,661,240**
Mortgages	8,008,386	1,325,948	268,572	5,422,782	15,025,688	(186,927)	(1,554,986)	(1,741,914)	13,283,775	11,502,858
Consumer	1,414,962	303,566	120,014	2,480,666	4,319,208	(71,470)	(1,701,899)	(1,773,368)	2,545,839	1,158,382
Credit cards	546,647	20,191	-	510,875	1,077,713	-	(397,075)	(397,075)	680,638	-
Other	232	-	-	440	672	-	-	-	672	-
Corporate Lending	**17,315,202**	**2,262,666**	**14,307,410**	**3,633,354**	**37,518,631**	**(8,967,417)**	**(1,906,230)**	**(10,873,646)**	**26,644,985**	**15,235,942**
Large	10,926,728	649,035	5,511,320	88,580	17,175,663	(3,673,172)	(207,794)	(3,880,966)	13,294,697	5,392,995
SMEs	6,388,473	1,613,631	8,796,090	3,544,774	20,342,969	(5,294,245)	(1,698,435)	(6,992,681)	13,350,288	9,842,947
Public Sector (Greece)	**1,756,481**	**1,165**	**6,269**	**92**	**1,764,007**	**(120)**	**(35,223)**	**(35,343)**	**1,728,663**	**1,654,800**
Total	**29,041,909**	**3,913,536**	**14,702,265**	**12,048,209**	**59,705,919**	**(9,225,934)**	**(5,595,413)**	**(14,821,347)**	**44,884,572**	**29,551,982**

Retail Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The exposure is more than 90 days past due on any material credit obligation to the Bank or its subsidiaries.
- The exposure is considered as unlikely to pay (UTP) its obligations to the Bank or its subsidiaries.

Corporate Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The borrower is more than 90 days past due.
- The exposure or borrower is considered as unlikely to pay (UTP) his obligations to the Bank or its subsidiaries.

Exceptions are loans and advances to customers that are individually assessed but for which no impairment loss is calculated (eg. due to overcollateralization).

The figures of 31/12/2016 were restated according to the above mentioned definition.

Amounts in thousand euros (Unless otherwise stated)

31/12/2016	Non impaired L&As		Impaired L&As		Gross loans and advances to customers including PPA adjustment	Impairment Allowance			Loans and advances to customers	Value of collateral
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed		Individually assessed	Collectively assessed	Allowance for impairments on loans and advances to customers including PPA adjustment		
Retail Lending	**10,313,737**	**2,083,982**	**381,791**	**8,891,162**	**21,670,673**	**(233,180)**	**(3,946,251)**	**(4,179,431)**	**17,491,242**	**13,271,559**
Mortgages	8,298,112	1,717,068	232,946	5,523,919	15,772,044	(151,019)	(1,650,652)	(1,801,671)	13,970,374	12,087,872
Consumer	1,462,890	343,432	148,846	2,722,801	4,677,968	(82,161)	(1,789,073)	(1,871,234)	2,806,734	1,183,687
Credit cards	552,514	23,481	-	643,060	1,219,055	-	(506,526)	(506,526)	712,528	-
Other	221	1	-	1,383	1,605	-	-	-	1,605	-
Corporate Lending	**17,755,879**	**3,507,459**	**16,392,665**	**3,401,165**	**41,057,167**	**(10,022,006)**	**(1,866,508)**	**(11,888,514)**	**29,168,653**	**16,466,910**
Large	10,889,364	1,439,683	6,318,202	40,421	18,687,671	(3,953,881)	(73,035)	(4,026,916)	14,660,755	5,572,965
SMEs	6,866,515	2,067,776	10,074,463	3,360,743	22,369,496	(6,068,126)	(1,793,473)	(7,861,598)	14,507,898	10,893,945
Public Sector (Greece)	**2,049,147**	**1,779**	**9,527**	**781**	**2,061,234**	**(522)**	**(501)**	**(1,023)**	**2,060,210**	**1,937,466**
Total	**30,118,763**	**5,593,219**	**16,783,984**	**12,293,108**	**64,789,074**	**(10,255,708)**	**(5,813,260)**	**(16,068,969)**	**48,720,105**	**31,675,935**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 4,596.5 million or 7.7% (2016: € 4,450.0 million or 6.9%) and floating rate loans amount to € 55,109.4 million (2016: € 60,338.7 million).

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)

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

31/12/2017	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired loans and advances to customers	Value of Collateral
Retail lending	**9,970,227**	**0**	**9,970,227**	**7,137,339**
Mortgages	8,008,386	-	8,008,386	6,659,917
Consumer	1,414,962	-	1,414,962	477,421
Credit cards	546,647	-	546,647	-
Other	232	-	232	-
Corporate Lending	**15,128,024**	**2,187,177**	**17,315,202**	**7,233,230**
Large	9,721,679	1,205,049	10,926,728	3,496,546
SMEs	5,406,345	982,128	6,388,473	3,736,684
Public Sector (Greece)	**1,756,480**	**1**	**1,756,481**	**1,654,800**
Total	**26,854,731**	**2,187,178**	**29,041,909**	**16,025,369**

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	**10,313,737**	**0**	**10,313,737**	**7,287,489**
Mortgages	8,298,112	-	8,298,112	6,800,729
Consumer	1,462,890	-	1,462,890	486,760
Credit cards	552,514	-	552,514	-
Other	221	-	221	-
Corporate Lending	**15,486,958**	**2,268,921**	**17,755,879**	**7,400,282**
Large	9,573,511	1,315,853	10,889,364	3,463,694
SMEs	5,913,447	953,068	6,866,515	3,936,588
Public Sector (Greece)	**2,045,448**	**3,699**	**2,049,147**	**1,937,466**
Total	**27,846,143**	**2,272,620**	**30,118,763**	**16,625,237**

Relative reference for the determination of corporate and retail portfolio credit quality is provided in Note 4.1.2 “Credit risk measurement and reporting systems”.

Amounts in thousand euros (Unless otherwise stated)

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

31/12/2017	Retail lending			Corporate Lending		Public Sector	Total Past due but not impaired Loans and advances to customers
	Mortgage	Consumer	Credit cards	Large	SMEs	Greece	
1-29 days	836,696	169,784	11,658	147,351	444,300	1,072	1,610,861
30-59 days	323,424	72,293	5,312	141,408	216,793	93	759,322
60-89 days	165,829	61,489	3,222	62,778	269,346	-	562,664
90-179 days	-	-	-	40,956	125,209	-	166,165
180-360 days	-	-	-	23,962	38,355	-	62,317
>360 days	-	-	-	75,622	156,962	-	232,584
Denounced	-	-	-	156,958	362,666	-	519,624
Total	**1,325,948**	**303,566**	**20,191**	**649,035**	**1,613,631**	**1,165**	**3,913,536**
Value of collateral	1,054,811	115,505	-	330,739	1,152,517	-	2,653,572

31/12/2016	Retail lending			Corporate Lending		Public Sector	Total Past due but not impaired Loans and advances to customers
	Mortgage	Consumer	Credit cards	Large	SMEs	Greece	
1-29 days	868,549	164,832	13,730	564,175	534,134	526	2,145,944
30-59 days	527,682	92,157	6,555	239,006	295,485	1,253	1,162,138
60-89 days	320,837	86,444	3,197	315,930	344,159	-	1,070,567
90-179 days	-	-	-	38,618	153,274	-	191,892
180-360 days	-	-	-	72,669	107,496	-	180,166
>360 days	-	-	-	196,426	422,652	-	619,077
Denounced	-	-	-	12,860	210,576	-	223,435
Total	**1,717,068**	**343,432**	**23,482**	**1,439,683**	**2,067,776**	**1,779**	**5,593,219**
Value of collateral	1,368,469	141,351	-	584,814	1,444,694	-	3,539,328

Amounts in thousand euros (Unless otherwise stated)

4.2.4 Impaired loans and advances to customers:

4.2.4.1 Movement in impaired loans and advances to customers by product line

	Retail lending				Corporate Lending		Public Sector	Total
	Mortgages	Consumer	Credit cards	Other	Large	SMEs	Greece	
Gross opening balance as at 1/1/2017	5,756,865	2,871,647	643,060	1,383	6,358,623	13,435,206	10,308	**29,077,091**
New impaired L&As	831,261	319,763	19,921	282	959,765	1,299,118	173	**3,430,282**
Transferred to non-impaired	(600,353)	(258,619)	(46,890)	(1,204)	(181,764)	(411,727)	(4,120)	**(1,504,677)**
Repayment	(180,481)	(61,638)	(4,111)	(20)	(451,171)	(534,388)	-	**(1,231,808)**
Impaired L&As written-off	(61,364)	(269,608)	(101,335)	-	(881,923)	(900,789)	-	**(2,215,020)**
Reclassification of impaired loans	594	(824)	230	-	50,294	(50,294)	-	**0**
Derecognition of impaired loans	-	-	-	-	(118,082)	(387,556)	-	**(505,638)**
Foreign exchange differences and other movements	(55,167)	(40)	-	-	(135,842)	(108,705)	-	**(299,755)**
Gross balance as at 31/12/2017	**5,691,354**	**2,600,680**	**510,875**	**440**	**5,599,899**	**12,340,864**	**6,361**	**26,750,474**
Impairment allowance	(1,666,907)	(1,567,492)	(392,348)	-	(3,698,342)	(6,790,701)	(172)	(14,115,962)
Net balance as at 31/12/2017	**4,024,447**	**1,033,188**	**118,527**	**440**	**1,901,557**	**5,550,163**	**6,189**	**12,634,512**

The movement of impaired loans and advances to customers of year 2016 has not been included, as the calculation of the impaired loans figures according to the newly applied definition (CRR default) for the year 2015,could not be calculated due to system limitations.

Amounts in thousand euros (Unless otherwise stated)

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

	Retail lending				Corporate Lending		Public Sector	Total
31/12/2017	**Mortgages**	**Consumer**	**Credit cards**	**Other**	**Large**	**SMEs**	**Greece**	
Not past due	623,403	157,884	304	-	821,997	1,332,939	-	2,936,527
1-29 days	204,303	41,356	5	-	150,006	160,806	-	556,476
30-59 days	99,078	23,039	18	-	81,163	92,607	-	295,905
60-89 days	72,380	23,422	15	-	69,514	124,241	-	289,572
90-179 days	174,539	28,368	1,794	-	145,208	302,631	-	652,541
180-360 days	119,142	26,265	15,131	-	2,820	78,697	-	242,054
>360 days	433,484	126,536	279	278	306,080	580,252	11	1,446,919
Denounced	2,298,116	606,318	100,982	163	324,769	2,877,991	6,179	6,214,518
Total net amount	**4,024,447**	**1,033,188**	**118,527**	**440**	**1,901,557**	**5,550,163**	**6,189**	**12,634,512**
Value of collateral	3,788,130	565,456	-	-	1,565,710	4,953,746	-	**10,873,042**

	Retail lending				Corporate Lending		Public Sector	Total
31/12/2016	**Mortgages**	**Consumer**	**Credit cards**	**Other**	**Large**	**SMEs**	**Greece**	
Not past due	619,314	158,003	692	-	1,018,711	1,128,006	3,481	2,928,207
1-29 days	212,599	54,831	42	-	133,924	183,728	-	585,125
30-59 days	117,331	30,070	8	-	115,973	67,376	-	330,757
60-89 days	108,272	33,986	190	-	43,931	117,508	-	303,887
90-179 days	192,720	47,934	2,800	-	52,911	371,325	-	667,691
180-360 days	170,367	56,939	2,912	-	28,990	186,591	-	445,798
>360 days	519,531	136,371	13,606	285	577,108	1,192,400	4	2,439,305
Denounced	2,151,903	681,546	121,712	1,098	423,053	2,666,451	6,178	6,051,941
Total net amount	**4,092,036**	**1,199,680**	**141,962**	**1,383**	**2,394,602**	**5,913,386**	**9,663**	**13,752,711**
Value of collateral	3,918,674	555,576	-	-	1,524,458	5,512,663	-	**11,511,370**

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)

4.2.5 Loan-to-value ratio (LTV)

Loan to value is the relationship between the loan and the appraised value of the mortgaged property held as collateral.

31/12/2017	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	2,727,420	339,855
50%-70%	2,075,618	119,522
71%-80%	1,112,340	37,364
81%-90%	1,087,271	26,142
91%-100%	1,065,754	28,634
101%-120%	1,992,709	97,068
121%-150%	2,128,294	185,720
Greater than 150%	2,836,281	927,949
Total exposure	**15,025,688**	**1,762,254**
Average LTV	96%	181%

31/12/2016	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	3,056,500	285,761
50%-70%	2,307,498	144,562
71%-80%	1,226,638	68,837
81%-90%	1,164,703	78,159
91%-100%	1,220,874	51,199
101%-120%	2,033,703	237,105
121%-150%	2,090,961	183,882
Greater than 150%	2,671,169	820,012
Total exposure	**15,772,044**	**1,869,518**
Average LTV	93%	189%

Regarding CRE ratio, it needs to be clarified that the 31/12/2016 figures are restated as a result of a data cleansing project that Piraeus Bank had taken on during 2017.

Amounts in thousand euros (Unless otherwise stated)

4.2.6 Repossessed collaterals

The repossessed collaterals in line "Real Estate", comprise property which along with advances for the acquisition of property that amount to € 89.8 million, appear in lines "Other assets", "Property and equipment" and "Investment property" in the Statement of Financial Position.

31/12/2017	Gross amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net Sale Price	Net gain/ losses on sale
Real estate	**1,040,614**	**200,522**	**(142,881)**	**(52,824)**	**897,733**	**37,463**	**(3,352)**
- Residential	323,605	25,085	(68,468)	(20,065)	255,136	24,695	(1,708)
- Commercial	717,009	175,437	(74,412)	(32,759)	642,597	12,768	(1,645)
Other collateral	**215**	**-**	**-**	**-**	**215**	**3**	**1**

31/12/2016	Gross amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net Sale Price	Net gain/ losses on sale
Real estate	**843,290**	**115,457**	**(94,183)**	**(23,995)**	**749,107**	**29,747**	**1,174**
- Residential	326,376	48,697	(55,663)	(12,693)	270,713	11,950	1,481
- Commercial	516,914	66,760	(38,520)	(11,302)	478,394	17,797	(307)
Other collateral	**226**	**226**	**(38)**	**(38)**	**188**	**-**	**-**

Amounts for "Reposessed collaterals" as at 31/12/2016 have been restated for comparison purposes.

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 (From 26/10/2017 the Property Management Unit belongs to the department REO of Piraeus Legacy Unit), 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 electronic call for tenders (www.properties4sale.gr) are being performed, as well as public tenders through the press. Also, rental agreements for many acquired properties are signed, when it is presumed that respective rental income is favorable for the Bank. Those rental agreements are being monitored by the Leased Property department of the same unit, that is responsible for renting such properties as well as managing the relevant rentals. Additionally, the properties portfolio of the Bank includes properties to be used by the Bank or to be rent to other subsidiaries or associates of the Group. 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, 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 improvement of its total asset return.

4.2.7. Breakdown of collateral and guarantees

31/12/2017	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	12,382,739	217,352	61,149	12,661,240	-
Corporate Lending	12,766,043	995,278	1,474,622	15,235,942	9,804,662
Public Sector	1,053	1,797	1,651,949	1,654,800	28
Total	**25,149,835**	**1,214,427**	**3,187,720**	**29,551,982**	**9,804,690**

31/12/2016	Value of collateral received				Guarantees received
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
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**

The value of guarantees includes mainly personal or corporate guarantees.

Amounts in thousand euros (Unless otherwise stated)

4.3 Impairment provisioning

4.3.1 Reconciliation of the allowance for impairment on loasn and advances to customers by product line (including fair value adjuestment)

	Mortgages	Consumer/ personal and other retail loans	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1/1/2017	1,801,671	1,871,234	506,526	4,179,431	11,888,514	1,023	16,068,969
Charge for the year	92,456	241,889	(2,033)	332,312	1,612,388	34,672	1,979,372
Amounts written off	(66,521)	(284,793)	(101,569)	(452,884)	(1,794,902)	(229)	(2,248,015)
Provision of derecognised loans	-	-	-	-	(406,505)	-	(406,505)
Unwinding	(71,649)	(58,889)	(5,849)	(136,387)	(241,113)	(124)	(377,624)
Foreign exchange differences and other movements	(14,042)	3,928	-	(10,115)	(184,735)	-	(194,850)
Closing balance as at 31/12/2017	**1,741,914**	**1,773,368**	**397,075**	**3,912,357**	**10,873,646**	**35,343**	**14,821,347**

	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**

Amounts in thousand euros (Unless otherwise stated)

4.3.2 Loans and advances to customers, impaired loans and allowance for impairment by product line, industry and geographical region

31/12/2017	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	**20,266,978**	**8,686,314**	**(3,860,205)**	**156,303**	**117,035**	**(52,152)**
Mortgages	14,972,993	5,667,797	(1,733,010)	52,696	23,557	(8,904)
Consumer	4,215,601	2,507,202	(1,730,120)	103,607	93,478	(43,248)
Credit cards	1,077,713	510,875	(397,075)	-	-	-
Other	672	440	-	-	-	-
Corporate Lending	**36,087,695**	**17,229,922**	**(10,440,627)**	**1,430,936**	**710,842**	**(433,019)**
Commerce and services	5,358,727	3,186,749	(1,803,322)	162,442	121,502	(78,071)
Manufacturing	5,853,338	3,042,248	(1,627,588)	103,478	89,111	(39,049)
Shipping	2,369,052	1,063,413	(674,850)	-	-	-
Construction	3,867,384	2,633,384	(1,569,175)	134,040	110,227	(57,308)
Tourism	2,614,258	756,472	(394,817)	5,493	3,815	(2,273)
Energy	1,067,334	41,534	(52,317)	5,331	4,407	(135)
Agriculture	1,061,832	380,161	(189,421)	39,882	35,003	(7,850)
Coastline/ Ferries Companies	244,261	122,358	(50,918)	-	-	-
Transport & Logistics	986,461	471,530	(336,373)	81,742	56,570	(38,395)
Financial Sector	3,948,180	1,231,969	(965,962)	231,087	44,726	(48,258)
Real Estate Companies	2,147,244	1,333,728	(785,671)	439,518	156,524	(90,927)
Project Finance	1,764,764	282,245	(251,204)	177,456	55,139	(46,398)
Other	4,804,859	2,684,132	(1,739,009)	50,468	33,818	(24,354)
Public Sector	**1,764,007**	**6,361**	**(35,343)**	**0**	**0**	**0**
Total	**58,118,680**	**25,922,597**	**(14,336,175)**	**1,587,239**	**827,878**	**(485,172)**

Note (1): The gross amount of Loans and advances for the Public sector (€ 1,764.0 million) at 31/12/2017 includes the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') of € 1,645.6 million (31/12/2016: € 1,928.6 million), which has been repaid in February 2018.

Amounts in thousand euros (Unless otherwise stated)

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**	**9,136,320**	**(4,127,259)**	**180,537**	**136,634**	**(52,173)**
Mortgages	15,706,723	5,729,044	(1,792,758)	65,321	27,820	(8,913)
Consumer	4,562,753	2,762,833	(1,827,974)	115,215	108,814	(43,260)
Credit cards	1,219,055	643,060	(506,526)	-	-	-
Other	1,605	1,383	-	-	-	-
Corporate Lending	**39,251,464**	**18,709,258**	**(11,295,698)**	**1,805,703**	**1,084,571**	**(592,816)**
Commerce and services	5,589,121	3,297,353	(1,919,803)	227,811	184,059	(113,149)
Manufacturing	6,287,588	3,146,915	(1,716,314)	131,222	123,420	(58,794)
Shipping	2,702,285	657,579	(361,292)	-	-	-
Construction	4,292,598	2,981,608	(1,791,947)	190,738	172,485	(92,518)
Tourism	2,766,583	932,279	(396,117)	12,307	10,319	(4,987)
Energy	902,818	67,358	(35,725)	5,677	4,599	(369)
Agriculture	1,167,345	387,914	(264,696)	44,382	40,472	(10,988)
Coastline/ Ferries Companies	290,414	121,227	(48,250)	-	-	-
Transport & Logistics	1,186,027	672,548	(504,245)	96,047	74,857	(42,961)
Financial Sector	4,229,394	1,794,525	(1,257,362)	240,603	48,209	(35,080)
Real Estate Companies	2,405,085	1,367,471	(798,396)	463,556	226,640	(84,314)
Project Finance	1,911,653	273,482	(215,362)	223,835	98,780	(68,726)
Other	5,520,553	3,009,000	(1,986,190)	169,525	100,733	(80,930)
Public Sector	**2,061,234**	**10,308**	**(1,023)**	**0**	**0**	**0**
Total	**62,802,834**	**27,855,886**	**(15,423,980)**	**1,986,239**	**1,221,205**	**(644,988)**

Amounts in thousand euros (Unless otherwise stated)

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

2017	Interest income on non-impaired Loans & Advances	Interest income on impaired Loans & Advances	Total interest income
Retail lending	356,297	298,162	654,459
Corporate lending	831,692	487,625	1,319,317
Public sector	14,124	170	14,294
Total interest income	**1,202,113**	**785,957**	**1,988,070**

The respective analysis for the year 2016 has not been included, as the calculation of interest income of impaired loans, according to the newly applied definition (CRR Default), could not be calculated due to system limitations.

4.4 Forbearance

Relevant to the restructuring policy is Note 4.1.11.

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

Forbearance measures	Forborne Loans & Advances (net amounts)	
	31/12/2017	31/12/2016
Interest only schedule	-	-
Reduced payment schedule	1,854,815	2,533,520
Payment moratorium/ Holidays	531,266	584,032
Term extension	2,745,901	2,264,375
Arrears capitalization	1,355,865	971,885
Hybrid (i.e. combination of measures)	3,555,696	4,184,634
Other	133,055	197,521
Total net amount	**10,176,598**	**10,735,967**

4.4.2. Credit quality of forborne loans and advances to customers

31/12/2017	Total amount of Loans & Advances	Total amount of forborne Loans & Advances	% of Forborne Loans & Advances
Neither past due nor impaired	29,041,909	4,954,090	17.1%
Past due but not impaired	3,913,536	1,396,760	35.7%
Impaired	26,750,474	7,578,200	28.3%
Total gross amount	**59,705,919**	**13,929,050**	**23.3%**
Individual impairment allowance	(9,225,934)	(2,553,610)	27.7%
Collective impairment allowance	(5,595,413)	(1,198,842)	21.4%
Total impairment allowance	**(14,821,347)**	**(3,752,452)**	**25.3%**
Total net amount	**44,884,572**	**10,176,598**	**22.7%**
Collateral received	29,551,982	8,305,175	28.1%
Total net amount less collateral value	**15,332,590**	**1,871,423**	**12.2%**

Amounts in thousand euros (Unless otherwise stated)

31/12/2016	Total amount of Loans & Advances	Total amount of forborne Loans & Advances	% of Forborne Loans & Advances
Neither past due nor impaired	30,118,763	4,695,948	15.6%
Past due but not impaired	5,593,219	2,029,119	36.3%
Impaired	29,077,091	7,830,674	26.9%
Total gross amount	**64,789,074**	**14,555,742**	**22.5%**
Individual impairment allowance	(10,255,708)	(2,746,338)	26.8%
Collective impairment allowance	(5,813,260)	(1,073,436)	18.5%
Total impairment allowance	**(16,068,969)**	**(3,819,774)**	**23.8%**
Total net amount	**48,720,105**	**10,735,967**	**22.0%**
Collateral received	31,675,935	8,071,935	25.5%
Total net amount less collateral value	**17,044,170**	**2,664,032**	**15.6%**

4.4.3. Reconciliation of forborne loans and advances to customers

	31/12/2017	31/12/2016
Opening balance	10,735,967	9,318,884
Forbearance measures in the year	3,577,418	4,300,087
Repayment of loans (partial or total)	(733,970)	(647,597)
L&As that exited forbearance status in the year	(2,890,880)	(2,229,217)
Impairment loss	(263,836)	(41,930)
Foreign exchange differences and other movements	(248,101)	35,741
Closing balance	**10,176,598**	**10,735,967**

4.4.4. Forborne loans and advances to customers by product line

	31/12/2017	31/12/2016
Retail Lending	**4,637,647**	**4,152,002**
Mortgage	3,876,741	3,411,620
Consumer	760,906	740,383
Corporate Lending	**5,529,972**	**6,574,847**
Large	2,244,783	3,100,629
SMEs	3,285,189	3,474,218
Public Sector (Greece)	**8,979**	**9,118**
Total net amount	**10,176,598**	**10,735,967**

4.4.5. Forborne loans and advances to customers by geographical region

	31/12/2017	31/12/2016
Greece	10,120,056	10,639,237
Rest of Europe	56,542	96,730
Total net amount	**10,176,598**	**10,735,967**

4.4.6. 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 2017 and 2016 are as follows:

	2017			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	APE INVESTMENT PROPERTY S.A.	1.7%	31/10/2017	10.9
2	ELTER A.T.E.	15.4%	13/11/2017	2.9

	2016			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition (€ million)
1	EUROAK S.A.	20.2%	1/9/2016	7.1
2	EUROTERRA S.A.	3.2%	1/9/2016	0.7

Amounts in thousand euros (Unless otherwise stated)

4.5 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 2017, based on Standard & Poor's ratings or their equivalent:

31 December 2017	Bonds and Treasury Bills at fair value through profit or loss	Debt securities - receivables	Bonds and Treasury Bills of investment portfolio	Total
AAA	-	-	-	0
AA- to AA+	1,465,180	-	-	1,465,180
BB- to BB+	3,059	-	3,341	6,399
Lower than BB-	8,006	-	1,716,695	1,724,701
Unrated	-	23,109	3,818	26,927
Total	**1,476,244**	**23,109**	**1,723,853**	**3,223,207**

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

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**

Amounts in thousand euros (Unless otherwise stated)

4.6 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	2,051,200	40,468	2,091,669
Derivative financial instruments - assets	461,371	31	461,402
Bonds and Treasury Bills at fair value through profit or loss	1,476,244	-	1,476,244
Loans and advances to customers	43,782,505	1,102,068	44,884,572
Loans to individuals	16,406,773	104,151	16,510,924
- Mortgages	13,239,983	43,792	13,283,775
- Consumer - personal loans	2,486,153	60,359	2,546,511
- Credit cards	680,638	-	680,638
Loans to corporate entities/ public sector	27,375,731	997,917	28,373,648
Debt securities - receivables	23,109	-	23,109
Bonds & Treasury Bills of Investment Portfolio and other variable income securities	1,745,832	-	1,745,832
Reverse repos with customers	88,874	-	88,874
Other assets	2,331,764	6,591	2,338,355
As at 31 December 2017	**51,960,900**	**1,149,158**	**53,110,058**

	Greece	Rest of Europe	Total
Loans and advances to credit institutions	1,743,068	28,258	1,771,326
Derivative financial instruments - assets	448,907	-	448,907
Bonds and Treasury Bills at fair value through profit or loss	8,428	-	8,428
Loans and advances to customers	47,378,854	1,341,251	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	30,015,976	1,212,887	31,228,863
Debt securities - receivables	13,246,054	203	13,246,257
Bonds & Treasury Bills of Investment Portfolio and other variable income securities	2,086,256	-	2,086,256
Reverse repos with customers	29,076	-	29,076
Other assets	2,406,854	13,337	2,420,190
As at 31 December 2016	**67,347,497**	**1,383,049**	**68,730,546**

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	2,091,669	-	-	-	-	-	-	-	-	-	-	-	-	2,091,669
Derivative financial instruments - assets	71,564	12	-	-	52,980	4,470	308,263	-	1	-	-	24,113	-	461,402
Bonds and Treasury Bills at fair value through profit or loss	3,059	-	-	-	-	-	1,473,186	-	-	-	-	-	-	1,476,244
Loans and advances to customers (net of provisions)	3,165,047	4,290,178	2,374,941	1,710,165	1,644,618	3,639,776	1,728,663	1,887,545	1,713,648	2,222,662	904,443	3,091,964	16,510,924	44,884,572
Loans to individuals (retail customers)	-	-	-	-	-	-	-	-	-	-	-	-	16,510,924	16,510,924
Loans to corporate entities/ Public sector	3,165,047	4,290,178	2,374,941	1,710,165	1,644,618	3,639,776	1,728,663	1,887,545	1,713,648	2,222,662	904,443	3,091,964	-	28,373,648
Debt securities - receivables	5,012	-	-	-	-	-	-	-	-	-	-	18,097	-	23,109
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	5,557	83,317	88,874
Bonds, treasury bills and other variable income securities of investment portfolio	44,564	-	-	-	-	-	1,701,181	-	88	-	-	-	-	1,745,832
Other assets	225,223	570	-	7,868	7	-	501,529	543	604	-	-	1,404,821	197,192	2,338,357
Balance at 31 December 2017	**5,606,137**	**4,290,760**	**2,374,941**	**1,718,033**	**1,697,605**	**3,644,245**	**5,712,822**	**1,888,087**	**1,714,341**	**2,222,662**	**904,443**	**4,544,552**	**16,791,433**	**53,110,060**
Balance at 31 December 2016	**5,034,225**	**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**	**68,730,546**

The loans to public sector (€ 1,728.7 million) at 31/12/2017 include the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE), of € 1,612.3 million (31/12/2016: 1,928.6 million). 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	865,646	375,230	984,061	107,276	60,582	181,643	1,526	-	125,041	56,713	8,421	172,960	-	2,939,101
Letters of Credit	25	18,908	270	-	-	5,737	-	-	73	-	229	9,079	-	34,322
Irrevocable undrawn committed credit facilities	11,039	105,543	13,301	22,100	4,462	26,634	318	-	52,870	18,743	3,200	21,278	74,959	354,447
Balance at 31 December 2017	**876,711**	**499,681**	**997,633**	**129,376**	**65,044**	**214,015**	**1,844**	**0**	**177,983**	**75,456**	**11,851**	**203,317**	**74,959**	**3,327,869**
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
Irrevocable 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 31 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**

4.7 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 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 Bank has not offset any financial assets or liabilities on 31/12/2017 and 31/12/2016, given that the netting criteria mentioned in the first case (i) are not fulfilled.

The following tables, present the recognized on 31/12/2017 and 31/12/2016 financial instrumentst, 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), cross currency interest rate swap contracts, fx forwards, currency swaps and options, for which there are ISDA contracts and b) interbank repos covered by Global Master Repurchase Aggrement (GMRA).

Amounts in thousand euros (Unless otherwise stated)

31/12/2017	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 - assets	461,402	-	461,402	17,056	6,720	437,626
Reverse Repurchase agreements	905,502	-	905,502	816,628	-	88,874
Total	**1,366,904**	**0**	**1,366,904**	**833,684**	**6,720**	**526,500**

31/12/2017	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 - liabilities	403,881	-	403,881	30,401	366,634	6,846
Repurchase agreements	1,544,512	-	1,544,512	1,544,512	-	-
Total	**1,948,393**	**0**	**1,948,393**	**1,574,913**	**366,634**	**6,846**

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 - assets	448,907	-	448,907	4,972	-	443,935
Reverse Repurchase agreements	29,076	-	29,076	-	-	29,076
Total	**477,983**	**0**	**477,983**	**4,972**	**0**	**473,011**

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 - liabilities	656,655	-	656,655	97,644	559,011	-
Repurchase agreements	6,083,168	-	6,083,168	-	3,642	6,079,525
Total	**6,739,823**	**0**	**6,739,823**	**97,644**	**562,653**	**6,079,525**

4.8 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 Statetment of Financial Position 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,assuming a one-day holding period and utilizing a 99% confidence level, using market data that give more weight to recent observations (exponentially weighted moving average volatilities and correlations using λ=0.94) 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.

The calculation of risk metrics necessary for VaR calculations (volatilities and correlations) is performed on a daily basis by RiskMetrics.

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 29/12/2017, was € 0.5 million. This estimate consists of € 0.2 million for interest rate risk and € 0.5 million for foreign exchange risk. There is a reduction in the Value-at-Risk estimate of € 0.2 million due to the diversification effect in the portfolio as at 31/12/17.

The Value-at-Risk estimate for the Bank’s Trading Book at 31/12/2016, was € 0.5 million. This estimate consists of € 0.3 million for interest rate risk and € 0.4 million for foreign exchange risk. There is a reduction in the Value-at-Risk estimate of € 0.2 million due to the diversification effect in the portfolio as at 31/12/16.

During 2017, the reduction in Bank’s Trading Book VaR is due to a decrease in Greek Government bonds by € 11.0 million.

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
2017	0.5	0.2	0.0	0.5	0.0	-0.2
2016	0.5	0.3	0.0	0.4	0.0	-0.2

The Value at Risk estimate at 31/12/2017 for the Available for sale portfolio was € 8.2 million, whereas the relative figure for 31/12/2016 was € 15.0 million. The reduction in VaR of of the Available for sale portfolio is due to a decrease in Greek Government Bonds volatilities, mainly stemming from 15 and 20 year tenors.

4.9 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 31/12/2017. 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 2017	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with Central Bank	1,120,952	15,544	4,865	295	2,048	10,691	1,154,395
Loans and advances to credit institutions	1,963,959	36,204	18,268	5,574	38,679	28,985	2,091,669
Derivative financial instruments - assets	439,353	-	22,049	-	-	-	461,402
Financial instruments at fair value through profit or loss	1,476,244	-	-	-	-	-	1,476,244
Reverse repos with customers	88,874	-	-	-	-	-	88,874
Loans and advances to customers (net of provisions)	40,828,918	2,357,758	40,916	51,402	1,505,448	100,130	44,884,572
Debt securities - receivables	23,109	-	-	-	-	-	23,109
Investment securities	1,981,250	38,214	-	-	-	-	2,019,464
Other assets	2,326,367	7,479	1,734	75	1,886	814	2,338,355
Total financial assets	**50,249,027**	**2,455,199**	**87,832**	**57,346**	**1,548,060**	**140,621**	**54,538,085**
Foreign exchange risk of liabilities							
Due to credit institutions	11,650,902	113,989	3,617	28	463	2,543	11,771,541
Derivative financial instruments - liabilities	(780,311)	538,579	1	92,156	364,585	188,871	403,881
Due to customers	39,598,443	1,329,220	95,618	1,014	13,180	263,331	41,300,806
Debt securities in issue	435,277	-	-	-	-	-	435,277
Other liabilities	853,524	4,054	204	-	-	2,043	859,825
Total financial liabilities	**51,757,835**	**1,985,842**	**99,440**	**93,199**	**378,228**	**456,788**	**54,771,331**
Net on-balance sheet financial position	**(1,508,808)**	**469,357**	**(11,608)**	**(35,853)**	**1,169,832**	**(316,167)**	**(233,246)**
Net position of non financial assets - liabilities	**(1,330,086)**	**541,249**	**(21,093)**	**92,156**	**364,585**	**528,914**	**175,725**
Net Off balance sheet items	**2,771,106**	**(992,512)**	**32,059**	**(57,335)**	**(1,553,933)**	**(189,171)**	**10,213**
Currency position	**(67,787)**	**18,094**	**(642)**	**(1,032)**	**(19,516)**	**23,576**	**(47,307)**

At 31 December 2016	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Total financial assets	64,496,961	2,922,915	74,640	99,009	1,975,025	342,560	69,911,110
Total financial liabiities	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**	**0**	**(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**

Amounts in thousand euros (Unless otherwise stated)

4.10 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 29/12/2017:

At 31 December 2017	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	1,154,395	-	-	-	-	-	1,154,395
Loans and advances to credit institutions	1,951,768	139,900	-	-	-	-	2,091,669
Financial instruments at fair value through profit or loss	-	-	-	156	1,476,088	-	1,476,244
Reverse repos with customers	34,628	37,799	16,446	-	-	-	88,874
Loans and advances to customers (net of provisions)	31,267,134	7,869,414	3,983,877	1,250,431	513,716	-	44,884,572
Debt securities - receivables	-	-	-	-	23,109	-	23,109
Investment securities	21,677	424,659	702,232	43,347	531,937	295,611	2,019,464
Other assets	-	-	-	-	-	2,338,355	2,338,355
Total financial assets	**34,429,603**	**8,471,773**	**4,702,556**	**1,293,934**	**2,544,851**	**2,633,966**	**54,076,683**
Liabilities							
Due to credit institutions	7,611,683	118,563	41,295	4,000,000	-	-	11,771,541
Due to customers	31,255,074	4,777,478	5,130,258	35,264	-	102,733	41,300,806
Debt securities in issue	27,420	407,857	-	-	-	-	435,277
Other liabilities	-	-	-	-	-	859,825	859,825
Total financial liabilities	**38,894,177**	**5,303,899**	**5,171,553**	**4,035,264**	**0**	**962,558**	**54,367,449**
Net notional amounts of derivative financial instruments	**24,967**	**12,425**	**(208)**	**(5,718)**	**(1,156)**	**0**	**30,310**
Total interest rate gap	**(4,439,606)**	**3,180,299**	**(469,205)**	**(2,747,048)**	**2,543,695**	**1,671,408**	**(260,457)**

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 using hedge accounting.

Amounts in thousand euros (Unless otherwise stated)

At 31 December 2016	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Total financial assets	38,078,553	8,690,088	5,818,630	9,425,500	4,742,429	2,710,839	69,466,039
Total financial liabiities	54,039,377	4,803,058	4,295,120	4,018,806	-	1,111,412	68,267,773
Net notional amounts of derivative financial instruments	(34,138)	(144,737)	(40,052) -	1,834	-	-	(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**

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 € 38.7 million (2016: € 40.6 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.

4.11 Liquidity risk

Piraeus Bank acknowledges that effective Liquidity Risk management is essential for its ability to meet its financial liabilities promptly and without losses.

Liquidity risk is the risk that a financial institution will not be able to meet its obligations as they become due.

All Bank's units have applied a uniform Liquidity Risk Management Policy for the effective management of liquidity risk. 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. In order to manage liquidity risk effectively, the Bank monitors, inter alia, the amount, quality and composition / diversification of its liquid assets, the cash flow analysis of its assets and liabilities (inflows, outflows) in time buckets, the composition / diversification and cost of its funding sources, the composition / diversification and funding capacity of its unencumbered collateral and its funding needs in local and foreign currencies.

The policy is focused on the liquidity needs expected to emerge, in a week's or a 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 80% was introduced in 1/1/2017. 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, Piraeus Bank's market and liquidity risk management division has submitted to SSM, the Report on the Internal Liquidity Adequacy Assessment Process (ILAAP) regarding years 2016 and 2017, which contains the rules governing the management of liquidity risk and the main results of current and future bank's liquidity position evaluation.

In addition, 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.

During the year 2017 the Bank has reduced its Central Bank funding reliance through the sale of its EFSF and ESM bonds portfolio and by expanding the rest of its funding sources, namely by increasing its customer deposits, drawing funds from the market through the issuance of its new covered bond series and by furthering its activity in the interbank repo market on the back of non-ECB eligible collateral.

Amounts in thousand euros (Unless otherwise stated)

Piraeus Bank's deposits increased during 2017 by € 1,535.5 million or 3.7%, recording a positive trend since May and throughout the rest of the year, reaching a total balance of € 41,300.8 million at 31/12/2017, in comparison to € 39,765.3 million at 31/12/2016.

In 2017, Piraeus Bank carried out deleveraging of its assets through the sale of its EFSF and ESM bonds portfolio of € 11,750.8 million by participating in the relevant ECB's EFSF / ESM Bond Exchange program (repurchase program of securities issued by European supranational euro-area agencies).

The aforementioned bonds balances reduction led to the reduction of the Bank's interbank repos on the back of EFSF bonds by € 5,980.1 million (elimination of EFSF repo balances in the year end 2017). Simultaneously, during the same year the Bank furthered its activity in the interbank repo market on the back of non-ECB eligible collateral by € 1,440.7 million, reaching € 1,543.9 million as at 31/12/2017, of which € 1,316.7 million repo transactions on the back of the Bank's own securitization and covered bond issues and € 227.2 million on the back of Greek government treasury bills. Overall, funding drawn through the interbank repo market was reduced in 2017 by € 4,539.4 million, and as at 31/12/2017 amounted to € 1,543.9 million (2016: € 6,083.2 million).

During the last quarter of 2017 the Bank issued a new series of Covered bonds of € 500.0 million and raised € 370.0 million of funding through private placements by the market. The new issue increased Piraeus Bank's long-term funding at a relatively low cost, thereby aiding further its ELA funding reduction effort and the gradual restoration of its money markets access.

All of the changes described above contributed in the reduction of the Bank's overall liquidity drawn from central banks (ECB and ELA) by € 11,170.0 million, reaching the amount of € 9,730.0 million as at 31/12/2017, in comparison to € 20,900.0 million as at 31/12/2016. In particular, ELA funding reached the amount of € 5,700.0 million as at 31/12/2017, in comparison to € 11,900.0 million as at 31/12/2016, while ECB funding reached the amount of € 4,030.0 million, in comparison to € 9,000.0 million as at the same dates.

Finally, the long-term funding from ECB (TLTRO II) as at 31/12/2017 remained unchanged compared to 31/12/2016, at the amount of € 4,000.0 million.

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 2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	7,557,750	51,555	9,266	4,078,637	89,725	**11,786,933**
Due to customers	31,370,842	4,703,283	5,169,848	115,424	-	**41,359,397**
Debt securities in issue	20	2,087	6,708	415,994	70,201	**495,011**
Other liabilities	-	-	-	-	859,271	**859,271**
Total liabilities (contractual maturity dates)	**38,928,613**	**4,756,926**	**5,185,822**	**4,610,055**	**1,019,197**	**54,500,612**
Total assets (expected maturity dates)	**5,328,926**	**1,521,660**	**6,877,681**	**18,772,999**	**30,603,038**	**63,104,304**

Amounts in thousand euros (Unless otherwise stated)

In line "Due to Credit Institutions" in the "up to 1 month" time band, ELA funding and ECB funding is included as they have an initial contractual maturity of 1 week.

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**

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 2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
- Interest rate derivatives	(7)	(125)	1,023	7,754	2,810	**11,455**
Total	**(7)**	**(125)**	**1,023**	**7,754**	**2,810**	**11,455**

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**

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 2017	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	(1,382,786)	(1,203,662)	(1,248,546)	(314,929)	-	**(4,149,923)**
Inflow	1,388,735	1,220,742	1,278,692	277,163	-	**4,165,331**

Amounts in thousand euros (Unless otherwise stated)

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**

biii) Off balance sheet items

At 31 December 2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	136,043	86,459	482,387	2,229,932	4,280	**2,939,101**
Letters of Credit	17,340	10,651	6,331	-	-	**34,322**
Undrawn Committed Credit Facilities	20,094	700	149,081	123,500	61,071	**354,447**

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**

4.12 Transfers of financial assets

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

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

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

	Transferred assets			Associated liabilities		
31/12/2017	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	1,473,151	-	-	1,343,564	-	-
Available-for-sale financial assets	1,692,602	-	259,413	1,136,525	-	219,592
Loans and advances to customers (before provisions)	30,211,662	66,616	2,451,785	8,395,220	64,489	1,317,349
Debt securities	-	-	-	-	-	-
Total	**33,377,415**	**66,616**	**2,711,198**	**10,875,309**	**64,489**	**1,536,941**

	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	1,245,893	-	-	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**

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)

4.13 Fair values of financial assets and liabilities

a) Financial 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 Statement of Financial Position at fair value.

Assets	Carrying value		Fair value	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Loans and advances to credit Institutions	2,091,669	1,771,326	2,091,669	1,771,326
Loans and advances to customers	44,884,572	48,720,105	44,068,011	47,735,635
- Loans to individuals	16,510,924	17,491,242	16,298,732	17,272,352
- Loans to corporate entities	26,644,985	29,168,653	26,040,615	28,403,056
- Loans to public sector	1,728,663	2,060,210	1,728,663	2,060,227
Debt securities - receivables	23,109	13,246,257	22,586	13,471,242
Reverse repos with customers	88,874	29,076	88,874	29,076

Liabilities	Carrying value		Fair value	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Due to credit institutions	11,771,541	27,392,700	11,771,541	27,392,700
Due to customers	41,300,806	39,765,301	41,300,806	39,765,301
Debt securities in issue	435,277	69,515	407,930	56,463

The fair values as at 31/12/2017 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 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.

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 31/12/2017 and 31/12/2016 is presented in the tables below:

Analysis of Fair Value in levels as at 31/12/2017	Level 2	Level 3	Total
Assets			
Loans and advances to customers	-	44,068,011	44,068,011
- Loans to individuals	-	16,298,732	16,298,732
- Loans to corporate entities	-	26,040,615	26,040,615
- Loans to public sector	-	1,728,663	1,728,663
Debt securities-receivables	22,586	-	22,586
Liabilities			
Debt Securities in Issue	407,930	-	407,930

Analysis of Fair Value in levels as at 31/12/2016	Level 2	Level 3	Total
Assets			
Loans and advances to customers	-	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

b) Financial 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.

IFRS 13 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 wich are observable and are not included in Level 1.

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 observable prices in order to determine their fair value. Specifically:

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/ liabilities.

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 independent valuers that are presented in Note 2.20 “Investment property” of the summarised 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 27.

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 31/12/2017	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	446,941	14,461	**461,402**
Financial instruments at fair value through profit or loss				
- Bonds	11,065	-	-	**11,065**
- Other financial assets at fair value through profit or loss	-	1,465,180	-	**1,465,180**
Available for sale securities				
- Bonds	575,284	-	-	**575,284**
- Shares & other variable income securities	99,918	40,519	155,173	**295,611**
- Treasury bills	1,148,569	-	-	**1,148,569**
Liabilities				
Derivative financial instruments - liabilities	-	378,940	24,941	**403,881**

Amounts in thousand euros (Unless otherwise stated)

Assets & Liabilities measured at fair value as at 31/12/2016	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	442,906	6,001	**448,907**
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	75,839	31,497	183,313	**290,648**
- Treasury bills	1,668,133	-	-	**1,668,133**
Liabilities				
Derivative financial instruments - liabilities	-	656,655	-	**656,655**

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 31/12/2017 and on 31/12/2016, no transfer from Level 1 to Level 2 and vice versa occurred during 2017 and 2016.

The following tables present the movement of derivative financial instruments - assets/ liabilities and shares of the available for sale portfolio within Level 3 on 31/12/2017 and on 31/12/2016:

Reconciliation of Level 3 items (year 2017)	Derivative financial instruments -assets	Derivative financial instruments -liabilities	Available for sale shares & other variable income securities
Opening balance 1/1/2017	6,001	-	183,313
Profit/ (loss) for the year	8,460	24,941	-
- Unrealised	8,460	24,941	-
- Realised	-	-	-
Purchases	-	-	1,854
Other comprehensive Income	-	-	(19,760)
Impairment	-	-	(2,000)
Disposals	-	-	(2,337)
Transfer to Level 3	-	-	-
Transfer to loans and advances to customers	-	-	(5,896)
Foreign exchange differences and other movements	-	-	-
Closing balance 31/12/2017	**14,461**	**24,941**	**155,173**

Reconciliation of Level 3 items (year 2016)	Derivative financial instruments -assets	Available for sale shares & other variable income securities
Opening balance 1/1/2016	2,197	220,238
Profit/ (loss) for the year	3,804	-
- Unrealised	3,804	-
- Realised	-	-
Purchases	-	23,142
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**

Amounts in thousand euros (Unless otherwise stated)

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

Sensitivity analysis of Level 3 hierarchy	31/12/2017	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(37,304)
Derivative financial instruments - assets	3,281	(2,675)
Derivative financial instruments - liabilities	2,472	(2,457)
Equity Statement		
Available for sale shares & other variable income securities	17,210	667

Sensitivity analysis of Level 3 hierarchy	31/12/2016	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(26,871)
Derivative financial instruments - assets	6,756	(4,966)
Equity Statement		
Available for sale shares & other variable income securities	17,968	(3,000)

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 31/12/2017, will range between approximately +23% in the scenarios of favorable changes and -19% in the scenarios of unfavorable changes for derivatives financial instruments – assets and between approximately -10% in the scenarios of favorable changes and +10% in the scenarios of unfavorable changes for derivatives financial instruments – liabilities.

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.

Furthermore, 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.

4.14 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.

4.15 Capital adequacy

From January 2014 onwards, the Bank complies with the CRD IV regulatory framework (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU and Regulation (EU) No. 575/2013 (CRR). For the transposition of Directive 2013/36/EU, Greece adopted 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 (CAD Ratio): 8%.

Following the activation of the SSM on November 4th 2014, the Bank came under the direct supervision of the ECB.

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

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

Presented below, are the capital adequacy ratios as at 31/12/2016 and 31/12/2017 for Piraeus Bank S.A. as calculated under the existing regulatory framework, taking into account all relevant transitional period provisions applicable under Regulation (EU) No. 575/2013.

Amounts in thousand euros (Unless otherwise stated)

	31 December 2017	31 December 2016
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	90,390	3,958
Legal reserve and other reserves	69,364	71,205
Retained earnings	(8,467,755)	(8,353,025)
Less: intangible assets	(256,292)	(259,592)
Total regulatory adjustments on Common Equity Tier I capital	(1,376,176)	(447,532)
Common Equity Tier 1 Capital & Tier 1 Capital (A)	**7,794,174**	**8,749,657**
Tier II Capital		
Subordinated debt	-	-
Total regulatory adjustments on Tier II capital	-	-
Total Tier II Capital (B)	**0**	**0**
Total regulatory capital (A+B)	**7,794,174**	**8,749,657**
Total risk weighted assets (on and off- balance sheet items)	**47,864,312**	**49,848,051**
CET 1 Capital ratio	**16.3%**	**17.6%**
T1 Capital ratio	**16.3%**	**17.6%**
Total capital ratio	**16.3%**	**17.6%**

The Total Regulatory Capital and the Total Risk Weighted Assets as of 31/12/2016, as published in the Financial Statements incorporated in the Annual Financial Report for the year 2016, have been restated (reduced), with insignificant impact on the Bank's capital adequacy ratios (decrease 5 bps), in order to incorporate the outcome of the inspection performed by SSM.

As of 31 December 2017, the above mentioned ratios are far exceeding minimum regulatory requirements, confirming the strong capital base of Piraeus Bank.

2018 EBA EU-Wide Stress Test

On 31 January 2018, the European Banking Authority (EBA), in coordination with the Single Supervisory Mechanism (the "SSM"), launched the 2018 EU-wide stress test (2018 ST), which is designed to provide supervisors, banks and other market participants with a common analytical framework to consistently compare and assess the resilience of EU banks to economic shocks. For the first time, it incorporates IFRS 9 accounting standards. No pass-fail capital threshold has been included, as the results of the exercise are designed to serve as an input to the Supervisory Review and Evaluation Process (SREP).

The 2018 ST exercise is carried out on a sample of banks covering broadly 70% of the banking sector in the euro area, while the four Greek systemic Banks, including Piraeus Bank, participate in the 2018 ST. The 2018 ST is run at the highest level of consolidation. The exercise is carried out on the basis of actual figures as at 31 December 2017, under the assumption of a static balance sheet, and the scenarios will be applied over a period of 3 years from 2018 to 2020.

The 2018 ST methodology was published in November 2017 and is to be applied to the baseline and adverse scenarios of the exercise. The baseline scenario is in line with the December forecast published by the European Central Bank (ECB), while the adverse scenario assumes the materialisation of a number of systemic risks, which are currently deemed as representing the most material threats to the stability of the EU banking sector.

The 2018 ST announced macroeconomic parameters for Greece are much milder compared to the EBA 2015 Greek stress test (so called “Greek Comprehensive Assessment 2015”). As an example, the cumulative 3 year GDP in the baseline scenario of the 2018 ST stands at 7.3% vs. -0.9% in 2015 Greek ST, while the respective numbers for the adverse scenario are -3.2% in 2018 ST vs -6.9% in 2015 ST. Furthermore, the cumulative 3-year residential house prices in the baseline scenario of the 2018 ST are forecast at 1.0% vs. -13.5% in 2015 ST, while the respective numbers for the adverse scenario are -16.6% in 2018 ST vs -24.4% in 2015 ST.

The 2018 ST covers Piraeus Bank S.A. as a consolidated group, including all subsidiaries and branches, both domestic and international. The 2018 ST captures risks at various levels, ranging from portfolios, obligors, to exposures and transactions. All applicable risk groups as per the 2018 EBA ST Methodology are covered in the Bank’s stress test results, including net interest income, credit risk, market risk, conduct risk and other operational risks, as well as other pertinent P&L and capital risks.

As of 31 December 2017, the Group had a phase-in CET1 capital ratio of 15.1% and total risk weighted assets of EUR 51.0 billion. On a restated basis (after taking into account the IFRS 9 one-off estimated impact of € 1.6 billion, with transitional arrangements of 5% for 2018), the Bank’s phase-in CET1 ratio amounted to 14.9%, as of 1 January 2018, which is the starting point for the 2018 ST. The minimum CET1 capital ratio is 4.5% and the Tier 1 ratio is 6.0%, whereas the CAD ratio is 8.0%. The relevant CET1 ratio starting point as of 30 June 2015 was 10.8% (4.1 ppts negative difference). Finally, 2015 ST incorporated an asset quality review (AQR) part, which is not the case in 2018 ST.

The results are expected to be announced for European banks in November 2018. The four Greek banks will undergo the same stress test under EBA senario and methodologies however in order to complete the test before the end of the 3rd ESM stability support program for Greece, the time table will be accelerated and the results are expected to be published in May 2018.

4.16 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. .As at 31/12/2017, the deferred tax asset of the Bank amounted to € 6,483.8 million approximately (31/12/2016: € 5,264.5 million).

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, under the provisions of Greek Law 4172/2013, Article 27A, as amended by Greek Law 4465/2017 and being in effect today, deferred tax assets of Greek financial institutions, as well as deferred tax assets of leasing and factoring companies, that have been recognized due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing loans and advances to customers as of 30 June 2015, as well as the accounting write offs and final losses due to permanent write offs or restructuring of debts under certain conditions will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the "profit for the period" from the fiscal year 2016 onwards according to IFRS, is a loss.

This claim will be offset against the relevant amount of income tax of the legal person or companies of the same corporate group (associated companies) of the tax year, which the approved financial statements refer to. 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 favor of the above-mentioned companies. 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. Furthermore, a gradual amortization over a 20-year period of the final tax losses arising from write-offs and disposals is provided, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from final debt write-offs.

As at 31/12/2017, the deferred tax assets of the Bank, which met the above conditions, amounted to € 4,013.0 million of which € 1,325.7 million relates to the remaining unamortized amount of debit difference from the participation of the Private Sector Involvement program PSI and € 2,687.3 million relates to the differences on IFRS loans and advances to customers, including accumulated provisions for impairment, and tax base, respectively.

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.

5 Segment analysis

a) Business segments

Piraeus Bank has defined the following business segments:

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

Corporate Banking - This segment includes facilities related to corporate banking addressed to large and maritime companies, which due to their specific needs are serviced 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 (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 Business Segments – Other business segments include other facilities of the Bank and its subsidiaries that are not included in the above segments (Bank's administration, real estate activities, IT activities etc.).

According to IFRS 8, the identification of business segments results from the internal reports that are regularly reviewed by the Executive Committee in order to monitor and assess each segment's performance. Significant elements are the evolution of figures and results per segment.

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

Amounts in thousand euros (unless otherwise stated)

1/1 - 31/12/2017	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	1,100,624	461,966	23	235,034	(191,325)	**1,606,322**
Net fee and commission income	239,808	32,002	3,400	3,484	3,629	**282,322**
Other income	7,827	2,344	4	58,827	73,884	**142,887**
Net income	**1,348,260**	**496,312**	**3,426**	**297,346**	**(113,812)**	**2,031,532**
Depreciation and amortisation	(18,229)	(97)	(9)	(2,020)	(69,548)	**(89,903)**
Other operating expenses	(855,132)	(80,232)	(1,286)	(36,313)	-	**(972,962)**
Profit/ (loss) before provisions, impairment and income tax	**474,899**	**415,984**	**2,131**	**259,012**	**(183,360)**	**968,666**
Impairment losses on loans and advances to customers	(1,132,329)	(847,043)	-	-	-	**(1,979,372)**
Impairment losses on other assets	-	-	-	-	(64,441)	**(64,441)**
Impairment on participations and investment securities	-	-	-	-	(142,450)	**(142,450)**
Impairment of property and equipment and intangible assets	(3,051)	-	-	-	(6,640)	**(9,691)**
Impairment on assets held for sale	-	-	-	-	(5,041)	**(5,041)**
Other provisions	(7,561)	(2,676)	-	-	39,460	**29,223**
Profit/ (loss) before tax	**(668,041)**	**(433,736)**	**2,131**	**259,012**	**(362,473)**	**(1,203,107)**
Income tax benefit/ (expense)						1,205,858
Profit/ (loss) for the year						**2,752**
As at 31 December 2017						
Total assets	35,554,166	10,094,000	23	6,403,676	12,439,365	**64,491,230**
Total liabilities	39,047,140	1,567,845	3	12,892,326	1,557,274	**55,064,587**
Capital expenditure	69,714	772	-	2,260	108,528	**181,274**

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	1,302,332	546,289	13	40,681	(196,349)	**1,692,966**
Net fee and commission income	188,088	27,963	2,332	6,010	3,848	**228,241**
Other income	63,980	919	10	99,099	66,468	**230,476**
Net income	**1,554,401**	**575,170**	**2,355**	**145,790**	**(126,033)**	**2,151,683**
Depreciation and amortisation	(20,607)	(97)	(14)	(2,397)	(61,566)	**(84,682)**
Other operating expenses	(880,305)	(70,680)	(1,589)	(54,625)	-	**(1,007,198)**
Profit/ (loss) before provisions, impairment and income tax	**653,489**	**504,394**	**753**	**88,768**	**(187,600)**	**1,059,804**
Impairment losses on loans and advances to customers	(818,764)	(142,365)	-	-	-	**(961,129)**
Impairment losses on other assets	-	-	-	-	(103,434)	**(103,434)**
Impairment on other debt securities - receivables	-	-	-	-	(5,118)	**(5,118)**
Impairment on participations and investment securities	-	-	-	-	(80,478)	**(80,478)**
Impairment of property and equipment 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)**
Profit/ (loss) before tax	**(179,560)**	**361,209**	**753**	**88,768**	**(446,067)**	**(174,897)**
Income tax benefit/ (expense)						185,418
Profit/ (loss) for the year						**10,522**
As at 31 December 2016						
Total assets	36,559,556	13,129,052	94	17,947,200	10,901,669	**78,537,571**
Total liabilities	36,831,183	1,694,601	75	28,672,054	1,882,876	**69,080,790**
Capital expenditure	45,861	591	1	1,955	107,022	**155,432**

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 income to assess the performance of each segment.

Capital expenditure includes additions of intangible and property and equipment that took place in the periods by each business segment.

Assets in the business segments «Retail Banking» and «Corporate Banking» include the following loans and advances to customers, which are managed by the Bank's special Unit named "Recovery Banking Unit "(RBU) that was established during 2014.

31/12/2017	Balance before allowances and PPA adjustments	Accumulated allowances and PPA adjustments	Balance net of allowances and PPA adjustments
Corporate entities and public sector	20,922,147	(10,009,057)	10,913,089
Mortgages	4,614,196	(1,380,685)	3,233,511
Consumer/ personal and other loans and credit cards	2,660,993	(1,711,381)	949,612
Total	**28,197,336**	**(13,101,123)**	**15,096,213**

31/12/2016	Balance before allowances and PPA adjustments	Accumulated allowances and PPA adjustments	Balance net of allowances and PPA adjustments
Corporate entities and public sector	20,810,171	(10,261,519)	10,548,652
Mortgages	4,699,633	(1,435,289)	3,264,344
Consumer/ personal and other loans and credit cards	3,040,319	(1,984,844)	1,055,475
Total	**28,550,123**	**(13,681,652)**	**14,868,471**

Total liabilities include deposits of customers of the unit RBU of € 412.0 million (31/12/2016: € 379.0 million). Please refer to Note 21, regarding the nature of the PPA adjustment.

b) by Geographical segment

The Bank operates in 3 countries. Greece is the main country of operations of Piraeus Bank. In Greece the areas of operation include all the primary business segments, while in the United Kingdom, the main business segments of operation are Retail and Corporate Banking. The main business segment of operation in Germany is Retail Banking.

The following table incorporates geographical concentrations of net income and non current assets of the Bank, as required by IFRS 8:

31 December 2017	Net Income	Non Current Assets
Greece	1,988,055	1,554,234
United Kingdom	42,947	474
Germany	530	123
Total	**2,031,532**	**1,554,830**

31 December 2016	Net Income	Non Current Assets
Greece	2,118,908	1,474,272
United Kingdom	31,908	525
Germany	866	97
Total	**2,151,683**	**1,474,894**

The cost of issuing mortgage loans securitisation is included in Greece net income.

Amounts in thousand euros (unless otherwise stated)

6 Net Interest income

	1/1-31/12/2017	1/1-31/12/2016
Interest and similar income		
Interest income - Available for Sale portfolio	76,563	73,806
Interest Income - Debt Securities	11,031	35,008
Interest income on loans and advances to customers and reverse repos	1,988,096	2,190,970
Interest income on loans and advances to credit institutions	12,650	13,997
Other interest Income	16,746	12,371
Total interest income for financial instruments that are not designated at FVtPL	**2,105,085**	**2,326,151**
Interest income - Financial instruments that are designated at FVtPL	9,552	1,950
Interest income - Derivative financial instruments	72,894	81,407
Total Interest income	**2,187,531**	**2,409,508**

	1/1-31/12/2017	1/1-31/12/2016
Interest expense and similar charges		
Interest on customer deposits and repos	(204,942)	(216,650)
Interest on debt securities in issue	(1,152)	(330)
Interest on due to credit institutions	(138,039)	(258,843)
Contribution of Law 128	(130,477)	(143,788)
Other interest expense	(14,575)	(19,116)
Total interest expense from financial instruments that are not designated at FVtPL	**(489,186)**	**(638,727)**
Interest expense - Financial instruments that are designated at FVtPL	(50)	(14)
Interest expense - Derivative financial instruments	(91,973)	(77,801)
Total Interest Expense	**(581,209)**	**(716,542)**
Net Interest Income	**1,606,322**	**1,692,966**

"Net interest income" for the comparative year 2016 has been restated. Relative reference is provided in Note 44.

7 Net fee and commission income

	1/1-31/12/2017	1/1-31/12/2016
Fee and commission income		
Commercial banking	335,425	270,444
Investment banking	6,100	6,679
Asset management	9,509	9,492
Total fee and commission income	**351,034**	**286,615**
Fee and commission expense		
Commercial banking	(68,372)	(57,920)
Investment banking	-	(264)
Asset management	(340)	(189)
Total fee and commission expense	**(68,712)**	**(58,373)**
Net fee and commission income	**282,322**	**228,241**

"Net fee and commision income" for the comparative year 2016 has been restated. Relative reference is provided in Note 44.

Amounts in thousand euros (unless otherwise stated)

On 30/8/2017, Piraeus Bank signed an amendment to the bancassurance contract, that expired on 31/12/2017, which includes a payment to the Bank of a lump sum persistency fee of € 35.0 million, in recognition of the retention activities of the Bank aiming to ensure the persistency of the existing Bancassurance portfolio as at 31/12/2016. The aforementioned persistency fee was recognized in the Income Statement in year 2017 and is included in "Fee and commision Income from Commercial Banking ".

8 Dividend income

	1/1-31/12/2017	1/1-31/12/2016
Dividend from subsidiaries	69,946	13,588
Dividend from AFS securities	7,672	8,336
Dividend income	**77,619**	**21,923**

The dividend income from subsidiaries, amounting to € 69.9 million, derives mainly from dividends distributed by the subsidiary companies Piraeus Insurance Agency S.A. (€ 36.1 million), Piraeus Factoring S.A. (€ 10.0 million) and Piraeus Insurance and Reinsurance Brokerage S.A. (€ 9.4 million).

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

	1/1-31/12/2017	1/1-31/12/2016
Gains less losses on FX	7,955	(39)
Gains less losses on derivatives	37,217	(12,484)
Gains less losses on bonds and treasury bills	3,558	4,836
Gains less losses on liabilities designated at fair value through profit or loss	-	100
Net trading income (A)	**48,731**	**(7,587)**
Net income from other financial instruments designated at fair value through profit or loss (B)	**(23,868)**	-
Net income from financial instruments designated at fair value through profit or loss (A) + (B)	**24,864**	**(7,587)**

During 2017, “Gains less losses on derivatives” include a) gains of € 31.0 million arising from interest rate swap transactions, b) losses of € 16.5 million from the valuation of embedded derivatives into loans and c) gains € 23.9 million from the valuation of forward sale of EFSF bond (in the context of the Bank’s participation in the bonds’ exchange program with EFSF and ESM within the framework of the short-term measures for the relief of the Greek public debt), as first part of the transaction. The second part of the transaction is related to the valuation of the above mentioned EFSF bond, which formed in equal loss of € 23.9 million and is included in “Net income of other financial instruments designated at fair value through profit or loss”.

10 Results from investment securities

	1/1-31/12/2017	1/1-31/12/2016
Gains less losses on AFS - shares and mutual funds (Note 39)	14	77,145
Gains less losses on AFS - bonds (Note 39)	30,468	(10,560)
Gains less losses from sale of EFSF bonds	20,602	105,880
Gains less losses from sales of subsidiaries and associates	-	36,484
Total	**51,085**	**208,948**

Amounts in thousand euros (unless otherwise stated)

"Results from investment securities" for the year 2017, were mainly driven by: a) a gain of € 28.2 million from the sale of greek government bonds of face value € 626.0 million, and b) a gain of € 20.6 million from the sale of EFSF bonds of face value € 748.0 million within the framework of the ECB´s Quantitative Easing (QE) program.

"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 and 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.

Impairment of investment securities is included in line "Impairment on participations and investment securities" in the Income Statement. Relative reference is provided in Note 24 and Note 39.

11 Other income/ (expenses)

	1/1-31/12/2017	1/1-31/12/2016
Rental income	9,985	7,532
Gains less losses from valuation of investment property	(10,694)	(9,463)
Other income from banking activities	1,525	8,338
Other (net)	(11,496)	785
Total	**(10,680)**	**7,192**

Other income/ (expenses) has been charged with the annual commission of € 14.0 million regarding the excessive amount of the guaranteed by the Greek State deferred tax asset according to article 82 Law 4472/201. Relative reference is provided in Note 14.

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2017	31 December 2016
Up to 1 year	8,166	7,729
From 1 to 5 years	50,944	42,423
More than 5 years	26,023	25,709
	85,133	**75,861**

12 Staff costs

	1/1-31/12/2017	1/1-31/12/2016
Wages & salaries	(364,178)	(374,382)
Social insurance contributions	(96,289)	(97,305)
Other staff costs	(23,536)	(22,887)
Voluntary Redundancy Costs (Note 36)	(14,973)	5,146
Retirement benefit charges (Note 36)	(10,221)	(15,069)
Total	**(509,196)**	**(504,497)**

Amounts in thousand euros (unless otherwise stated)

The number of staff employed by Piraeus Bank as at 31 December 2017 was 12,913 compared to 13,264 at the end of 2016.

The line “Voluntary redundancy costs” amounting to € 15.0 million for the year 2017, includes reversal of unused provision amounting to a total of € 1.3 million, which was recorded in the previous year. Further reference for the expenses of total amount of € 25.2 million reported under lines “Voluntary redundancy costs” and “Retirement benefit charges” is provided in Note 36.

13 Administrative expenses

	1/1-31/12/2017	1/1-31/12/2016
Rental expense	(42,582)	(46,194)
Taxes & duties	(75,090)	(79,141)
Promotion and advertising expenses	(28,216)	(40,068)
Servicing - promotion of banking products	(44,469)	(48,394)
Fees and third parties expenses	(97,351)	(103,040)
Security & maintenance of fixed assets	(32,686)	(33,892)
Telecommunication & electricity expenses	(19,792)	(21,345)
Contribution expense in State Controlled Deposit Guarantee Scheme	(60,300)	(67,499)
Other administrative expenses	(61,844)	(63,570)
Total	**(462,330)**	**(503,143)**

"Servicing - promotion of banking products" and "Telecommunication & electricity expenses" for the comparative year 2016 have been restated. Relative reference is provided on Note 44.

Administrative expenses for the year 2017 (€ 462.3 million) decreased by 6.9 % comparing to the year 2016 (€ 503.1 million) mainly as a result of further branch closures, digitalization initiatives, lower promotion & advertising expenses and overall cost cutting efforts.

The decrease of the line "Contribution expense in State Controlled Deposit Guarantee Scheme" in 2017, is due to the decrease of both the regular contribution and the ex-ante contribution for the Resolution Scheme (RS).

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 4370/2016. Participating credit institutions when granting loans to the RS pay contributions, with which the RS repays its loan obligations for resolution purposes.

During 2017, the total amount of contributions of € 60.3 million concerns a) annual contribution to the Resolution Scheme (RS) amounting to € 38.0 million, b) regular ex-ante contribution to European Resolution Mechanism for year 2017 of € 22.0 million and c) participation fee to cover the operating and investment costs € 0.3 million. 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 2017.

14 Income tax benefit/ (expense)

	1/1-31/12/2017	1/1-31/12/2016
Current tax	-	-
Deferred tax (Note 35)	1,205,858	185,418
Total	**1,205,858**	**185,418**

Amounts in thousand euros (unless otherwise stated)

The income tax on the Bank’s profit/ (loss) before income tax differs from the theoretical amount that would arise, using the basic tax rate of the Bank, as follows:

	2017	2016
Loss before tax	(1,203,107)	(174,897)
Tax calculated	348,901	50,720
Impact from income not subject to tax	91,492	29,398
Impact from tax base reassessment of loans and advances to customers, including allowances for impairment	813,593	-
Corresponding tax of impairment on investments from previous years and other temporary differences for which no deferred tax asset was recognised	43,227	211,763
Non tax deductible expenses	(91,354)	(106,463)
Income tax benefit/ (income)	**1,205,858**	**185,418**
Effective tax rate for the year	**100.2%**	**106.0%**

In accordance with the provisions of the enacted Greek Tax Law (Law 4172/2013), as amended by Greek Law 4334/2015 (Gazette A'80/16.7.2015) and being in effect today, the income tax rate for Greek legal entities is 29%. Subsequent to the enactment of Greek Law 4389/2016 the tax rate on dividend income received from 1/1/2017 increased to 15% from 10% prior to 31/12/2016.

The Bank based on its business plan and the corresponding tax planning and taking into account the tax provisions in force, has reassessed, in the current year, the temporary differences between the accounting and the tax base of loans and advances including impairment, and has recognized an additional deferred tax asset of € 813.6 million. Relevant reference is provided in Note 35.

The Bank has recognized as at 31/12/2017 deferred tax assets amounting to € 6,483.8 million, based on the estimates of the Management for the future evolution of the Bank's results, taking into account the revised approved Restructuring Plan by the European Commission on 29 November 2015, its three-year business plan, and its tax planning.

Under the provisions of Greek Law 4172/2013 , Article 27A, as amended by Greek Law 4465/2017 and being in effect today, deferred tax assets of Greek financial institutions, as well as deferred tax assets of leasing and factoring companies, that have been recognized due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing loans and advances to customers as of 30 June 2015, as well as the accounting write offs and final losses due to permanent write offs or restructuring of debts under certain conditions will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the "profit for the period" from the fiscal year 2016 onwards, is a loss according to IFRS.

This claim will be offset against the relevant amount of income tax of the legal person or companies of the same corporate group (associated companies) of the tax year, which the approved financial statements refer to. 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 favor of the above-mentioned companies. 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.

Amounts in thousand euros (unless otherwise stated)

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. Furthermore, a gradual amortization over a 20-year period of the final tax losses arising from write-offs and disposals is provided, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from final debt write-offs.

The Extraordinary General Meeting of the Bank's Shareholders, on 19 December 2014, approved the Bank's opting into the special regime enacted by article 27A of the Greek 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 provisions.

As at 31/12/2017,the deferred tax assets of the Bank meeting the provisions of the above mentioned Law, amounts to € 4,013.0 million, of which € 1,325.7 million, relates to the remaining unamortized amount of debit difference from the participation on the PSI and € 2,687.3 million, relates to the differences on IFRS loans and advances to customers, including allowance for impairment, and tax base, respectively.

According to article 82 of Greek Law 4472/2017 credit institutions and other legal entities that fall under the provisions of article 27A of Greek Law 4172/2013 are required to pay an annual commission of 1.5% on the excess amount guaranteed by the Greek State of deferred tax assets arising from the difference between the tax rate applicable under Greek Law 4334/2015 (Gazette A' 80/16/7/2015) retrospectively from 1/1/2015 (29%), and the tax rate applicable on 30/6/2015 (26%). According to the above mentioned, the total commission as at 31 December 2017 amounts to € 14.0 million, of which € 7.0 million relates to the period ended 31 December 2016 and has been included in the Income Statement in line "Other (net)" under "Other income/ (expenses)" (Note 11).

From 1/1/2017 onwards, in case of distribution or capitalization of current year profits or distribution of profits of past fiscal years (reserves) for which no income tax has been paid to legal entities, the amount distributed or capitalized is taxed separately (independently) subject to the provisions of paragraph 1 of article 47 of Law 4172/2013, as being applied after their amendment with paragraph 2 of article 99 of Law 4446/2016, as a profit from a business activity, regardless of the existence of tax losses.

15 Amounts that can be reclassified in the Income Statetment

1/1 - 31/12/2017	Before- Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve (Note 39)	121,735	(35,303)	86,431
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations (Note 39)	(2,593)	752	(1,841)
Other comprehensive income	**119,142**	**(34,551)**	**84,590**

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	(37,812)	11,127	(26,685)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(24,315)	7,047	(17,268)
Other comprehensive income	**(62,127)**	**18,174**	**(43,953)**

Amounts in thousand euros (unless otherwise stated)

16 Cash and balances with Central Bank

	31 December 2017	31 December 2016
Cash in hand	671,606	576,650
Balances with Central Bank	79,369	-
Cheques clearing system - Central Bank	46,800	47,774
Included in cash and cash equivalents less than 90 days (Note 41)	**797,775**	**624,424**
Of which mandatory reserves with Central Bank	356,620	277,823
Total Cash and balances with Central Bank	**1,154,395**	**902,248**

"Cash and balances with Central Bank " for the comparative year 2016 has been restated. Relative reference is provided in Note 44.

The Bank is required to maintain a current account with the BoG to facilitate interbank transactions with the central bank, its member banks, and other financial institutions through the Trans-European Automated Real-Time Gross Settlement Express Transfer system (TARGET).

BoG requires all banks established in Greece to maintain deposits with the central bank equal to 1.0% of total customer deposits as these are defined by the ECB. The Bank's deposits at BoG bear interest at the refinancing rate as set by the ECB of 0.0% at 31 December 2017.

17 Loans and advances to credit institutions

	31 December 2017	31 December 2016
Placements with banks	85,347	474
Nostros and sight accounts with other banks	155,521	180,220
Reverse repos with customers	816,628	-
Included in cash and cash equivalents less than 90 days (Note 41)	**1,057,497**	**180,694**
Placements with banks	302,919	520,985
Blocked deposits	731,253	1,069,647
Loans and advances to credit institutions over 90 days	**1,034,172**	**1,590,632**
Total loans and advances to credit institutions	**2,091,669**	**1,771,326**

	31 December 2017	31 December 2016
Current loans and advances to credit institutions (up to 1 year)	1,449,337	1,514,170
Non current loans and advances to credit institutions (more than 1 year)	642,332	257,157
	2,091,669	**1,771,326**

"Loans and advances to credit institutions" for the comparative year 2016 has been restated. Relative reference is provided on Note 44.

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

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.

Amounts in thousand euros (unless otherwise stated)

18 Derivative financial instruments

Derivative financial instruments held by the Bank include currency forwards, interest rate futures, interest rate or/ and currency swaps, call/put options on interest or/ and currency or/ and shares.

The notional amounts and the fair values of derivative instruments held as at the end of 2017 and 2016 are set out below:

At 31 December 2017	Notional Amount	Fair values	
Derivatives held for trading		**Assets**	**Liabilities**
Interest rate swaps	3,079,679	348,722	343,215
Currency swaps	2,234,032	14,276	3,185
FX forwards	90,158	2,354	750
Options and other derivative instruments	1,610,371	24,352	538
Cross Currency Interest Rate Swaps	1,698,152	57,237	31,098
		446,941	**378,785**
Embedded equity derivatives			
Customer deposits/ loans linked to options	11,650	-	154
Other embedded equity derivatives	505,498	14,461	24,941
Total recognised derivative assets/ liabilities		**461,402**	**403,881**

At 31 December 2017	Fair values	
	Assets	**Liabilities**
Current	73,313	6,851
Non-current	388,089	397,030
	461,402	**403,881**

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	7,412	14,744
FX forwards	131,194	1,787	3,944
Options and other derivative instruments	88,056	91	149
Cross Currency Interest Rate Swaps	2,073,759	-	203,767
		442,906	**656,378**
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		**448,907**	**656,655**

At 31 December 2016	Fair values	
	Assets	**Liabilities**
Current	10,909	20,208
Non-current	437,998	636,448
	448,907	**656,655**

"Derivative financial instruments-assets/ liabilities" for the comparative year 2016 have been restated. Relative reference is provided in Note 44.

Amounts in thousand euros (unless otherwise stated)

Interest rate swaps held for trading purposes mainly include interest rate swaps with customers and their opposite contracts with other banks, in order to reduce the Bank's exposure (back to back contracts).

Piraeus Bank undertakes most of its transactions in foreign exchange and interest rate contracts with other financial institutions. Especially for the interest rate swaps, 68.30% of the transactions are conducted with other financial institutions (notional amount). 28.35% of the total outstanding notional amount of interest rate swaps pertains to transactions conducted with the greek public sector (notional amount). The remaining 3.35% is executed through a number of other counterparties.

The Bank calculates credit valuation adjustment (CVA) with respect to counterparty risk and debit valuation adjustment (DVA) with respect to own credit risk which are incorporated in the derivatives valuation. The CVA and DVA are based on estimations of exposure at default, probability of default and recovery rates and are calculated using simulation techniques (Monte Carlo Simulation). The Bank and the Group takes into account in the calculation whether collaterals between counterparties (CSA agreement) exist. The PDs in most of the cases are derived from market observable CDS rates, for counterparties with illiquid CDS rates the PD is derived from appropriate proxies. The net adjustment for the Bank as at 31/12/2017 and 31/12/2016 amounted to € 5.7 million and to € 15.9 million respectively.

19 Financial assets at fair value through profit or loss

	31 December 2017	31 December 2016
Greek government bonds	8,006	8,428
Corporate bonds	3,059	-
Other financial assets at fair value through profit or loss	1,465,180	-
Total financial assets at fair value through profit or loss	**1,476,244**	**8,428**

Financial assets at fair value through profit or loss as at 31/12/2017, amount of € 1,476.2 million relates to fixed income securities (2016: € 8.1 million), while there are no floating rate securities (2016: 0.3 million) nor any zero - coupon bonds for the years 2016 and 2017.

Other financial assets at fair value through profit or loss as of 31/12/2017, includes EFSF bonds of nominal value € 1,488.0 million received in exchange from the sale of EFSF bonds of equal value, in the framework of the Bank's participation in the bond exchange program with EFSF/ESM as part of the short term measures for the relief of the Greek public debt Note 47. Additionally, the amount of € 1,465.2 million is included in cash and cash equivalents less than 90 days (Note 41).

Securities pledged are presented in Note 37.

20 Reverse repos with customers

	31 December 2017	31 December 2016
Reverse repos with customers - individuals	83,317	27,790
Reverse repos with customers - corporate entities	5,557	1,286
Total reverse repos with customers	**88,874**	**29,076**

Amounts in thousand euros (unless otherwise stated)

21 Loans and advances to customers

	31 December 2017	31 December 2016
Mortgages	14,737,214	15,464,455
Consumer/ personal and other loans	3,442,774	3,631,171
Credit cards	797,975	925,799
Loans to individuals	**18,977,962**	**20,021,425**
Loans to corporate entities and Public sector	**35,052,956**	**37,723,076**
Total loans and advances to customers (before allowance for impairment on loans and advances to customers)	**54,030,919**	**57,744,501**
Less: Allowance for impairment on loans and advances to customers	(9,146,346)	(9,024,396)
Total loans and advances to customers	**44,884,572**	**48,720,105**

	31 December 2017	31 December 2016
Current loans and advances to customers (up to 1 year)	8,507,247	7,006,100
Non current loans and advances to customers (more than 1 year)	36,377,326	41,714,005
	44,884,572	**48,720,105**

During the year 2017, the Bank derecognized loans and advances in the sectors of factoring and leasing, with a total value after provisions of € 144.7 million, within the framework of transferring the loans to subsidiary companies Piraeus Factoring S.A. and Cyprus Leases S.A. respectively, aiming at more effective management.

It is noted that the amounts of loans and advances to customers before allowances for impairment on loans and advances to customers have been amended by fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. Specifically, the remaining allowance for impairment on loans and advances to customers of the Bank amount to € 5.6 billion as at 31/12/2017 relating to 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., which at their acquisition date by Piraeus Bank amounted to € 7.9 billion, has decreased the gross balance of loans and advances to customers and the allowance for impairment on loans and advances to customers respectively in the table above, as under IFRS 3 it has been included in the adjustment of loans and advances to customers to its fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7 (Note 4), as well as for the presentation of Business Segments (Note 5) in accordance with IFRS 8, the aforementioned adjustment is part of the allowance for impairment on loans and advances to customers.

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 1/1/2016	**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	(164)	(60,633)	(69,587)	**(130,384)**	(468,289)	**(598,673)**
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	2,234	95,555	77,696	**175,485**	617,453	**792,938**
Balance at 31/12/2016	**1,494,081**	**822,832**	**213,270**	**2,530,183**	**6,494,213**	**9,024,396**
Opening balance at 1/1/2017	**1,494,081**	**822,832**	**213,270**	**2,530,183**	**6,494,213**	**9,024,396**
Charge for the year	92,456	241,889	(2,033)	**332,312**	1,647,061	**1,979,372**
Loans written-off	(46,223)	(110,642)	(88,051)	**(244,916)**	(760,698)	**(1,005,615)**
Provisions of derecognised loans	-	-	-	**0**	(308,676)	**(308,676)**
Unwinding	(71,649)	(58,889)	(5,849)	**(136,387)**	(241,237)	**(377,624)**
Foreign exchange differences and other movements	(15,226)	1,073	-	**(14,153)**	(151,354)	**(165,507)**
Balance at 31/12/2017	**1,453,438**	**896,263**	**117,337**	**2,467,038**	**6,679,308**	**9,146,346**

It is noted that the line “Provision of derecognised loans” refers mainly to loans and advances in the sectors of factoring and leasing transferred to subsidiary companies by the Bank.

The comparative figures of the above lines “Loans Written-off” and "Foreign exchange differences and other movements" in the table above have been adjusted in order to be comparable with the figures presented as of 31 December 2017. The Bank had not been able to properly identify and disclose the written-off balances which pertain to the fair value adjustment of € 7.9 billion, initially recognized in the financial statements of 2013. Hence the fair value adjustment has been reduced to € 5.6 billion and € 6.9 billion respectively as at 31 December 2017 and 31 December 2016. The above reclassification has no effect on the net balance of loans and advances to customers, as disclosed in the comparative figures Note 21 and Note 4.2 as at 31 December 2017.

Amounts in thousand euros (unless otherwise stated)

22 Available for sale securities

	31 December 2017	31 December 2016
Greek government bonds	530,633	401,524
Foreign government bonds	-	8,104
Greek government treasury bills	1,148,569	1,668,133
Corporate bonds	7,158	-
Bank bonds	37,493	-
Total bonds and other fixed income securities (A)	**1,723,853**	**2,077,760**
Listed shares	23,902	6,389
Unlisted shares	168,625	186,848
Mutual funds	81,104	88,915
Other variable income securities	21,979	8,496
Total shares and other variable income securities (B)	**295,611**	**290,648**
Total available for sale securities (A) + (B)	**2,019,464**	**2,368,408**

From the above mentioned bonds and treasury bills of the available for sale investment portfolio as at 31/12/2017, amount of € 575.3 million relates to fixed rate securities (2016: € 409.6 million), amount of € 1,148.6 million relates to zero coupon bonds (2016: € 1,668.1 million) but no amount relates to floating rate securities. Additionally, amount of € 158.9 million (2016: € 700.8 million) is included in in cash and cash equivalents less than 90 days (Note 41).

On 15/11/2017, the Greek State proceeded to the optional exchange of 20 bonds ("Designated Securities"), which were issued on 24/2/2012, in the context of Hellenic Republic debt restructuring, with the participation of the private sector (PSI), with 5 new bonds. The exchange aimed to align the outstanding debt of the Hellenic Republic with market standards in order to normalize the yield curve as well as to improve the liquidity of the bonds in the secondary market.

The exchange was recorded with a defined exchange ratio with the new bonds to mature within 5-year, 10-year, 15-year, 17-year and 25-year duration, while the average duration remained unchanged compared to the old securities. The new bonds bear fixed interest rate between 3.5% and 4.2%. In the exchange on 5/12/2017 Piraeus Bank participated with securities of nominal value of € 531.3 million receiving new securities with a nominal value of € 537.0 million. The transaction was treated from accounting perspective as a modification of the contractual terms of the designated securities.

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

	31 December 2017	31 December 2016
Opening balance	2,368,408	2,407,828
Additions	5,996,284	6,822,079
Amortization of premiums/ discounts	59,674	44,969
Disposals	(6,555,060)	(6,928,726)
Changes in fair value (Note 39)	150,157	12,840
Foreign exchange differences	-	156
Transfers from assets held for sale	-	9,263
Closing balance	**2,019,464**	**2,368,408**

	31 December 2017	31 December 2016
Current available for sale securities (up to 1 year)	1,148,569	1,681,436
Non current available for sale securities (more than 1 year)	575,284	396,324
	1,723,853	**2,077,760**

Amounts in thousand euros (unless otherwise stated)

23 Debt securities - receivables

	31 December 2017	31 December 2016
Corporate entities debt securities - receivables	18,097	27,816
Bank debt securities - receivables	5,012	5,012
EFSF bonds - receivables	-	10,507,342
ESM bonds - receivables	-	2,711,576
Total debt securities - receivables	**23,109**	**13,251,746**
Less: Allowance for impairment on debt securities - receivables	-	(5,489)
Total debt securities - receivables (less allowances for losses)	**23,109**	**13,246,257**

	31 December 2017	31 December 2016
Current debt securities - receivables (up to 1 year)	-	1,627,129
Non current debt securities - receivables (more than 1 year)	23,109	11,619,128
	23,109	**13,246,257**

The balance of the EFSF and ESM bonds decreased due to the sale of EFSF bonds (nominal value € 9,685.3 million) and of ESM bonds (nominal value € 2,706.1 million) resulting from the Bank's participation in the bond exchange program of EFSF and ESM bonds as part of the short-term debt relief measures of the Hellenic Republic. Relevant reference is provided in Note 2. The above mentioned transactions had no impact in the Income Statement.

The balance of the EFSF bonds decreased further due to the sale of EFSF bonds of nominal value € 748.0 million under the Bank's participation in the ECB's quantitative easing program (Note 2). The gain from the sale amounted € 20.6 million is included in line “Results from investment securities”of the Income Statement for the year 2017 (Note 10).

24 Investments in consolidated companies

The investments of Piraeus Bank in subsidiaries and associates are:

A) Subsidiary companies

With reference to the line “Investments in subsidiaries” of the Statement of Financial Position the subsidiary companies of Piraeus Bank are as follows:

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

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
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.	Picar S.A.	City Link areas management	100.00%	Greece
13.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
14.	Abies S.A.	Property Management	40.14%	Greece
15.	Achaia Clauss Estate S.A.	Property management	75.37%	Greece
16.	Euroterra S.A.	Property Management	42.51%	Greece
17.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece
18.	ND Development S.A.	Property management	100.00%	Greece
19.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece
20.	Property Horizon S.A.	Property management	100.00%	Greece
21.	Rebikat S.A.	Property Management	40.31%	Greece
22.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece
23.	Euroak S.A. Real Estate	Real Estate Investment	53.60%	Greece
24.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece
25.	Piraeus Development S.A.	Property management	100.00%	Greece
26.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece
27.	Pleiades Estate S.A.	Property management	100.00%	Greece
28.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece
29.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece
30.	Piraeus Direct Solutions S.A. (former Special Business Services S.A.)	Financial - telecommunication & IT services	100.00%	Greece
31.	Special Financial Solutions S.A.	Advising, consultancy, organizational and training services	100.00%	Greece
32.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	100.00%	Greece
33.	A.C.T. B.A.S. A.E.	Counseling services for payroll and labour affairs	100.00%	Greece
34.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania
35.	Tirana Leasing Sh.A.	Finance leases	100.00%	Albania
36.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria
37.	Bulfina E.A.D.	Property management	100.00%	Bulgaria
38.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus
39.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	90.85%	Cyprus
40.	R.E. Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus
41.	Tellurion Ltd	Holding company	100.00%	Cyprus
42.	Trieris Two Real Estate Ltd	Holding, Investment and Real Estate Portfolio Management	100.00%	Cyprus

Amounts in thousand euros (unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
43.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	100.00%	Cyprus
44.	Lakkos Mikelli Real Estate Ltd	Property management	40.00%	Cyprus
45.	Philoktimatiki Public Ltd	Land and property development	6.39%	Cyprus
46.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine
47.	Piraeus Leasing Romania S.A.	Monitoring and collection services for loans disbursed by the company	99.85%	Romania
48.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia
49.	Piraeus Real Estate Egypt LLC	Property management	99.90%	Egypt
50.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
51.	Marathon 1 Greenvale Rd LLC	Real estate development	99.95%	U.S.A.
52.	Piraeus Group Capital Ltd	Debt securities issue	100.00%	United Kingdom
53.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom
54.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
55.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
56.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
57.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
58.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
59.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
60.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom
61.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom
62.	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom
63.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
64.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
65.	Vitria Investments S.A.	Investment company	100.00%	Panama

Companies numbered 54-62 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 14, 16, 21, 44 and 45 are included in the Bank’s subsidiaries' portfolio due to the existence of control in Group level. In addition, the companies numbered 29, 35, 63 and 65 are under liquidation.

The movement for investments in subsidiaries is analysed as follows:

	31 December 2017	31 December 2016
Opening Balance	1,051,392	1,074,328
Additions	3,890	1
Participation in share capital increases / decreases of subsidiaries	10	63,787
Disposals	-	(28,844)
Impairment charge	(94,000)	(36,693)
Transfers to held for sale portfolio	(100,509)	(70,000)
Foreign exchange differences	(433)	99
Transfers to Associate companies	(49,422)	-
Transfers from Associate companies	-	48,714
Closing balance	**810,928**	**1,051,392**

Amounts in thousand euros (unless otherwise stated)

Bank's additions during 2017 consist mainly of the acquisition of an additional 6% of the share capital of the subsidiary company Olympic Commercial & Tourist Enterprises S.A.

The "Transfers to held for sale portfolio" are related to Piraeus Bank Beograd A.D., Piraeus Leasing Doo Beograd, Piraeus Bank Romania S.A., Piraeus ACT Services S.A., IMITHEA S.A. and Piraeus Direct Services S.A. Relative reference is provided on Note 28.

The "Transfers to Associate companies" are related to Trastor Real Estate Investment Company.

B) Associate companies

With reference to the line "Investments in associated undertakings and joint ventures" of the Statement of Financial Position the associate companies of Piraeus Bank are as follows:

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	28.92%	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.	Exodus S.A.	Information technology & software	49.90%	Greece
12.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%	Greece
13.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	43.48%	Greece
14.	Selonda Aquaculture S.A.	Fish farming	32.92%	Greece
15.	Nireus Aquaculture S.A.	Fish farming	24.55%	Greece
16.	Trastor Real Estate Investment Company	Real estate investment property	39.39%	Greece
17.	Unisoft S.A.	Software manufacturer	23.07%	Greece
18.	Trieris Real Estate Ltd	Property management	32.37%	British Virgin Islands
19.	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 but not control on the investment committee of the fund, which takes the investment decisions

Amounts in thousand euros (unless otherwise stated)

- The company numbered 7 is included in the associate companies portfolio as Piraeus Bank exercises significant influence and not control.

Also, the financial data for the year 2017 of the associate company NGP Plastic S.A. is not available due to the aforementioned company's inability to produce them.

The movement of investments in associates is analysed as follows:

	31 December 2017	31 December 2016
Opening Balance	201,961	279,597
Participation in share capital increases/ decreases of associates	31,520	11,227
Additions	9,506	5,969
Impairment charge	(46,390)	(27,851)
Disposals	-	(18,265)
Transfers to Subsidiaries	-	(48,714)
Transfers from Subsidiaries	49,422	-
Closing balance	**246,020**	**201,961**

Bank's additions during 2017 consist mainly of the acquisition of an additional 3.04 % of the associate company Hellenic Seaways Maritime S.A.

During the year 2017, the Bank recorded a loss of €140.4 million, due to the impairment of its investments in subsidiaries and associates. Especially, in cases the carrying value of the subsidiaries and associate companies exceeded the recoverable amount, was limited to the extent of the recoverable amount. The aforementioned impairment is included in line "Impairment on participations and investment securities". The most material amounts relate to companies that operate in Greece (€ 77.9 million) and in Romania (€ 61.4 million). Furthermore, it is noted that impairment in foreign entities relates mainly to financial institutions, while impairment in domestic entities relates mainly to the real estate and healthcare sectors.

25 Intangible assets

2017	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1 January 2017	4,632	499,679	36,339	540,650
Additions	-	31,727	-	31,727
Transfers	-	14,169	-	14,169
Disposals	-	(1,125)	-	(1,125)
Write-Offs	-	(11)	-	(11)
Impairment charge	-	-	-	0
Cost as at 31 December 2017	**4,632**	**544,440**	**36,339**	**585,411**

2017	Goodwill	Software	Other intangible	Total
Accumulated amortisation				
Opening balance as at 1 January 2017	-	(259,858)	(21,200)	(281,058)
Charge for the year	-	(46,580)	(2,652)	(49,232)
Transfers	-	48	-	48
Disposals	-	1,123	-	1,123
Write-Offs	-	-	-	-
Accumulated amortisation as at 31 December 2017	**0**	**(305,267)**	**(23,852)**	**(329,119)**
Net book value as at 31 December 2017	**4,632**	**239,173**	**12,487**	**256,292**

Amounts in thousand euros (unless otherwise stated)

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 amortisation				
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 amortisation 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)

26 Property and equipment

2017	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1 January 2017	609,468	265,333	49,637	6,317	200,625	1,131,379
Additions	31,951	41,092	30,322	1,553	13,952	118,871
Transfers	4,105	1,137	(15,652)	-	(2,582)	(12,991)
Disposals	(2,851)	(10,176)	-	(1,359)	-	(14,386)
Write - offs	(24)	(15,685)	(5,001)	(124)	(4,929)	(25,764)
Impairment	(5,714)	(926)	-	(1)	(3,051)	(9,691)
Cost as at 31 December 2017	**636,935**	**280,776**	**59,305**	**6,386**	**204,016**	**1,187,417**

2017	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 2017	(34,742)	(157,614)	-	(3,967)	(82,604)	(278,927)
Charge for the year	(6,234)	(27,345)	-	(344)	(6,748)	(40,671)
Transfers	(240)	(48)	-	-	348	60
Disposals	24	9,369	-	346	-	9,740
Write - offs	24	15,672	-	124	4,929	20,748
Other movements	-	-	-	-	-	0
Accumulated depreciation as at 31 December 2017	**(41,168)**	**(159,965)**	**0**	**(3,841)**	**(84,075)**	**(289,051)**
Net book value as at 31 December 2017	**595,767**	**120,811**	**59,305**	**2,544**	**119,941**	**898,367**

During 2017, the Bank made transfers: a) to “Investment property” of € 11.9 million, b) to Intangible assets” of € 14.2 million due to commencement of operational use, c) from "Investment property" of € 4.7 million and d) from "Inventories property" of € 8.5 million. Additionally, it is noted that during 2017 the impairment charge of tangible assets increased by an amount of € 3.1 million due to interruptions of branches operations.

Note 2.19 is related to the determination of the recoverable value of own occupied property in accordance with the applicable provisions of IFRS.

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**

Amounts in thousand euros (unless otherwise stated)

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**

27 Investment property

	31 December 2017	31 December 2016
Opening balance	362,851	317,980
Additions	30,676	22,059
Revaluation (Note 11)	(10,694)	(9,463)
Transfers	23,050	33,077
Disposals	(5,529)	(798)
Write - offs	(182)	(3)
Closing balance	**400,172**	**362,851**

During 2017, investment property was reduced by transfers: a) of € 19.4 million to "Inventories property", which are included in "Other assets", due to non-fulfillment of the criteria for classification under IAS 40, b) of € 4.7 million to "Owner-occupied Land and buildings", while it was increased by transfers: a) of € 35.2 million from "inventories property", due to lease of the property and b) of € 11.9 million from "Owner-occupied Land and buildings" due to the change of the purpose the respective property is used by the Bank. Operating expenses of vacant investment property equal to € 2.3 million (2016: € 2.8 million).

Fair value of investment property of amount € 400.2 million has been categorized under Level 3. Further information with regard to the determination of fair value of investment property is provided in Note 3.6.

Amounts in thousand euros (unless otherwise stated)

28 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	100.00%	Greece
2.	IMITHEA S.A.	Organization, operation and management of hospital units	100.00%	Greece
3.	Piraeus ACT Services S.A.	Accounting and tax consulting	100.00%	Greece
4.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece
5.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania
6.	ATE Insurance Romania S.A.	Insurance	99.54%	Romania
7.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia
8.	Piraeus Leasing Doo Beograd	Operating leases	51.00%	Serbia

During the year 2017, the companies Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D., Piraeus Leasing Doo Beograd, IMITHEA S.A., Piraeus ACT Services S.A. and Piraeus Direct Services S.A., Piraeus Bank's subsidiaries, were transferred to assets held for sale. For the above mentioned subsidiaries there is sale process in progress, which is expected to be completed within one year.

Upon classification as Assets held for sale, measurement of their value at the lower of carrying amount and fair value less costs to sell, was carried out according to the requirements of IFRS 5 and impairment loss of amount of € 91.6 million was recorded, which is included in the line "Impairment on participations and investment securities" of total amount of € 142.4 million.

Additionally, during the year 2017, assets held for sale were charged with an impairment loss of € 5.0 milllion, which is included in line "Impairment on assets held for sale" of the Income Statement.

29 Other assets

	31 December 2017	31 December 2016
Inventories property	674,170	556,868
Inventories property (A)	**674,170**	**556,868**
Prepaid expenses	67,900	52,734
Accrued income	102,817	72,348
Prepaid taxes and taxes withheld	7,418	4,177
Claims from tax authorities and the State	267,779	257,533
Current tax asset	217,405	461,602
Dividends receivable	1,224	1,295
Credit cards	202,262	188,066
Receivables from subsidiaries	343,328	277,870
Receivables from Deposit Guarantee and Investors Compensation Scheme	810,615	797,301
Other items	317,606	307,264
Other receivables (B)	**2,338,355**	**2,420,190**
Other assets (A) + (B)	**3,012,524**	**2,977,058**

Amounts in thousand euros (unless otherwise stated)

	31 December 2017	31 December 2016
Current other assets (up to 1 year)	860,985	693,725
Non current other assets (more than 1 year)	1,477,370	1,726,465
	2,338,355	**2,420,190**

"Prepaid taxes and taxes withheld", "Claims from tax authorities and the State", "Current tax asset" and "Other items" for the comparative year 2016 have been restated. Relative reference is provided in Note 44.

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

During 2017, the Bank's results were burdened with an impairment loss of € 64.4 million, of which € 46.1 million are related to the impairment of the portfolio of fixed assets, that are classified in inventories, while the amount of € 18.3 million is related to various receivables included in Other assets (such as temporary account differences, etc.), which under the annual examination of collectability by the Management of the Bank, were deemed partially or totally irrecoverable.

Note 2.22 is related to the determination of the net realisable value of inventories property in accordance with applicable of IFRS.

30 Due to credit institutions

	31 December 2017	31 December 2016
Due to the Central Bank	9,730,792	20,900,826
Deposits from other banks	333,897	332,913
Repurchase agreement - credit institutions	1,544,517	6,083,168
Other obligations to banks	162,334	75,793
	11,771,541	**27,392,700**

	31 December 2017	31 December 2016
Current due to credit institutions (up to 1 year)	7,615,494	23,324,073
Non current due to credit institutions (more than 1 year)	4,156,047	4,068,628
	11,771,541	**27,392,700**

Balances due to credit institutions bear floating rates.

“Due to credit institutions” as at 31/12/2017, include refinancing operations from the eurosystem through repo transactions amounting to € 9,730.8 million (31/12/2016: € 20,900.8 million). The decrease in the refinancing raised from the eurosystem is mainly due to: a) the increase in deposits, b) the interbank repo transactions on securities that are not eligible for refinancing operations from the ECB, c) the issuance of covered bonds sold to selected investors, d) the further deleveraging of the loan portfolio, e) the Bank´s participation in the ECB´s program of Quantitative Easing (QE) and f) the Bank's participation in the bond exchange program of EFSF/ESM bonds. Further information with regard to points (e) and (f) is provided in Note 23.

Amounts in thousand euros (unless otherwise stated)

31 Due to customers

	31 December 2017	31 December 2016
Corporate		
Current and sight deposits [1]	7,845,119	7,682,247
Term deposits	2,065,998	2,058,679
Blocked deposits, guarantee deposits and other accounts	241,643	207,886
Total (A)	**10,152,760**	**9,948,812**
Retail		
Current and sight deposits [1]	3,071,351	2,745,395
Savings account	14,837,854	14,626,688
Term deposits	13,108,402	12,344,638
Blocked deposits, guarantee deposits and other accounts	27,706	28,613
Total (B)	**31,045,313**	**29,745,334**
Cheques payable and remittances (C)	**102,733**	**71,155**
Total Due to Customers (A)+(B)+(C)	**41,300,806**	**39,765,301**

Note [1]: The line "Current and sight deposits" as at 31/12/2016 was reclassified for comparison purposes by an amount of € 221.5 million respectively.

Customer deposits (corporate and retail) with floating rates are € 25,955.6 million (2016: € 25,204.3 million) and with fixed rate are € 15,242.5 million (2016: € 14,489.9 million).

	31 December 2017	31 December 2016
Current due to customers (up to 1 year)	41,188,286	39,647,125
Non current due to customers (more than 1 year)	112,520	118,176
	41,300,806	**39,765,301**

32 Debt securities in issue

A) Securitisation of mortgage loans

		31 December 2017	31 December 2016
	Average Interest rate (%)		
Issuance € 750 million floating rate notes due 2040	3M Euribor + 0.65 %	11,317	12,720
Issuance € 1,250 million floating rate notes due 2054	3M Euribor + 0.73 %	37,069	39,071
Issuance € 600 million floating rate notes due 2051	3M Euribor + 0.55 %	16,103	17,724
Total debt securities in issue		**64,489**	**69,515**

	31 December 2017	31 December 2016
Current debt securities in issue (up to 1 year)	3,179	70
Non current debt securities in issue (more than 1 year)	61,310	69,445
	64,489	**69,515**

From the above mentioned securitisation of mortgage loans issues, Piraeus Bank possesses as at 31/12/2017, bonds of nominal value amounting to € 91.7 million from the issuance of € 750.0 million, € 568.4 million from the issuance of € 1,250.0 million and € 29.0 million from the issuance of € 600.0 million.

Piraeus Bank, during the year 2017, proceeded with the buy back of bonds of securitised loans of total amount, after amortization, of € 0.4 million.

Amounts in thousand euros (unless otherwise stated)

B) Covered bonds

	Interest rate (%)	31 December 2017	31 December 2016
Issuance € 500 million floating rate notes due 2022	3M Euribor + 2.50 %	370,788	-
Total covered bonds		**370,788**	**0**

	31 December 2017	31 December 2016
Covered bonds (up to 1 year)	8,093	-
Covered bonds (more than 1 year)	362,695	-
	370,788	**0**

From the above mentioned Covered Bond Series of € 500.0 million, due in October 2022, which was issued in October 2017 and was privately placed with international investors, Piraeus Bank possesses as at 31/12/2017 bonds of nominal value amounting to € 130.0 million.

C) Debt securities' issuances retained by Piraeus Bank

It should be noted that, apart from the debt securities in the table above, as of 31/12/2017 liabilities arising from securitisations of loans are retained by the Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750.0 million and € 2,352.2 million respectively, as well as the first and second consumer loan backed securitisation of € 725.0 million and € 558.0 million respectively.

On 20/7/2017, the Bank proceeded with the partial cancellation of the first securitisation of corporate loans, reducing its outstanding balance from € 1,750.0 million to € 250.0 million, and on 27/11/2017 proceeded with the partial cancellation of the third securitisation of corporate loans, reducing its outstanding balance from € 2,352.2 million to € 235.2 million.

As at 31/12/2017, a total amount of € 2,130.0 million covered bonds, issued by Piraeus Bank, are retained by Piraeus Bank. These issues are the covered bond Series 3, with an original amount of € 1,000.0 million, due February 2018 and the covered bond Series 5, with an original amount of € 1,000.0 million, due May 2019, which are both fully retained by the Bank. Furthermore, the Bank possesses covered bonds of nominal value amounting to € 130.0 million from the issuance of € 500.0 million, due October 2022 (Series 4). A total amount of € 5.0 million covered bonds, which were issued and retained by Piraeus Bank, matured in February 2017. These covered bonds came from a separate issue of € 1,250.0 million (Series 1), issued in February 2011. On July 3, 2015, Piraeus Bank had proceeded with the partial cancellation of € 1,245.0 million and the outstanding amount of Series 1 was formed to € 5.0 million.

D) Euro Medium Term Note

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

The Bank has not issued any bonds under its EMTN Programme during the year 2017.

Amounts in thousand euros (unless otherwise stated)

33 Other liabilities

	31 December 2017	31 December 2016
Prepaid income	30,683	59,193
Accrued expenses	88,004	76,784
Withholding taxes and contributions	59,106	59,251
Transactions with Interbank Systems (DIAS)	306,572	214,042
Creditors	94,148	82,108
Liability from collections on behalf of Public sector and third parties[1]	210,616	287,030
Other liability accounts [1]	70,696	70,234
	859,825	**848,643**

Note [1]: The lines “Liability from collections on behalf of Public sector and third parties ”and "Other liability accounts " as at 31/12/2016 of amounts € 287.0 million and € 70.2 million, respectively have been restated by € 214.5 million for comparison purposes.

	31 December 2017	31 December 2016
Current other liabilities (up to 1 year)	762,038	731,418
Non current other liabilities (more than 1 year)	97,787	117,225
	859,825	**848,643**

"Other liabilities" for the comparative year 2016 has been restated. Relative reference is provided on Note 44.

34 Other provisions

"Other provisions" as at 31/12/2017 amount to € 105.3 million (2016: € 163.4 million) and are analysed into provisions for outstanding litigations amounting to € 25.6 million (2016: € 16.6 million) and other provisions amounting to € 79.7 million (2016: € 146.8 million). Management, taking into account the advice of the Legal Department, considers the amount of the provisions to be sufficient.

The analysis is as follows:

Provisions for outstanding litigations	31 December 2017	31 December 2016
Opening balance	16,588	13,456
P&L charge for the year	10,237	3,136
Provisions used during the year	(8)	(4)
Transfer from impairment of other assets	(1,216)	-
Closing balance	**25,602**	**16,588**

Provisions for outstanding litigations	31 December 2017	31 December 2016
Current (up to 1 year)	25,195	14,926
Non-current (more than 1 year)	406	1,662
	25,602	**16,588**

Other provisions	31 December 2017	31 December 2016
Opening balance	146,768	236,957
P&L charge for the year	(39,460)	40,142
Provisions used to voluntary exit scheme	(9,425)	(93,796)
Provisions used during the year	(800)	(5,392)
Provisions not used during the year (Note 12)	(1,261)	(5,146)
Transfer to impairment of other assets	-	(25,014)
Transfer to impairment of loan and advances due to customer	(16,098)	-
Other movements	-	(983)
Closing balance	**79,723**	**146,768**

Amounts in thousand euros (unless otherwise stated)

Other provisions	31 December 2017	31 December 2016
Current (up to 1 year)	-	11,207
Non-current (more than 1 year)	79,723	135,561
	79,723	**146,768**

The line “P&L charge for the year” includes an amount of € 40.0 million relating to the reversal of provisions, which were recorded in previous years regarding estimated losses from subsidiary companies of the Bank with fully impaired participation value, which are no longer required according to the new estimates of the Management.

In addition, other provisions have been decreased due to a) the compensation payment in the context of the exit program (voluntary departure) of the Bank’s staff, in the frame of the Restructuring Plan’s commitments (by amount of € 9.4 million), which is reported in line “Provisions used to voluntary exit scheme’’ and b) the reversal of unused provisions for the above mentioned program (by amount of € 1.3 million), which are reported in line “Provisions not used during the year”. Further reference for the above mentioned amount of € 10.7 million is provided in Note 36.

Other provisions as at 31/12/2017 include: a) estimated losses of € 66.6 million from subsidiaries and b) provisions of € 13.2 million for forfeiture of letters of guarantee.

35 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/ liabilities	31 December 2017	31 December 2016
Pensions and other post retirement benefits	52,721	51,733
Loans and advances including impairment	4,324,243	2,955,788
Securities valuation	(36,920)	(1,617)
Recognition of tax losses	569,365	642,686
Derivatives financial instruments valuation	(16,773)	4,616
Investment property fair valuation	(5,936)	(5,936)
Depreciation of property and equipment	(16,295)	(36,908)
Intangible assets	20,210	38,110
Impairment of Greek Government Bonds	1,325,683	1,380,851
Participations	260,223	220,463
Other temporary differences	7,309	14,725
Net deferred tax asset	**6,483,830**	**5,264,510**

Management believes that the recoverability of the recognised DTA of € 6,483.8 million and € 5,264.5 million for the Bank, as at 31 December 2017 and 31 December 2016 respectively is probable based upon expectations of Bank’s taxable income in the future (Note 3.2).

At 31/12/2017, the cumulative tax losses for the Bank amounted to € 1,963.3 million (2016: € 2,216.2 million) and were incurred in years from 2013 until 2015. The Management has estimated that the total amount of the tax losses € 1,963.3 million (2016: € 2,216.2 million) can be offset by tax profits and thus the Bank has recognized Deferred Tax Asset (DTA) of € 569.4 million (2016: € 642.7 million).

Amounts in thousand euros (unless otherwise stated)

The Bank based on its business plan and the corresponding tax planning and taking into account the tax provisions in force, has reassessed, in the current year, the temporary differences between the accounting and the tax base of loans and advances including impairment, and has recognized an additional deferred tax asset of € 813.6 million.

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

	2017	2016
Net deferred tax asset as at 1 January	**5,264,510**	**5,012,800**
Effect of deferred tax on profit or loss	1,205,858	185,418
Available for sale portfolio securities (Note 39)	(35,303)	11,127
Payment to the holders of contingent convertible securities	47,985	48,118
Deferred tax on actuarial gains/ (losses)	779	7,047
Net deferred tax asset as at 31 December	**6,483,830**	**5,264,510**

Deferred tax amounts directly recognized in Bank's equity during 2017 are as follows: a) deferred tax-expense of amount € 35.3 million relating to valuation of the available for sale securities, recorded under the available for sale reserve (Note 39), b) amount of € 0.8 million relating to deferred tax asset of actuarial (losses) recorded under the reserve of defined benefit obligations and c) tax amount of € 48.0 million relates to paid interest on the contingent convertible securities amounted to € 165.5 million, directly recognized in equity.

The deferred tax charge in the Income Statement (Note14) is analysed as follows:

Deferred tax (Income Statement)	1/1-31/12/2017	1/1-31/12/2016
Pensions and other post retirement benefits	209	(1,578)
Loans and advances including impairment	1,368,455	263,782
Other provisions	-	(69)
Recognition of tax losses carried forward	(73,321)	(121,528)
Derivative financial instruments valuation	(21,388)	2,254
Depreciation of property and equipment	20,614	5,950
Intangible assets	(17,900)	(28,776)
Impairment of Greek Government Bonds	(55,168)	(55,168)
Participations	39,760	220,463
Other temporary differences	(55,401)	(99,912)
	1,205,858	**185,418**

Net deferred tax asset analysis:	31/12/2017	31/12/2016
Current	376,803	186,945
Non current	6,107,027	5,077,565
	6,483,830	**5,264,510**

The following table presents the tax losses of the Bank and the year of expiration:

Year	31/12/2017
2018	420,435
2019	985,691
2020	557,201
	1,963,328

36 Retirement benefit obligations

Defined Benefit Plans

Retirement indemnities

The Bank is required by local law to offer retirement indemnities to employees leaving service to retire. Such retirement indemnities are mainly in the form of lump sum payments usually based on final salary and years of service, the calculation of which depends on the jurisdiction in which the company operates and the employee’s profession (e.g. Greek law provides for different indemnities for salaried employees, wages earners and lawyers).

Below is a summary of the defined benefit plans of the Bank:

1. Lumps sum retirement benefit according to Laws 2112/1920 and 4093/2012

Lump sum retirement benefit is provided to the majority of employees of the Bank as per the terms set out below:

In accordance with Greek Law 4046/2012 and Board of Ministers’ Decision (6/28/2/2012), from 14 February 2012 onwards, the employment contracts that lapse on attainment of the normal retirement age or based on the particular retirement conditions, are considered as indefinite duration employment contracts and therefore, the provisions for employee’s statutory retirement indemnity of Law 2112/1920, are applicable.

On 12 November 2012, the Greek Law 4093/2012 (GG A’ 222) decreased the statutory indemnity scale set by Greek Law 2112/1920 in case of employee dismissal or normal retirement. Employees that at 12 November 2012 have more than 16 full years of service to the same employer, are entitled to statutory indemnity for all the years they have until that date. Employees who at 12 November 2012 have less than 17 full years of service to the same employer, the maximum statutory is 12 actual salaries. In both conditions and in case of normal retirement, if the employees are under an auxiliary pension scheme, respective employees receive 40% of the statutory indemnity scale set by Greek Law 2112/1920. In case of disability before the normal retirement age or in case of early retirement no indemnity is provided. For lawyers based on Law 4194/2013 the benefit paid in case of pension is 100%, in case of departure after 28 years of service is 100%, after 20 years of service is 66.67% and after 15 years of service is 50%.

2. Lump Sum Benefit according to Piraeus Bank Collective Agreement

A lump sum benefit is granted to certain employees of Piraeus Bank. The lump sum benefit is payable when the member is eligible for full pension by the social security fund. The lump sum benefit is based on a pre-defined number of salaries at 100% of the average gross salary of the last 3 months prior to retirement. No lump sum benefit is paid in case of death, disability or termination before the normal retirement age.

3. Lump Sum Benefit according to the Agreement of former Macedonia Thrace Bank Employees

A lump sum benefit is granted to former employees of former Macedonia Thrace Bank based on a collective agreement. The lump sum benefit is payable when the member is eligible for full pension from the social security fund.

The lump sum benefit is equal to 100% of the retirement benefit according to Laws 2112/1920 and 4093/2012.

4. Lump Sum Benefit to former Macedonia Thrace Children's Account

The lump sum benefit is paid to the children of former Macedonia Trace Bank employees according to a preset formula when the child reaches the age of 25 or earlier under specific prerequisites. In case of death of the child the amount is paid to the parent, in case of departure of the parent from the Bank the amount contributed by the employee and not by the Bank is refunded without interest. If the departure is due to retirement, the plan can be continued and funded by the ex-employee's pension salary, in which case the Bank also continues to pay contributions.

5. Lump Sum Benefit According to the Insurance Policy of Former Chios Bank, Chase Manhattan Bank and Piraeus Bank Employees

Piraeus Bank has entered into an insurance contract relating to the former employees of Chios Bank and Chase Manhattan Bank, as well as employees from Piraeus Bank that entered the program prior to August 2012. The benefit is payable upon retirement, death or invalidity. The lump sum benefit is based on a preset formula. The employees contribute with 1.11% of their salary multiplied by 12 months per year.

6. Pension Annuity According to the Insurance Policy of Former Nat West Bank Employees

Piraeus Bank has entered into an insurance contract relating to the former employees of Nat West. The benefit is payable as an annuity only under the prerequisite that the employee is entitled to pension from the National Insurance Scheme, which can be either at 65 years of age for men or 60 years of age for women or less if they fulfill the necessary prerequisite of retirement. In case of death prior to retirement the benefit is transferred 60% to the spouse and 20% to the children excluding any actuarial gain. The annuity is paid to the managers and employees based on the respective pre-set formula per level.

In case of disability, the member is entitled to a pension calculated based on pensionable salary at the time of disability and service until the normal retirement age.

7. Lump Sum Benefit According to the Insurance Policy of some Key Management Members

Piraeus Bank has entered into an insurance contract regarding the lump sum benefit to be paid to some Key Management members based on a preset formula when the employment is terminated in all cases except for fraud.

8. Lump Sum Benefit and Post-Retirement Benefit According to the Insurance Policy of Former Bank of Cyprus Employees prior to 31 December 2000

The former Bank of Cyprus has entered into an insurance contract regarding the lump sum benefit and the post retirement benefit of the former employees of Bank of Cyprus that had an indefinite employment contract prior to 31 December 2000. As the successor of this insurance contract Piraeus Bank continues this insurance contract.

- The lump sum benefit is based on a preset formula and is payable upon retirement in accordance with the National Insurance Scheme. In case of early retirement, the amount is reduced by 5% per annum for the years remaining to the age of 60 and with 6% per annum for years remaining to the age of 55. The lump sum cannot exceed a preset number of monthly salaries.

- Post retirement benefit is based on a pre-defined formula that cannot exceed:

a. The difference between 100% of the average salary and the total amount of pension received from the National Insurance Company and the Auxilliary pension and

b. The difference between 100% of the cap of the National Insurance Company and the total amount of pension (National Insurance Company and the Auxilliary pension) in case that the cap is bigger than the average salary.

9. Lump Sum Benefit according to the Insurance Policy of former Bank of Cyprus employees prior to 31 December 2002

The former Bank of Cyprus has entered into an insurance contract regarding the lump sum benefit of the former employees of Bank of Cyprus that had an indefinite employment contract between the period 1 January 2001 and 31 December 2002. As the successor of this insurance contract Piraeus Bank continues this insurance contract. The **lump sum benefit** is based on a preset formula and is payable upon retirement in accordance with the National Insurance Scheme. In case of early retirement, the amount is reduced by 5% per annum for the years remaining to the age of 60 and by 6% per annum for years remaining to the age of 55. The lump sum cannot exceed a preset number of monthly salaries. The employee receives upon resignation a certificate of the amount to be received upon retirement or before retirement, at the age of 60.

1) Piraeus Bank

The defined benefit obligation is calculated based on actuary studied from independent actuary using the "projected unit credit method", according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The defined benefit obligation is determined by the present value of cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability.

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

The benefits paid for the years 2017 and 2016, according to the voluntary redundancy schemes are included in the disclosures for the non funded plans.

Amounts in thousand euros (unless otherwise stated)

Amounts recognised in the balance sheet	31 December 2017	31 December 2016
Pension schemes - funded	92,443	95,163
Other post retirement benefits - not funded	95,490	89,456
Total	**187,932**	**184,619**

The amounts recognized in the Income Statement or led to charge of aggregate provisions are analyzed as follows:

	1/1-31/12/2017	1/1-31/12/2016
Pension schemes - funded	(1,049)	2,808
Other post retirement benefits - not funded	36,929	106,094
Total	**35,880**	**108,902**

The above mentioned amount of € 35.9 million includes the amount of € 25.2 million which has affected the income statement of 2017 (Note 12), as well as the amount of € 10.7 million, which has decreased equally the line of other provisions (Note 34).

A) Pension schemes - funded

The amounts recognised in the Statement of Financial Position are determined as follows:

	31 December 2017	31 December 2016
Present value of funded obligations	116,026	123,122
Fair value of plan assets	(23,584)	(27,958)
Liability in the balance sheet	**92,443**	**95,163**

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 2018, 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:

	2017	2016
Opening balance	123,122	113,081
Current service cost	6,202	5,918
Interest cost	1,872	2,554
Contributions by plan participants	976	1,017
Benefits paid from the fund	(8,780)	(6,766)
Past service costs	(4,804)	2,160
Settlement/ Curtailment/ Termination loss/ (gain)	(4,164)	(7,337)
Actuarial (gains)/ losses	1,602	12,495
Closing balance	**116,026**	**123,122**

Amounts in thousand euros (unless otherwise stated)

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

	2017	2016
Opening balance	27,958	26,396
Expected return on plan assets	409	564
Employer contributions	1,411	6,509
Employee contributions	976	1,017
Benefits paid from the fund	(8,780)	(6,766)
Expenses	(254)	(77)
Actuarial gains/ (losses)	1,863	315
Closing balance	**23,584**	**27,958**
Return on plan assets	**2,272**	**879**

The plan assets are invested as follows:

	31 December 2017	31 December 2016
Money market	24.8%	43.7%
Bonds	53.6%	39.1%
Deposits	3.9%	3.6%
Shares	0.1%	0.1%
Mutual Funds	17.7%	13.5%

The amounts that decreased the line other provisions and the amounts recognized directly to the Income Statement are analyzed as follows:

	1/1-31/12/2017	1/1-31/12/2016
Current service cost	6,202	5,918
Net interest cost	1,463	1,990
Expenses	254	77
Past service cost recognised	(4,164)	2,160
Settlement/ Curtailment/ Termination loss/ (gain)	(4,804)	(7,337)
Total	**(1,049)**	**2,808**

The amounts recognised in equity are analysed as follows:

	31/12/2017	31/12/2016
Liability gain/ (loss) due to changes in assumptions	(946)	(12,187)
Liability experience gain/ (loss) arising during the year	(656)	(308)
Return on plan assets excluding amounts included in interest income	1,863	315
Total amount recognised in equity	**261**	**(12,180)**

Based on the above mentioned, the movement in the liability recognised in the Statement of Financial Position is analysed as follows:

	2017	2016
Opening balance	95,163	86,685
Total expense recognised in the income statement	(1,049)	2,808
Employer contributions	(1,411)	(6,509)
Amount recognised in equity	(261)	12,180
Closing balance	**92,443**	**95,163**

Amounts in thousand euros (unless otherwise stated)

B) Other post retirement benefits - not funded

The amounts recognised in the Statement of Financial Position are analysed as follows:

	31 December 2017	31 December 2016
Present value of unfunded obligations	95,490	89,456
Liability in the balance sheet	**95,490**	**89,456**

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

	2017	2016
Opening balance	89,456	94,212
Current service cost	4,669	4,702
Interest cost	1,506	1,938
Benefits paid directly by the employer	(33,749)	(122,992)
Settlement/ Curtailment/ Termination loss/ (gain)	30,456	101,166
Past service cost	297	(1,711)
Actuarial (gains)/ losses	2,854	12,141
Closing balance	**95,490**	**89,456**

The amounts that decreased the line other provisions and the amounts recognized directly to the Income Statement are analysed as follows:

	1/1-31/12/2017	1/1-31/12/2016
Current service cost	4,669	4,702
Interest cost	1,506	1,938
Past servise cost recognised	297	(1,711)
Settlement/ Curtailment/ Termination loss/ (gain)	30,456	101,166
Total	**36,929**	**106,094**

The amounts recognised in equity are analysed as follows:

	31/12/2017	31/12/2016
Liability gain /(loss) due to changes in assumptions	(1,110)	(11,527)
Liability experience gain/ (loss) arising during the year	(1,743)	(614)
Total amount recognised in equity	**(2,854)**	**(12,141)**

The movement in the liability recognised in the Statement of Financial Position is analysed as follows:

	2017	2016
Opening balance	89,456	94,212
Total expense recognised in the income statement	36,929	106,094
Benefits paid by the employer	(33,749)	(122,992)
Amount recognised in equity	2,854	12,141
Closing balance	**95,490**	**89,456**

The expected weighted average duration of the defined benefit obligation is 16.4 years.

The main actuarial assumptions used are as follows:

	31/12/2017	31/12/2016
Discount rate	1.6%	1.7%
Price Inflation	1.8%	1.8%
Expected return on plan assets	1.6%	1.7%
Future increase in salaries	1.8%	1.8%

Amounts in thousand euros (unless otherwise stated)

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	0.5%	-7.8%	8.0%
Pay increase	0.5%	7.5%	-7.3%
Voluntary withdrawal rate	decrease by 50.0%	-	4.5%

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.

Defined Contribution Plans

Total contributions to social security funds, state run plans and defined contribution plans for 2017 and 2016 amounted to € 101.6 million and € 102.4 million respectively.

Below is a summary of the defined contribution plans of the Group:

1. Piraeus Bank State Pension Plan

The Bank's main post retirement pension plan is a defined contribution plan that is run by the State sponsored social security fund IKA-ETAM. Contribution by the employer and employee to the State post retirement pension plan is defined by the law and amounts to 20.51% and 13.45% respectively of the employees' salaries with a cap.

2. Piraeus Bank State Health Plans

Defined contribution to the State Health Plan amounts to 6% of the employees' salary. Employees' contribution amount to 3% of their salary. Additional contributions are paid for insured members of the employees' families (such as spouse that does not work and children), and are increased further in the event that the insured spouse is employed or that members for the paternal family are also insured. Contribution of retired employees amount to a percentage of their pension, while additional contributions are paid for other insured members of their families. The State Health Plan offers health benefits to employees before and after their retirement, and to insured family members.

3. Piraeus Bank Private Pension Plan

In addition, five defined-contribution pension plans are offered to employees of the Bank in collaboration with three Insurance Companies. According to the provisions of the contracts, the employee receives upon resignation an amount equal either to the total or to a pre-defined percentage of the whole amount raised during his/her participation in the program, depending on the number of years of participation, with the exception of one plan, according to which the employee receives upon resignation a certificate of the amount to be received upon retirement.

Two of the plans require fixed contributions by both the employer and the employees, the other two require contributions by the Bank while the fifth one, requires only employees' contributions.

4. Group Child Savings Private Defined Contribution Plans

The Bank offers three defined-contribution plans to its employees in respect of its children, according to the Bank of origin. The three plans have the same terms and requirements.

The total amount raised during period of insurance (i.e. employee's and Bank's contributions, as well as interest) is paid in the form of a lump sum either to the child in case certain prerequisites are fulfilled, such as child's marriage, employment, 25th year of age and death of employee-parent or to the employee-parent in cases such as departure from the Bank due to retirement, participation in voluntary exit scheme, permanent or total disability and death of the insured child. In case of employee's resignation, the employee receives his/her contributions including interest.

5. Piraeus Bank Private Insurance Health Plan

In addition, the Bank offers to its employees and their families (spouse and children with specific age limits respectively) a Life & Health Care Insurance Plan. It includes employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependant's hospital care and outpatient care, surgery / hospitalisation allowance, maternity allowance and check-up. The Bank pays monthly premiums to the insurance company which are fixed for the benefit of health of employee and relatives and a percentage of salary for the benefits of life and disability insurance. In case of insurance in the plan of a spouse or child that is not insured for social health insurance under the employee, the insurance covers the benefits of hospital and outpatient care and the employee pays a monthly fixed amount per insured person which is deducted from the monthly salary.

6. Defined Contribution Pension Plans of Foreign Branches

For the London Branch of Piraeus Bank, each employee signs an individual contract according to which the employer contributes a percentage of salary to their personal defined-contribution pension plan. The contribution percentage varies per individual contract and contributions are paid on a monthly basis. The employee has a number of options on how to use the accumulated pension fund either as a lump sum or in doses. According to the provisions of the contracts, the employee must be of retirement age in order to be able to receive the pension fund, which varies depending on birth date, but retirement is not mandatory.

7. Private Health Plans of Foreign Branches

The London Branch of Piraeus Bank offers employees group health plan, which includes employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependant's hospital care and outpatient care. Premiums are paid by the Bank on an annual basis. Employees have the possibility to insure relatives under specific criteria, in the program with the same benefits for the coverage of hospital and outpatient care, for whom the premium is paid by the Bank.

37 Contingent liabilities, assets pledged, transfers of financial assets and commitments

A) Legal Proceedings

The Bank is a defendant in certain claims and legal actions arising in the ordinary course of business. For the cases for which a provision has not been recognized, Management is currently unable to estimate the possible losses because: a) the proceedings may last for several years, b) many of the proceedings are in early stages, c) there is uncertainty of the likelihood of the final result, d) there is uncertainty as to the outcome of the pending appeals and e) there are significant issues to be resolved. However, based on Management's judgement and after consultation with the Bank's Legal Department, the ultimate disposition of these matters is not expected to have a material adverse effect on the separate Statement of Financial Position, Income Statement and Cash Flow Statement. As at 31 December 2017 the Bank has provided for cases under litigation € 25.6 million (31 December 2016: € 16.6 million).

B) Pending tax audits

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2010 have been finalized.

For the fiscal years 2011 - 2016 , the tax audit was conducted by the statutory auditor of the Bank that conducts the tax audit under Greek Law 2190/1920 according to article 82 of Greek Law 2238/1994 and article 65 of Greek Law 4174/2013 as were in force. It is noted that, from 2016 and thereon the issue of the "Annual Tax Certificate" is optional, however the Bank will continue to obtain the tax certificate. The Tax Administration retains its right to proceed with a tax audit, within the applicable statute of limitations in accordance with article 36 of Greek Law 4174/2013.

In accordance with the article 82 para. 5 of Greek 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 an unqualified Tax Compliance Report has been issued.

The tax audit for the fiscal year 2013 has been completed by PricewaterhouseCoopers S.A. and a relevant "Tax Compliance Report" has been issued and submitted to the Ministry of Finance. For the fiscal year 2013, Piraeus Bank has received a Tax Compliance report with an emphasis of matter on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other countries members of the European Union, according to which the above mentioned transactions are not subject to tax.

For the fiscal years 2014, 2015 and 2016, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and an unqualified "Tax Compliance Report" has been issued.

The tax audit for the fiscal year 2017 is in progress and is carried out by statutory auditor of Deloitte S.A.

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

Amounts in thousand euros (unless otherwise stated)

C) Credit commitments

In the normal course of business, the Bank enters into a number of contractual commitments on behalf of its customers and is a party to financial instruments with off-balance sheet risk in order to meet the financing needs of its customers. These contractual commitments consist of commitments to extend credit, commercial letters of credit and standby letters of credit and guarantees. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of the conditions established in the contract. Commercial letters of credit ensure payment by the Bank to a third party for a customer’s foreign or domestic trade transactions, generally to finance a commercial contract for the shipment of goods. Standby letters of credit and financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. All of these arrangements are related to the normal lending activities of the Bank. The Bank’s exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and commercial and standby letters of credit is represented by the contractual nominal amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

As at 31/12/2017 the Bank had the following capital commitments:

	31 December 2017	31 December 2016
Letters of guarantee	2,939,101	2,910,870
Letters of credit	34,322	40,929
Irrevocable undrawn committed credit facilities	354,447	228,697
	3,327,869	**3,180,496**

D) Assets pledged

	31 December 2017	31 December 2016
Cash and balances with Central Bank	753,153	1,069,647
Financial instruments at fair value through profit or loss	1,473,151	8,102
Investment securities	1,463,199	1,270,418
Loans and advances to customers	27,219,771	27,831,368
Debt securities - receivables	-	7,242,929
	30,909,275	**37,422,465**

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 of nominal value € 10.0 million as at 31/12/2017 (31/12/2016: nominal value € 4,993.7 million) that are not included in the Bank's assets. The amount of € 10.0 million includes securities from the issuance of covered bonds of the Bank.

Additionally, under interbank repurchase agreement (repo) transactions, Greek government bonds of nominal value € 270.0 million and debt securities of own issue of nominal value € 2,071.4 million (31/12/2016: € 219.0 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, have been pledged under financing from the E.L.A.

Amounts in thousand euros (unless otherwise stated)

E) Operating lease commitments

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

	31 December 2017	31 December 2016
Up to 1 year	46,764	50,081
From 1 to 5 years	190,186	205,101
More than 5 years	367,345	393,039
	604,295	**648,221**

38 Share capital and contigent convertible securities

	Share Capital	Share premium	Contigent convertible securities	Total
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**
Balance at 31 December 2017	**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 2016	**8,733,183,280**
Balance at 31 December 2016	**8,733,183,280**
Opening balance at 1 January 2017	**8,733,183,280**
Adjustment (decrease) in the number of ordinary shares due to reverse split (20:1)	(8,296,524,116)
Adjusted opening balance at 1 January 2017	**436,659,164**
Balance at 31 December 2017	**436,659,164**

On 31/12/2016 the Bank’s share capital amounted to € 2,619,954,984.00 divided into 8,733,183,280 ordinary voting registered shares, each with a nominal value of € 0.30.

Following the decision of the Bank’s Annual Ordinary General Meeting of Shareholders which held on 28/6/2017, the Bank resolved the increase in the nominal value of each ordinary voting share from € 0.30 to € 6.00 with simultaneous reduction in the aggregate number of the Bank’s old ordinary registered voting shares from 8,733,183,280 down to 436,659,164 new ordinary registered voting shares, each with a nominal value of € 6.00, by means of a reverse split at a rate of twenty (20) old ordinary shares of the Bank to one (1) new ordinary share of the Bank.

As a result, following the completion of the share capital increase, and on 31/12/2017, the Bank’s share capital amounted to € 2,619,954,984.00 divided into 436,659,164 ordinary registered shares with a nominal value of € 6.00 each.

In addition, the contingent convertible securities of the Bank that were issued in the context of the share capital increase completed in December 2015 and were covered exclusively by the Hellenic Financial Stability Fund (HFSF) with bonds issued by ESM, on 31/12/2016 and 31/12/2017 corresponded to the amount of € 2,040.0 million.

Amounts in thousand euros (unless otherwise stated)

On 5 July 2017, with regards to the HFSF warrants exercise process, the Bank announced that no warrant on shares issued by the Bank and owned by the HFSF has been exercised. Consequently, the issued warrants outstanding on 5 July 2017, amounted to 843,637,022 and corresponded to 37,759,281 shares of the Bank owned by the HFSF. Following the aforementioned increase in the nominal value of each ordinary voting share from € 0.30 to € 6.00, the shares of the Bank owned by the HFSF, as of 31/12/2017 corresponded to 1,887,964.

On 20 December 2017, the Bank announced the 9th last exercise process of the titles representing share ownership rights ("Warrants") with last exercise date as at 2/1/2018.

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/2016/44) on dividend distribution policies during the year 2017 for the fiscal year 2016 and the respective provisions of the Executive Committee Act No 117/12.4.2017 of the Bank of Greece on dividend distribution policies during the year 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 legislation order by the Law 4261/2014.

Additional restrictions are provided for by Law 3864/2010, as in force, for the Banks that participate in the capital support programs and the Cabinet Act 36/2015. Given the above and the fact that 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, the Bank's Annual Ordinary General Meeting of Shareholders, held on 28/06/2017, decided not to distribute dividend.

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.

39 Other reserves and retained earnings

	31 December 2017	31 December 2016
Legal reserve	69,442	69,442
Available for sale reserve	90,390	3,958
Reserve of defined benefit obligations	(26,832)	(24,990)
Other reserves	26,754	26,754
Total other reserves	**159,754**	**75,164**

Statutory reserve

Pursuant to article 24 of the Piraeus Bank's Articles of Association, as in force, at least 5% is deducted from the net profit for the formation of a statutory reserve. The deduction for the formation of a reserve ceases to be mandatory when it reaches 1/2 of the share capital.

According to article 44 of Codified Law 2190/1920 this reserve can only be used to offset any debit balance of the "Retained earnings" account.

Special reserve

Special reserves are formed on the basis of a provision of the Articles of Association or by a decision of the general meeting of the company and can be used for any purpose.

Amounts in thousand euros (unless otherwise stated)

Other reserves

Other reserves include reserves of different origins and specific provisions of the law and have a specific purpose and goal.

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

Available for sale reserve movement	31 December 2017	31 December 2016
Opening balance	3,958	30,643
Gains/ (losses) from the valuation of bonds and Greek government treasury bills (Note 22)	156,488	16,101
Gains/ (losses) from the valuation of shares and mutual funds (Note 22)	(6,332)	(3,261)
Recycling to income statement of shares and mutual funds impairment	2,060	15,933
Recycling of the accumulated fair value adjustment of disposed securities (Note 10)	(30,482)	(66,585)
Deferred income taxes (Note 35)	(35,303)	11,127
Closing balance	**90,390**	**3,958**

Retained earnings movement	31 December 2017	31 December 2016
Opening balance	(8,353,025)	(8,245,744)
Profit/ (loss) after tax	2,752	10,522
Payment to the holders of contingent convertible securities (net of tax)	(117,481)	(117,803)
Closing balance	**(8,467,755)**	**(8,353,025)**

40 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 payments on the contingent convertible securities, which were issued in the context of the Bank's recapitalization. It is noted that, on December 2017, the Bank paid the interest of the contingent convertible securities to the HFSF, amounting to € 165.5 million. Relevant to the contingent convertible securities is Note 38.

Finally, according to the Regulation (EU) No 1024/2013, credit institutions have to comply with the recommendations of the ECB (ECB/2017/44) on dividend distribution policies (implementation of conservative distribution policy during 2018 for the fiscal year 2017, 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 2017, the Board of Directors of the Bank will propose the non – distribution of dividends for the fiscal year 2017 in the Annual General Meeting of Shareholders of 2018.

Amounts in thousand euros (unless otherwise stated)

For the fiscal year 2016, although profit has been recognized for the Bank, on 28/06/2017, the Annual General Meeting of the Shareholders decided not to distribute dividends for the fiscal year 2016, according to the requirements in use (article 10 of Law 3864/2010, as in force) for credit institutions that have received capital enhancements by HFSF.

41 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 2017	31 December 2016
Cash and balances with Central Bank (Note 16)	797,775	624,424
Loans and advances to credit institutions (Note 17)	1,057,497	180,694
Financial assets at fair value through profit or loss (Note 19)	1,465,180	-
Available for sale securities (Note 22)	158,922	700,831
	3,479,374	**1,505,950**

42 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 and benefits from the special rights stated in article 10 of Greek Law 3864/2010, as amended and in force.

The transactions with the above related parties are under the usual market terms. Loans and letters of guarantee issued to related parties represent an insignificant part of total loans and letters of guarantee issued by the Bank, respectively. Loans and letters of guarantee have been issued to related parties in the normal course of business, within the approved credit policies and Bank procedures, adequately collateralized and the risk of their repayment is within the normal course of the market conditions.

Transactions with the Board of Directors members and the key management personnel and the other related parties, that include related parties mentioned in points (b) and (c) above, are presented in the table below. It is noted that,with the exception of the interest payment on the outstanding contingent covertible bonds of € 165.5 million in December 2017 (Note 40) and € 165.9 million in December 2016, there were no significant transactions with the HFSF for the year 2017 and 2016.

	31/12/2017		31/12/2016	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans and advances to customers	8,892	1,887	13,422	21,968
Due to customers	1,087	1,116	2,140	3,164
Letters of guarantee and letters of credit	-	-	-	2,964

Amounts in thousand euros (unless otherwise stated)

	1/1 - 31/12/2017		1/1 - 31/12/2016	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	109	247	182	1,207
Expense	3	272	6	345

Members of the Board of Directors and key management personnel benefits	1/1 - 31/12/2017	1/1 - 31/12/2016
Short term benefits	6,553	6,758
Post employment benefits	(1,633)	(1,361)

Short term benefits for the members of the Board of Directors and the key management personnel include wages, salaries, employers' share of social contributions and other charges. Line "Post employment benefits" includes the cost of programs for the post employment benefits and for the year 2017 it has been positively affected from the reversal of part of the formed provisions as at 31/12/2016 as a result of the net revenues from the benefit settlement of the period.

The aggregate provisions for post employment benefits to Members of the Board of Directors and key management personnel amount to € 5.3 million as at 31/12/2017, compared to € 9.0 million as at 31/12/2016. The full amount of the above post employment benefits has been included in the retirement benefit obligations.

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

I. Subsidiaries

	31 December 2017	31 December 2016
Assets		
Cash and balances with Central Bank	-	11,273
Loans and advances to credit institutions	344,137	485,895
Loans and advances to customers	2,672,118	2,561,046
Derivative financial instruments - assets	1,463	-
Other assets	343,328	277,870
Total	**3,361,046**	**3,336,084**
Liabilities		
Due to credit institutions	373,326	441,811
Due to customers	253,170	261,359
Debt securities in issue	64,489	69,515
Derivative financial instruments - liabilities	1,663	-
Other liabilities	154,587	219,168
Total	**847,236**	**991,852**

	1/1-31/12/2017	1/1-31/12/2016
Income		
Interest and similar income	67,805	73,034
Fee and commission income	10,441	10,228
Other income	1,369	1,630
Total	**79,616**	**84,892**
Expenses		
Interest expense and similar charges	(19,419)	(29,008)
Fee and commission expense	(18,656)	(20,804)
Operating expenses	(37,496)	(44,963)
Total	**(75,571)**	**(94,775)**

Amounts in thousand euros (unless otherwise stated)

Letters of guarantee to subsidiaries of the Group as at 2017 amount to € 201.7 million (31/12/2016: € 174.5 million). The Bank's liabilities from property operating leasing of the Group's subsidiary companies as at 31/12/2017 amount to € 136.2 million (31/12/2016: 181.5 million).

II. Associates

	31 December 2017	31 December 2016
Loans and advances to customers	1,252,723	1,059,725
Derivative financial assets	5,477	3,283
Other receivables	271	89
Due to customers	59,661	70,880
Derivative financial liabilities	24,941	-
Other liabilities	593	390

The aggregate provisions on loans to associate companies as at 31/12/2017 amount to € 92.7 million, compared to € 56.2 million as at 31/12/2016.

	1/1-31/12/2017	1/1-31/12/2016
Total expense and capital expenditure	(11,906)	(8,791)
Total income	66,718	58,715

Letters of guarantee to associates of the Group as at 31/12/2017 amount to € 7.7 million (31/12/2016: € 10.5 million). The Bank's liabilities from property operating leasing of the Group's associate companies as at 31/12/2017 amount to € 30.0 million (31/12/2016: 0.0 million).

III. Joint ventures

	31 December 2017	31 December 2016
Loans and other receivables	51,818	50,495

The aggregate provisions on loans to joint ventures as at 31/12/2017 amount to € 8.3 million, compared to € 0.2 million as at 31/12/2016.

	1/1-31/12/2017	1/1-31/12/2016
Total income	787	355

43 Independent Auditor's fees

For the years ended at 31 December 2017 and 2016 the legal auditor's fees of the Bank (Deloitte and PricewaterhouseCoopers) are analysed below.

	31 December 2017	31 December 2016
Statutory audit fees	1,950	1,072
Tax audit fees	165	236
Other audit related fees	185	106
Other non audit related fees	1,677	154
Total	**3,977**	**1,567**

Amounts in thousand euros (unless otherwise stated)

44 Restatements/ reclassifications of comparative year

During the year 2017, the Bank in view of better presentation of the derivative financial instruments in the Statement of Financial Position, amended the presentation of derivative financial instruments. More specifically, in the previous year part of the derivatives' valuation was presented in line "other liabilities", whereas in the current year it is presented in the respective accounts of derivative financial instruments. Consequently, the derivative financial instruments are recorded at fair value in lines "Derivative financial instruments – assets" and "Derivative financial instruments – liabilities".

Furthermore, in order to present a more accurate information, the Bank reclassified the balance of "Nostros and sight accounts with other banks" from line "Cash and balances with Central Bank" to line "Loans and advances to credit institutions".

During the current year, in view of better presentation, the Bank restated the credit card expenses associated with interest and administrative expenses into the commission and fee expenses.

As a result, the Group's and Bank's Statement of Financial Position and Cash Flow Statement as of 31 December 2016 was restated/ reclassified as follows:

INCOME STATEMENT	From 1 January to 31 December 2016		
	Published amounts	Restatements	Restated amounts
Interest and similar income	2,398,360	11,148	2,409,508
NET INTEREST INCOME	**1,681,817**	**11,148**	**1,692,966**
Fee and commission income	280,325	6,289	286,615
Fee and commission expense	(47,225)	(11,148)	(58,373)
NET FEE AND COMMISSION INCOME	**233,100**	**(4,859)**	**228,241**
TOTAL NET INCOME	**2,145,394**	**6,289**	**2,151,683**
Administrative expenses	(496,854)	(6,289)	(503,143)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(1,085,590)**	**(6,289)**	**(1,091,879)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	**1,059,804**	**0**	**1,059,804**

STATEMENT OF FINANCIAL POSITION	From 1 January to 31 December 2016		
	Published amounts	Restatements	Restated amounts
Cash and balances with Central Bank	2,152,115	(1,249,867)	902,248
Loans and advances to credit institutions	521,459	1,249,867	1,771,326
Derivative financial instruments - assets	445,070	3,837	448,907
TOTAL ASSETS	**78,533,734**	**3,837**	**78,537,571**
Derivative financial instruments - liabilities	461,205	195,451	656,655
Other liabilities	1,040,257	(191,614)	848,643
TOTAL LIABILITIES	**69,076,953**	**3,837**	**69,080,790**

Amounts in thousand euros (unless otherwise stated)

CASH FLOW STATEMENT	From 1 January to 31 December 2016		
	Published amounts	Restatements	Restated amounts
Net (increase)/ decrease in cash and balances with Central Bank	114,110	(53,143)	60,967
Net (increase)/ decrease in loans and advances to credit Institutions	263,781	103,138	366,919
Purchases of investment securities	(6,867,048)	700,831	(6,166,216)
Disposals/ maturity of investment securities	6,928,726	(693,152)	6,235,574
Cash and cash equivalents at the beginning of the year	1,264,024	365,334	1,629,358
Cash and cash equivalents at the end of the year	1,082,942	423,008	1,505,950

45 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 2017 did not pay any capital and interest for the deposits that were lapsed in favor of the Greek State, as due to paragraph 6 of the first article of Legislative Act 18-7-2015 (Gazette A΄84/18/07/2015), the procedure of reimbursement of dormant accounts to the Greek State has been postponed.

46 IFRS 9 Transition Disclosures

1. Transitional Disclosures on IFRS 9 “Financial Instruments”

On 1 January 2018, the Piraeus Bank implemented the requirements of IFRS 9 ‘Financial Instruments’. These Transitional Disclosures to IFRS 9 'Financial Instruments' provide information relevant to understanding the impact of the new accounting standard on the Piraeus Bank’s financial position as at 1 January 2018.

The transition disclosures provide a bridge between IAS 39 'Financial Instruments: Recognition and Measurement', IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and IFRS 9 ‘Financial Instruments’ results. The Transitional Disclosures provide context for changes in the recognition of credit losses, changes in the classification and measurement of financial instruments on our Statement of Financial Position and the resulting impact on regulatory capital.

The Bank continues to test and refine the new accounting processes, internal controls and governance framework necessitated by the adoption of IFRS 9 ‘Financial Instruments’. Therefore, the estimation of expected credit losses (‘ECL’) and related impacts remains subject to change until finalization of the 2018 financial statements for the year ending 31 December 2018.

2. Estimated Impact of IFRS 9 “Financial Instruments”

The IFRS 9 transition impact before tax as at 1 January 2018 on the financial statements of the Piraeus Bank estimated to €1,546.3 million and is analysed as follows:

	€ million
A decrease from additional impairment allowances	1,494.3
A decrease of from the re-measurement of financial assets and liabilities as a consequence of classification changes	25.3
Net effect of IFRS 9 Transition Impact on Total Equity	**1,519.6**
ECL impact of AFS bond portfolio measured at FVTOCI	26.7
Total Estimated IFRS 9 Transition Impact	**1,546.3**

The Bank has not recognized deferred tax asset on the net IFRS 9 transition impact as at 1/1/2018 based on Management’s current assessment that this DTA is not currently considered recoverable. The unrecognised deferred tax asset would have amounted to € 440.7 million.

Piraeus Bank remains satisfactorily capitalized following the adoption of IFRS 9 which, based on the transition impact, will result in a 23 bps decrease in the Common Equity Tier 1 ratio, applying the EU regulatory transitional arrangements, and a 374 bps decrease on a fully loaded basis as at 1 January 2018.

IFRS 9 “Financial Instruments” addresses the accounting requirements for financial instruments classification and measurement, impairment and hedge accounting. It replaces IAS 39 “Financial Instruments: Recognition and Measurement” and is effective for annual periods beginning on or after 1 January 2018. Piraeus Bank has not opted to early adopted IFRS 9 and as a result, the first interim financial statements under IFRS 9 will be for the quarter ending 31 March 2018.

3. Estimated Impact on regulatory capital

Key capital metrics	At		
	31 Dec 2017	1 Jan 2018	1 Jan 2018
	IAS 39	IFRS 9 Transitional	IFRS 9 Fully loaded
Common Equity Tier 1 Capital	7,794,174	7,597,742	5,742,088
Tier 1 Capital	7,794,174	7,597,742	5,742,088
Total Capital	7,794,174	7,597,742	5,742,088
Total risk weighted assets (on and off- balance sheet items) (€ thousand)	**47,864,313**	**47,325,388**	**45,791,891**
Capital ratios (%)[1]			
Common Equity Tier 1 Capital ratio	16.28 %	16.05 %	12.54 %
Tier 1 Capital ratio	16.28 %	16.05 %	12.54 %
Total Capital ratio	16.28 %	16.05 %	12.54 %
Leverage Ratio	12.31%	11.77%	9.36%

1 *Capital ratios are presented on a CRD IV transitional basis at 31 December 2017 for consistency.*

4. IFRS 9 regulatory transitional arrangements

The Bank has adopted the regulatory transitional arrangements published by the EU (No 2017/2395) in December 2017, amending the regulation (EU) 575/2013 with the insertion of article 473a. These transitional arrangements permit banks to add back to their capital base a proportion of the IFRS 9 impact due to expected credit loss provisions during the first five years of use. The proportion that banks may add back starts at 95% in 2018, and reduces to 25% by 2022.

The impact of IFRS 9 on the allowance for loan losses is defined as:

- the increase in expected credit losses on day one of IFRS 9 adoption; plus
- any subsequent increase in expected credit losses in the non credit-impaired book thereafter.

5. Impact on Governance and Internal Controls

Piraeus Bank commenced its IFRS 9 implementation program (“IFRS 9 Program”) in Q1 2016. In the context of the implementations of this program, an appropriate Governance, Steering Committees, Project Management Office, and various project teams were established with participants from several of the Bank’s divisions. The Bank’s IFRS 9 Steering Committee, participated actively throughout the process, ensuring efficient, effective, accurate and timely implementation of the IFRS 9 Program. Given the complexity and the size of the IFRS 9 Program, the Bank contracted consultants who are “Subject-Matter Experts” very early in the process for the implementation of IFRS 9 and the Bank has made substantial investments in new IT infrastructure and processes.

On the basis of its existing governance framework, Management has ensured that the appropriate internal controls and validations are in place over the key processes and judgments to determine the ECL. As part of the implementation, Management has refined its existing internal controls and implemented new internal controls and processes where required in areas that are impacted by IFRS 9. Management has also set up validation processes and controls to assess the appropriateness of ECL measurement. Some of the key governance and control areas are those related to controls over the development of macroeconomic scenarios and weighting them by an appropriate probability of default, credit risk data and systems, the determination of criteria for the assessment of a significant increase in credit risk and the criteria for the classification of loans and debt securities.

Furthermore, in addition to the existing risk management framework, a robust and strong governance framework has been set up to review and approve the ECL measurement. In this regard, Impairment Committee reviews and approves the impairment charge on a quarterly basis, along with all underlying key components and respective key assumptions.

The Board of Directors with the assistance of the Audit Committee and Risk Management Committee, as well as the Bank's Executive Committee, monitored very closely the implementation of the IFRS 9 Program on a frequent base and participated actively in the decision making process. In this context, the policies approved by Audit Committee were:

- IFRS 9 - Classification & measurement policy for financial instruments
- IFRS 9 - Classification policy for loans and advances to customers
- IFRS 9 - Impairment policy for loans and advances to customers
- IFRS 9 - De-recognition policy for loans and advances to customers
- IFRS 9 – Disclosures policy

6. Amendments to accounting policies due to IFRS 9 implementation

6.1. Basis of preparation

IFRS 9 'Financial Instruments' was adopted on 1 January 2018. This excludes the adoption of 'Prepayment Features with Negative Compensation (Amendments to IFRS 9)' which is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting, until the micro- hedging project is finalized, which the Piraeus Bank has exercised.

The classification and measurement as well as impairment requirements are applied retrospectively by adjusting the opening balances in the Statement of Financial Position at the date of initial application, with no requirement to restate comparative periods. The Piraeus Bank has not restated comparatives. The adoption is expected to reduce Total Equity at 1 January 2018 by € 1,519.6 million.

6.2. Classification and Measurement of Financial Assets and Liabilities

All recognized financial assets under IAS 39 will be measured at either amortized cost or fair value under IFRS 9.
Specifically,

- a debt instrument that is held within a business model whose objective is to collect the contractual cash flows and has contractual cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding (SPPI test pass), must be measured at amortized cost, unless the asset is designated at fair value through profit or loss ("FVTPL") under the fair value option.

- a debt instrument that is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test pass), must be measured at fair value through other comprehensive income ("FVTOCI"), unless the asset is designated at FVTPL under the fair value option.
- all other debt instruments are to be measured at FVTPL.

Upon transition, the business model assessment has been based on the facts and circumstances as at 1 January 2018.

In order to identify its business models, the Bank's decisions have been based on factors such as; 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. In the context of the SPPI test on loans and advances to customers the cash flow characteristics have been assessed either on a contract/product basis in case of non-standardized loans or in groups with common characteristics in case of standardized products.

The classification and measurement of financial liabilities remains essentially unchanged from the current IAS 39 classification. The only exception is that IFRS 9 requires that changes in the fair value of those instruments that are attributable to changes in the credit risk to be presented in OCI, unless the presentation of the effect of the change in the liability's credit risk would create or enlarge an accounting mismatch in the Income Statement.

6.3. Summary of significant accounting policies

Set out below are the new or substantially revised accounting policies implementing IFRS 9, which replace the existing IAS 39 policies. The accounting policies on hedge accounting and derivatives are substantially unchanged and are not repeated. The following policies will substantially replace existing policies as disclosed in the 2017 Annual Financial Statements.

a. Loans and advances to customers & Debt securities measured at amortized cost.

A financial asset is generally measured at amortized cost if both of the following conditions are met:

i. The asset is held within a business model whose objective is to hold it in order to collect contractual cash flows

The business model of financial assets is determined by the Management. Management exercises judgment to assess its business model for managing its loan and advances to customers and debt securities portfolios and such assessment is not determined by a single factor or activity. Rather, the Bank considers all relevant evidence that is available at the date of the assessment. Such relevant evidence includes, but is not limited to:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the key Management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The way that Management monitors loans and advances to customers and debt securities portfolios performance is consistent with the hold to collect (“HTC”) business model. The Bank’s loans and advances to customers and debt securities measured at amortised cost are managed to realize cash flows by collecting contractual payments over the life of the assets.

The business model may be to hold assets to collect contractual cash flows even if the Bank sells these assets when there is an increase in the financial assets' credit risk. To determine whether there has been an increase in the financial assets' credit risk, Management considers reasonable and supportable information, including forward looking information. Irrespective of their frequency and value, sales due to an increase in the financial assets' credit risk are not inconsistent with a business model whose objective is to hold financial assets to collect contractual cash flows because the credit quality of assets is relevant to the Bank’s ability to collect contractual cash flows. Annual reassessment of the HTC business model has been established in order to determine if evidence initially used, has changed.

In certain rare circumstances where the Bank changes its business model for managing financial assets, it should reclassify all affected financial assets in accordance with the new business model. The reclassification should be applied prospectively from the 'reclassification date', which is defined as, 'the first day of the first reporting period following the change in business model that results in the Bank reclassifying the financial assets’. This does not give rise to a prior period error in the Bank’s financial statements (as defined in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors) nor does it change the classification of the remaining financial assets held in that business model, as long as the Bank has considered all relevant information that was available at the time that it made the business model assessment. Accordingly, any previously recognized gains, losses or interest should not be restated.

ii. The contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test).

For the purposes of applying the contractual cash flow characteristics test, the principal is 'the fair value of the asset at initial recognition' and it may change over the life of the financial assets.

Furthermore, the most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money and credit risk. In addition, interest may also include consideration for other basic lending risks (e.g., liquidity risk) and costs (e.g., administrative costs) associated with holding the financial asset for a particular period of time. In addition, interest may include a profit margin that is consistent with a basic lending arrangement.

A contractual cash flow characteristic does not affect the classification of the asset if it could have only a de minimis effect on the contractual cash flows of the financial asset.

In addition, if a contractual cash flow characteristic could have an effect on the contractual cash flows that is more than de minimis (either in a single reporting period or cumulatively) but that cash flow characteristic is not genuine, it does not affect the classification of a financial asset. A cash flow characteristic is not genuine if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur.

Unlike a change in business model, the contractual terms of a financial asset are known at initial recognition. However, the contractual cash flows of a financial asset may vary over its life based on its original contractual terms. Given that the Bank classifies a financial asset at initial recognition on the basis of the contractual terms over the life of the instrument, reclassification on the basis of a change in a financial asset's contractual cash flows is not permitted, unless the asset is substantially modified that it is derecognized.

Initial measurement at amortised cost includes also transaction costs that are directly attributable to the acquisition or issue of the financial asset.

The financial assets, after initial recognition, are measured at the amortised cost less impairment allowance. Interest is calculated using the effective interest method. Initial impairment allowance and subsequent changes are recognized in Income Statement.

A loan that is not measured at amortized cost or at FVTOCI must be measured at FVTPL.

Nevertheless, the Bank may, at initial recognition, irrevocably designate a loan as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

b. Investment Securities measured at FVTOCI

i. Debt securities

A financial asset is normally measured at FVTOCI if both of the following conditions are met:

- The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling assets.
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (see section (a) for the analysis).

A "hold to collect and sell" business model applies when key management personnel have made a decision that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. In order to determine whether this is so, the Bank considers:

- If the business model will typically involve greater frequency and value of sales than a hold to collect model,
- If there are various objectives that may be consistent with this type of business model, such as:
    - o when the objective of the business model may be to manage everyday liquidity needs,
    - o to maintain a particular interest yield profile,
    - o to match the duration of the financial assets to the duration of the liabilities that those assets are funding.

As mentioned in section (a) above, the Bank should reassess its business models at each reporting period in order to determine whether they have changed since the preceding period. As an example, an increased level of sales of assets within a portfolio that was assessed as 'hold to collect' may indicate that the business model has evolved and that it would be inappropriate to classify future additions to the portfolio in the same way. As discussed above, this does not however mean that the remaining assets within the portfolio need to be reclassified. Reclassification would be required only if the original business model assessment was made in error, or IFRS 9's strict conditions for reclassification of financial assets on change in business model are met.

The financial assets, after initial recognition, are measured at fair value through OCI. In P&L, the Bank recognizes the interest calculated using the effective interest method, the impairment allowance and subsequent changes and the foreign exchange gains and losses. On the date of derecognition or reclassification to the FVTPL category, the cumulative FV gains/ losses of debt financial assets are reclassified from equity to profit or loss as a reclassification adjustment.

ii. Equity instruments

Namely to equity instruments, the Bank may on initial recognition make an irrevocable election to classify specific equity instruments in the FVTOCI portfolio. This decision is taken on an "one to one" basis.

Subsequent changes in the fair value of an investment in an equity instrument that has been irrevocably elected on initial recognition to be classified in the FVTOCI portfolio are presented in other comprehensive income.

Furthermore, on equity instruments, in contrast to the FVTOCI debt instruments:

- gains and losses recognized in other comprehensive income are not subsequently transferred to profit or loss, although the cumulative gain or loss may be transferred within equity (retained earnings),
- equity instruments are not subject to any impairment accounting.

Only dividend income on such equity instruments is recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, with all other gains and losses (including those relating to foreign exchange), recognised in other comprehensive income.

c. Financial assets at fair value through profit or loss (FVTPL)

In this category a financial asset is classified as subsequently measured at fair value, with changes in fair value recognized in the Income Statement.

Financial assets that do not meet the criteria for classification at either amortised cost or fair value through other comprehensive income, are measured at fair value through profit or loss.

In addition, it is possible to designate a financial asset at FVTPL in certain circumstances. Specifically, at initial recognition, the Bank may designate a financial asset as measured at FVTPL that would otherwise be measured subsequently at amortised cost or at fair value through other comprehensive income. Such an election is, however, irrevocable and such designation can only be made if it eliminates or significantly reduces an accounting mismatch (measurement or recognition inconsistency) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. There is no requirement to apply the choice consistently to all similar transactions, instead the Bank has this option if it results in more relevant information.

6.4. Impairment of financial assets

IFRS 9 introduces an expected credit loss ("ECL") model, compared to the incurred loss model of IAS 39, that will apply to all financial instruments that are subject to impairment and certain off-balance sheet commitments on loans and advances to customers and guarantees and replaces the incurred loss model in IAS 39. The new standard uses a "three Stage" approach (Stage 1, Stage 2, Stage 3) that will reflect changes in credit quality since initial recognition of a financial asset. At each reporting date, an impairment loss equal to 12-month expected credit losses (allocated to 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 a) where there is a significant increase in credit risk since their initial recognition (allocated to Stage 2), b) that are credit impaired (allocated to Stage 3) and c) that are purchased or originated credit impaired "POCI" (allocated to Stage 3), an impairment loss equal to lifetime expected credit losses will be recognized. The Bank has decided to apply the CRR definition of default.

A default is considered to have occurred with regards to a particular borrower when either of the following conditions have taken place:

- Past due criterion: The borrower is past due more than 90 days on any material credit obligation to the Bank.
- Unlikeliness to Pay (UTP) criterion: The Bank considers that the obligor is unlikely to pay its credit obligations to the Bank.

The determination of a significant increase in credit risk takes into account many different factors and will vary by product and risk segment. The main factors considered in making this determination are relative changes in probability of default since origination and certain other criteria either as secondary indicators or backstops such as watch-list status, existence of forbearance, behavioral flags (maximum delinquency bucket for the last 12 months) and 30-day past due. The Bank measures and assesses significant increase in credit risk, by comparing the risk of default at “initial recognition date” with the risk of default at “reporting date”.

6.5. Key Impairment Modelling Concepts

ECL is a function of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment to reflect factors not captured in models.

7. Derecognition of financial assets

The Bank derecognizes a financial asset in the following cases:

- the contractual rights to the cash flows from the asset expire, or
- the Bank transfers the financial asset and the transfer qualifies for derecognition.

The term 'financial asset' is used to refer to either the whole, or a part, of a financial asset (or the whole or a part of a group of similar financial assets). It is therefore important that a reference to an asset being derecognized 'in its entirety' does not necessarily mean that 100% of the financial asset is derecognized. It may mean, for example, that there has been full derecognition of, say, 80% of the financial asset to which the derecognition rules have applied separately.

The contractual rights to the cash flows from that asset have expired when for example:

- a loan receivable is repaid;
- a purchased option expires unexercised.

The Bank transfers a financial asset if, and only if, it either:

- transfers the contractual rights to receive the cash flows of the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows on to one or more recipients.

If the Bank transfers substantially all the risks and rewards of ownership of the financial asset, the Bank must derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.

It is a common practice, to proceed in the restructuring of debt instruments particularly but not always when debtors are in financial difficulties. The restructuring is a modification to the terms of a loan or an exchange of one debt instrument issued by the borrower for another. If the contractual cash flows on a financial asset are modified, the Bank assesses whether the rights over the cash flows have expired and thus the financial asset should be derecognized.

Whether the Bank has retained control of the transferred asset, it is determined by the transferee's ability to sell the asset.

Further to the above, the Bank has clearly defined which modifications of the contractual terms of lending arrangements shall be considered as substantial and as a result lead to derecognition accounting.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount of the asset; and
- the consideration received including any new asset obtained less any new liability assumed (in case of transfer) or the new loan calculated at fair value (in case of expiration)

is recognized by the Bank's Income Statement. In addition, any cumulative gain or loss in respect of that asset which was previously recognized in OCI should be reclassified from equity to the Income Statement if the asset is a debt instrument accounted for at FVTOCI under IFRS 9.

In case that the renegotiation or modification of the contractual cash flows of a financial asset does not lead to derecognition of the existing financial asset as per IFRS 9, the Bank:

- Continues with its current accounting treatment for the existing asset that has been modified.
- Records a modification gain or loss by recalculating the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows, discounted at the financial asset's original EIR (or the credit-adjusted EIR for purchased or originated credit-impaired financial assets).

Amounts in thousand euros (Unless otherwise stated)

1. Classification of Financial Assets at the date of initial application of IFRS 9

The following tables disclose changes in the carrying amounts and the classifications of financial assets as at the date of initial application of IFRS 9:

	IAS 39 measurement	IAS 39 carrying amount 31.12.2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at amortised cost under IFRS 9					
Cash and balances with central bank	Amortised Cost				
Closing balance 31/12/2017		1,154,395			
Remeasurement (ECL allowance)				(50)	
Opening balance 1/1/2018					**1,154,345**
Loans and advances to credit institutions	Amortised Cost				
Closing balance 31/12/2017		2,091,669			
Remeasurement (ECL allowance)				(5)	
Opening balance 1/1/2018					**2,091,664**
Loans and advances to customers (net)	Amortised Cost				
Closing balance 31/12/2017		44,884,572			
Reclassification to Non-trading financial assets at FVTPL			(117,811)		
Remeasurement (ECL allowance)				(1,340,619)	
Opening balance 1/1/2018					**43,426,143**
Debt securities - receivables	Amortised Cost				
Closing balance 31/12/2017		23,109			
Reclassification to Non-trading financial assets at FVTPL			(23,109)		
Opening balance 1/1/2018					**0**
Reverse repos with customers	Amortised Cost				
Closing balance 31/12/2017		88,874			
Remeasurement (ECL allowance)				(144)	
Opening balance 1/1/2018					**88,729**
Total financial assets measured at amortised cost under IFRS 9		**48,242,619**	**(140,920)**	**(1,340,818)**	**46,760,881**

Amounts in thousand euros (Unless otherwise stated)

	IAS 39 measurement	IAS 39 carrying amount 31.12.2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at FVTPL under IFRS 9					
Debt securities	Fair value through PL				
Closing balance 31/12/2017		1,476,244			
Reclassification to Derivative financial instruments - assets			(35)		
Reclassification from Derivative financial instruments - assets			4,515		
Reclassification from Debt securities receivables			23,109		
Remeasurement due to reclassifications				(8,943)	
Opening balance 1/1/2018					**1,494,891**
Equity securities	Fair value through AFS Reserve				
Closing balance 31/12/2017		0			
Reclassification from Investment Securities (Equity securities available for sale)			121,801		
Opening balance 1/1/2018					**121,801**
Derivative financial instruments - assets	Fair value through PL				
Closing balance 31/12/2017		461,402			
Reclassification from Debt securities at FVTPL (Trading portfolio)			35		
Reclassification from Available for sale securities			21,979		
Reclassification to FVTPL (Loans and advances to customers)			(5,477)		
Reclassification to FVTPL (Debt securities)			(4,515)		
Opening balance 1/1/2018					**473,424**
Loans and advances to customers					
Closing balance 31/12/2017		0			
Reclassification from Loans and advances to customers at amortised cost (net)			117,811		
Reclassification from Derivative financial instruments - assets (at FVTPL)			5,477		
Remeasurement due to reclassifications				(16,340)	
Opening balance 1/1/2018					**106,948**
Total financial assets measured at FVTPL under IFRS 9		**1,937,647**	**284,700**	**(25,283)**	**2,197,064**

Amounts in thousand euros (Unless otherwise stated)

	IAS 39 measurement	IAS 39 carrying amount 31.12.2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at FVOCI under IFRS 9					
Available for sale securities	Fair value through AFS Reserve				
Closing balance 31/12/2017		2,019,464			
Reclassification to Financial assets at FVOCI (debt securities)			(1,723,853)		
Reclassification to Financial assets at FVOCI (equity securities)			(151,831)		
Reclassification to Financial assets at FVTPL			(121,801)		
Reclassification to Derivative financial instruments - assets			(21,979)		
Opening balance 1/1/2018					**0**
Financial assets at FVOCI (debt securities)					
Closing balance 31/12/2017		0			
Reclassification from Available for sale			1,723,853		
Opening balance 1/1/2018					**1,723,853**
Financial assets at FVOCI (equity securities)					
Closing balance 31/12/2017		0			
Reclassification from Available for sale			151,831		
Opening balance 1/1/2018					**151,831**
Total financial assets measured at FVOCI under IFRS 9		**2,019,464**	**(143,780)**		**1,875,684**

Amounts in thousand euros (Unless otherwise stated)

2. Reconciliation of allowance

The following table reconciles the allowance for impairments measured in accordance with the IAS 39 incurred loss model and the provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 as at 31 December 2017 to the allowance for impairments estimated in accordance with the IFRS 9 expected loss model at 1 January 2018:

	Measurement under IAS 39 / IAS 37	Measurement under IFRS 9	Allowance for impairment under IAS 39 and Provisions under IAS 37 (31 December 2017)	Remeasurements	Allowance for impairments under IFRS 9
Cash and balances with central bank	Amortised Cost	Amortised Cost	0	(50)	(50)
Loans and advances to credit institutions	Amortised Cost	Amortised Cost	0	(5)	(5)
Loans and advances to customers	Amortised Cost	Amortised Cost	(14,659,299)	(1,340,619)	(15,999,917)
Debt Securities Receivables	Amortised Cost	Amortised Cost	0	0	0
Reverse repos with customers	Amortised Cost	Amortised Cost	0	(144)	(144)
Investment securities (debt securities)	Fair value through AFS Reserve	FVOCI	0	(26,656)	(26,656)
Total			**(14,659,299)**	**(1,367,474)**	**(16,026,773)**
Loan commitments	Off Balance sheet	Off Balance sheet		(137,102)	**(137,102)**
Financial guarantees	Off Balance sheet	Off Balance sheet		(16,409)	**(16,409)**
Total				**(153,511)**	**(153,511)**

Amounts in thousand euros (Unless otherwise stated)

3. IFRS 9 estimated impact on equity

The table below discloses the total estimated impact of IFRS 9 on equity, as well as reclassifications within Total Equity, as at 1 January 2018:

	Impact of adopting IFRS 9 1/1/2018
AFS Reserve	
Closing balance under IAS 39 (31 December 2017)	90,390
Reclassifications to Reserve from financial assets at FVOCI (debt securities)	(81,718)
Reclassifications to Reserve from financial assets at FVOCI (equity securities)	(4,082)
Transfer to Retained Earnings	(4,589)
Opening balance under IFRS 9 (1 January 2018)	**(0)**
Reserve from financial assets at FVOCI (debt securities)	
Reclassifications from AFS Reserve	81,718
Recognition of expected credit losses under IFRS 9	26,656
Opening balance under IFRS 9 (1 January 2018)	**108,374**
Reserve from financial assets at FVOCI (equity securities)	
Reclassifications from AFS Reserve	4,082
Opening balance under IFRS 9 (1 January 2018)	**4,082**
Retained earnings	
Closing balance under IAS 39 (31 December 2017)	(8,467,755)
Transfer from AFS Reserve	4,589
Remeasurements due to Reclassifications	(25,283)
Recognition of expected credit losses under IFRS 9	(1,520,985)
Opening balance under IFRS 9 (1 January 2018)	**(10,009,433)**

Amounts in thousand euros (Unless otherwise stated)

4. Remeasurements in allowance for impairment for loans and advances to customers per portfolio and stage

The table below analyzes the remeasurement in allowance for impairment for loans and advances to customers per portfolio and stage as at 1 January 2018:

	Gross balance as at 31/12/2017				Allowance for impairment for loans and advances to customers under IAS 39 as at 31/12/2017				Remeasurement of the allowance for impairment for loans and advances to customers under IFRS 9 as at 1/1/2018				Difference between IAS 39 and IFRS 9 in the allowance for impairment of loans and advances to customers			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail	**7,698,218**	**3,973,840**	**8,751,223**	**20,423,281**	**(35,680)**	**(264,780)**	**(3,611,898)**	**(3,912,357)**	**(34,489)**	**(560,381)**	**(3,922,999)**	**(4,517,869)**	**1,191**	**(295,601)**	**(311,101)**	**(605,512)**
Mortgages	6,360,151	2,984,993	5,680,544	15,025,688	(5,462)	(71,503)	(1,664,949)	(1,741,914)	(5,193)	(255,742)	(1,686,407)	(1,947,342)	269	(184,239)	(21,458)	(205,429)
Consumer/ personal loans	870,394	889,569	2,559,917	4,319,880	(27,521)	(191,244)	(1,554,604)	(1,773,368)	(26,858)	(295,366)	(1,800,047)	(2,122,271)	663	(104,123)	(245,443)	(348,903)
Credit cards	467,673	99,278	510,762	1,077,713	(2,697)	(2,033)	(392,345)	(397,075)	(2,438)	(9,273)	(436,545)	(448,256)	259	(7,240)	(44,200)	(51,181)
Corporate loans	**11,633,544**	**3,903,063**	**21,702,165**	**37,238,773**	**(117,632)**	**(132,032)**	**(10,461,935)**	**(10,711,599)**	**(105,542)**	**(319,963)**	**(11,055,287)**	**(11,480,792)**	**12,089**	**(187,930)**	**(593,352)**	**(769,193)**
Public Sector	**1,748,348**	**5,422**	**10,236**	**1,764,007**	**(34,954)**	**(101)**	**(288)**	**(35,343)**	**(509)**	**(545)**	**(203)**	**(1,257)**	**34,445**	**(444)**	**85**	**34,086**
Total	**21,080,111**	**7,882,325**	**30,463,624**	**59,426,060**	**(188,265)**	**(396,913)**	**(14,074,120)**	**(14,659,299)**	**(140,540)**	**(880,888)**	**(14,978,489)**	**(15,999,917)**	**47,725**	**(483,976)**	**(904,368)**	**(1,340,619)**

Amounts in thousand euros (unless otherwise stated)

47 Events Subsequent to the End of the Year

- 2 January, 2018 was the last day (T) for the exercise of Piraeus Bank Titles Representing Share Ownership Rights (Warrants). During their 9th and last exercise process, a total of 7,136 Warrants on shares issued by the Bank and owned by the Hellenic Financial Stability Fund (HFSF) were exercised, resulting in 15 new common shares and a commensurate increase of the Bank's free float. The 843,629,886 Warrants that had not been exercised by that date automatically expired and were cancelled by the HFSF after the exercise orders settlement date, on 5th January 2018 (T+3).

- During the 1st quarter 2017, the exchange of floating rate EFSF and ESM notes held by Piraeus Bank with fixed rate ESM bonds was initiated, within the framework of the short-term measures for the relief of Greek public debt. Up until 31 December, 2017, notes held by the Bank with a nominal value of € 10.9 billion had been exchanged for cash, and an additional € 1.5 billion with new ESM bonds. These new bonds were exchanged for cash on 17 January 2018, bringing the bond exchange program to an end. Following the completion of the program, the total amount of EFSF and ESM bonds held by the Bank has dropped to zero.

- On 1 January 2018, Piraeus Bank Group applied the requirements of IFRS 9 "Financial Instruments". These disclosures which relate to the transition to IFRS 9 "Financial Instruments" are offering information necessary to understand the effect of the first time adoption on the new accounting standard to the financial position of Piraeus Bank Group as of 1st January 2018. The effect of the first time adoption of IFRS 9 to the financial position of Piraeus Bank Group on 1st January 2018, was the reduction of its total equity of € 1.6 billion. More retails on the impact from the adoption of IFRS9 are given on Note 46 of the Financial Statements.

- During March 2018, the procedure for the sale of Piraeus Bank's subsidiary Olympic Commercial and Tourism Enterprises – which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece – to a special purpose company designated by Avis Budget Group was completed.

Athens, 28 March 2018

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
GEORGE P. HANDJINICOLAOU	CHRISTOS I. MEGALOU	KONSTANTINOS S. PASCHALIS	GEORGE TH. MARINOPOULOS

PIRAEUS BANK

Information on a consolidated basis for the year 2017 according to article 6 of Law 4374/2016

I. Payments on a consolidated basis for the year 2017 owing to promotion and advertising expenses to Media companies (according to par. 1 article 6 of Law 4374/2016)

Creditor	Amounts in thousand euros
1984 PRODUCTIONS A.E.	36.00
24 MEDIA M.E.P.E.	204.33
96 MESA ENHMEROSHS KAI EPIKOINONIAS IKE R/SFLASH 96.0	22.50
A. MYKONIATHS A.E.	30.40
A. PAPADOPOYLOY & SIA E.E.	0.80
A.S.A.P YPHRESIES MARKETING	19.09
ACTIVE BUSINESS - EKDOTIKH MON/PH E.P.E.	2.20
ADESMEYTH ENHMEROSH I.K.E.	24.50
ADESMEYTI M.E.P.E.	0.23
ADVANCE IT SQUARE MON E.P.E.	5.00
ADWEB LTD ETAIREIA PERIORISMENHS EYTHYNHS	4.62
AFOI P. XOYTZOYMI E.P.E.	0.50
AFOI RIGA EKDOTIKI ANON. EMPOR. ETAIREIA	0.60
AGRO BROKERS LTD	13.00
AGROTYPOS A.E.	12.66
AISOOY YPHRESIES INTERNET E.P.E.	15.75
AKTH MIAOYLH PUBLICATIONS IKE	12.00
AL TSANTIRI.GR	134.50
ALHTHINO RADIOPHONO A.E. - RADIOTHLEOPTIKES EPIXEIRHSEIS A.E.	234.03
ALPHA DORYFORIKI THLEORASH S.A.	608.86
ALPHA RADIOPHONIKH A.E.	97.14
ALPHA RADIOPHONIKH KRONOS A.E.	4.69
ALTER EGO MME A.E.	192.69
ANEKSARTHTA MESA MAZIKHS ENHMEROSHS A.E.	203.00
ANEKSARTHTH DHMOSIOGRAPHIKH ENHMEROSH A.E.	8.00
ANNA KALAITZI KAI SIA E.E.	1.35
ANNA NIKOLOPOYLOY KAI SIA E.E.	30.00
ANT1 RADIO RADIOTHLEOPTIKES EPIX/SEIS A.E.	58.06
ANTARHS IDIOTIKH KEPHALAIOYXIKH ETAIREIA	16.50
ANTENNA TV A.E.	675.03
ANTHOS ASTIKH MH KERDOSKOPIKH ET.	4.50
APOSPASMA IKE	2.20
APOSTOLOPOYLOY NIK. ELENH	7.50
ARETH - ANNA E. TZALLA & SIA E.E.	5.00
ARGO EKDOTIKH - DIAPHHMISTIKH M.E.P.E.	1.26
ARGYROPOYLOY POLYKSENI	0.60
ARISTEIDOY THEOF. IOANNIS	0.40
ASM PUBLICATION P. STERGIOY	11.11
ATH. TATSHS & SIA E.E.	13.20
ATHANASIADHS E. XRHSTOS EPHHMERIDA AGROTIKH EKPHRASH	7.00
ATHANASIOS AL. ARAMPATZHS PANERRAIKH EBDOMAD. EPHHM.	15.00
ATHANASIOY EYAGGELOS & SIA E.E.	3.50
ATHENS BOIS AN. EKD. & DIAPHHM.ETAIREIA	63.51
ATHHNAIKES RADIOPHONIKES EPIX/SEIS MON E.P.E.	30.00
ATHHNAIKO PRAKT. EIDHS. - MAKEDON. PRAKT. EIDHS. A.E.	82.00
ATMATZIDHS PAN. XRHSTOS	14.00
ATTIKES EKDOSEIS ANON. EKDOT. ETAIREIA	11.05
AUTOFOCUS - NGO	2.40
AYTODIOIKHSH GR	3.75
B. SKOYTARAS A.E.	48.00
BAKSEBANHS ANTONIOS & SIA E.E.	34.69
BANKINGNEWS A.E.	56.00
BARBARA E. GKIGKILINI POLITIKA TIS KYRIAKIS	0.75
BAS. I . KARYDIS & SIA O.E. - EKDOTIKI TRIPOLEOS	0.70
BASILIKH SKOYLIKA	2.00
BASILIS ZAMPOYNIS	1.50
BAV MEDIA - XRHSTOS NIK. MPELOGIANNHS	19.38
BERGINA A.E.	4.22
BOREIA ENHMEROTIKH A.E.	13.60
BOULEVARD FREE PRESS IKE	16.85
CITY NEWS A.E.	9.28
CODEX YPHR. DIADIKTIOY POLITH - SIAPHAKA MARIELIZE	1.00
COMMUNICATION LAB MON/PI E.P.E.	0.70
CREATIVE INTERNET SERVICES MON E.P.E.	12.00
CRETALIVE E.P.E. DIKTYAKES PYLES	15.11

Creditor	Amounts in thousand euros
CRETAPOST.GR	8.00
CYBEX S.A.	2.30
D. A. ANONYMH EKDOTIKH EMPORIKH SYM/KH ETAIREIA	96.00
D. MPOYRAS K SIA E.E.	76.00
DAPHNH KONTARINH - MEDIA GROUP	20.00
DAPHNOPOTAMOS MON. E.P.E.	7.50
DELTA TILEORASI A.E.	1.20
DESMH EKDOTIKH A.E.	43.70
DHM. PEPHANHS & SIA E.E.	66.50
DHMHTRIOS ALEKS. KOLOBOS	13.75
DHMHTRIOS K. ZOYGRHS	10.00
DHMHTRIOS SAMOYLHS E.E.	7.50
DHMOKRATIKOS TYPOS A.E.	195.00
DHMOSIOGR. ORGAN. LAMPRAKH A.E.	365.27
DHMOSIOGRAPHIKOS ORGANISMOS O XRONOS MONOPROSOPH I.K.E.	14.00
DHMOTIKH EPIX/SHS ENHMEROSHS IOANNINON	2.09
DIAKOPHOTHS A. DHMHTRIOS	0.50
DIMERA EKDOTIKI ANWNYMI ETAIREIA	4.80
DIMOSIOGR. ORGAN. KONDYLI A.E.	1.00
DIOGENHS M.K.O	2.70
DIPHONO RADIOPHONIKES EKMETALLEYSEIS A.E.	7.52
DIRECTION BUSINESS NETWORK	18.60
DITIONE LIMITED E.E.	29.00
DOCUMENTO MEDIA	91.55
DOL DIGITAL A.E.	25.12
DOUSIS COM E.E. - DOYSHS ANASTASIOS & SIA E.E.	42.60
DPG DIGITAL MEDIA A.E.	236.36
DYO DEKA ANONYMH EKDOTIKH ETAIREIA	53.05
EIRHNH E. ANAGNOSTOY	9.80
EKD. LOGOTYPOS A.E.	7.48
EKDOSEIS EPENDYSH A.E.	73.55
EKDOSEIS EPIKAIRA A.E.	67.50
EKDOSEIS ETHNOS A.E.	197.01
EKDOSEIS NEO XRHMA A.E.	88.00
EKDOSEIS PROTO THEMA EKDOTIKH A.E.	772.73
EKDOSEIS REYMATA A.E.	52.00
EKDOSEIS STAMOYLH A.E.	10.00
EKSEREYNHTHS - EKSPLORER A.E.	57.66
ELENI I. DIAFONIDOY	0.60
ELENI KON. KARAGKOUNI	0.48
ELEYTHERIA A.E.	34.70
ELEYTHERIA A.E.	1.00
ELEYTHERIA SOIMOIRH - SYMBOYLOI EPIXEIRHSEON	37.30
ELEYTHERIA TOY TYPOY EKDOTIKH A.E.	120.75
ELEYTHERIOS K. BAROYKSHS & YIOI O.E.	14.50
ELISABET KELESH	1.35
ELLHNIKES RADIOPHONIKES EPIX/SEIS A.E.	0.10
ENIKOS ANONYMH ETAIRIA	63.25
ENOSH APOSTRATON AKSIOMATIKON NAYTIKOY	9.60
ENOSH EPAGGELMATION KAPNOPOLON	0.50
ENTYPOEKDOTIKH A.E.B.E.T.	48.70
EPHHMERIS ESTIA ANONYMH EKDOTIKH ETAIREIA	67.00
EPIKOINONIA A.E.	5.59
EPIKOINONIA AIGAIOY A.E.	20.93
ERMHS A.E. RADIOTHL/KH - EKDOTIKH A.E.	21.70
ERMHS ASTIKH ETAIRIA EEA	6.75
ERZ A.E. ELEYTHERH RADIOTHLEORASH ZAKYNTHOY	34.08
ETHNIKO ASTEROSKOPEIO ATHHNON	12.00
ETHOS MEDIA A.E. EKDOTIKH SYNEDRIAKH	5.15
EUROMEDIA ACTION A.E.	57.60
EYLAMPIA MPAMPILH	3.00
FAN & COMMUNICATION A.E.	18.00
FINANCIAL MARKETS VOICE	6.00
FINANCIAL PRESS IKE	1.50
FONI TIS NAOYSIS O.E.	1.00
FORTHNET MEDIA S.A.	173.42
FOX INTERNATIONAL CHANNELS ELLAS S.A.	6.03
FREE SUNDAY EKDOTIKH ANONYMH ETAIREIA & SIA E.E.	48.00
FREENET A.E.	48.60
G. ALEKSIOY & SIA A.E.	3.20

Creditor	Amounts in thousand euros
G. I. PAPAMIXALAKH EKDOTHS PERIODIKON	4.50
G. MPOKAS & SIA A.E.	1.20
G.P. FORWARD YPHR. DIADIKTYOY PROB. KAI EPIKOINONIAS MON/PH IKE	1.20
GENIKES RADIOTHLEOPTIKES EPIX. A.E.	17.85
GEORGIADIS KOSMAS & SIA E.E.	0.60
GEORGIOS D. KARAIBAZ	12.00
GEORGIOS NIK. MPELOGIANNHS	3.75
GEORGIOS ROIDIS & SIA E.E.	0.50
GEORGOYLAS ATHA. STAYROS	0.50
GIANNOPOYLOS XAR. NIKOLAOS WOMANDOL	1.60
GIANNOYLI PANAGIOTA MARIA - I ORA TIS FOKIDAS	0.40
GKETSHS KOSTAS	5.00
GRAPHOTEXNIKH KRHTHS A.E.E.	11.97
GREEN AGENDA MONOPROSOPH IKE	9.80
GREEN BOX EKDOTIKH A.E.	102.48
GIANNARAS K. MIKES	0.30
GIWRGOS KANOYSIS	10.80
H AYGH A.E. EKD. & DHMOS ORG.	79.50
HAPPY PUBLICATIONS - IOANNHS ZOYNALHS MIKE	2.00
HELLASPRODUCTS E.P.E.	11.00
HT PRESS ONLINE MONOPROSOPH IKE	21.00
HTTPOOL HELLAS M. IKE	18.57
HXOS KAI RYTHMOS A.E.	38.74
I. & E. KOYTSOLIONTOY O.E.	12.50
I. DIONATOS & SIA E.E.	17.50
I. KOROMILIS A.E.	1.20
IANOS OIKONOMIKES EKDOSEIS A.E.	19.50
IDENTITY A.E.	9.20
IKAROS RADIOTHLEOPTIKES EPIX/SEIS A.E.	112.77
INASO - PASEGES	12.50
INFINITAS	0.15
INFODAY ANONYMH ETAIREIA	18.00
INFOK PLHROPHORIKH PHOKIDOS O.E.	0.30
INTERNASIONAL XERALNT TRIMPIOYN - KATHHMERINH AEE	1.44
INTERNATIONAL PUBLICATIONS	0.52
INTERNATIONAL SHIPPING MEDIA PC	12.10
INTHECITY	6.00
INTRACORD E.P.E.	2.40
IOANNHS - BLADIMHROS X. KALOGRITSAS	24.00
IOANNINA TV A.E.	8.91
I-TECH RAPHTOPOYLOS	1.00
K. G. XARITOPOYLOS KAI SIA E.E.	0.50
K. TSIGKA &SIA E.E. EKDOSEIS - RADIOPHONO	21.60
KAINOTOMIA & ANAPTYKSH MONOPROSOPH E.P.E.	55.20
KALAITZAKHS EKDOTIKES EPIXEIRHSEIS A.E.	4.80
KALOGEROPOYLOY ELENH MON. IKE	11.00
KAMBOUROPOULOS NIKOLAOS & CO E.E.	3.00
KANTAS I. IOANNIS	0.70
KANTIANIOYZ IKE	3.20
KAPITAL GR A.E.	197.93
KAPSALHS GEORGIOS	31.50
KATHHMERINES EKDOSEIS ANONYMH ETAIREIA	761.29
KATSATOY PHNELOPH KAI SIA E.E.	18.80
KISS ANONYMH ETAIRIA EPIX. MESON MAZIKHS ENHMEROSHS	28.00
KOKKINOS GAVROS P.C.	2.43
KONSTANTINOS I. KONSTANTARAS	2.30
KONTRA IKE	86.00
KOOL WORKS A.E.	3.50
KOSMOS E.P.E. EFIMERIDA EKDOSEIS	1.00
KOTROTSOS PAYL. SERAPHEIM	16.50
KYKLOS A.E.	110.00
KYRIAKATIKES EKDOSEIS MONOPROSOPH I.K.E.	6.00
LAMIAKOS TYPOS A.E.	0.50
LAZOPOULOS KALLITECHNIKES PARAGOGES P.C.	4.11
LEFT MEDIA ANONYMOS RADIOPHONIKH - THLEOPTIKH A.E.	72.00
LEPANTO - R.TV	14.44
LETSAKOS - MPOYSMPOYRELIS O.E.	6.00
LIQUID MEDIA ETAIREIA PARAGOGHS ANTIPROSOPEION & EMPORIKHS EKMETALLEYSHS PSHPHIAKON MME PERIEXOMENOY	135.50
LOCAL NEWS DHMHTRIOS K. TOLHS MONOPROSOPH IKE	16.32
LOGOS A.E.E.	0.60

Creditor	Amounts in thousand euros
M. XALKOY EKDOSEIS PSHPHIAKA M.M.E.	18.00
MAKEDONIKH EKDOTIKH EKTYPOTIKH A.E.	73.33
MALAPETSAS I. KOSTAS	28.80
MANESIOTIS NIK. PSOMIADIS KON. O.E.	12.00
MARAGKELLIS NIKOLAOS	0.20
MARIA BASILAKH EKDOTIKES EPIXEIRHSEIS	35.30
MARINA G. TOYLA & SIA O.E.	11.23
MARKETING AND MEDIA SERVICES MONOPROSOPH	18.25
MEDIA - EPIKOINONIA A.E./EKDOTIKI - TILEOPTIKI A.E.	0.40
MEDIA & ART - IOANNHS KYRIAKOPOYLOS & SIA E.E.	5.00
MEDIA LINE IKE	0.20
MEDIA2DAY EKDOTIKH A.E.	148.06
MEDIAVIEW EKDOTIKH ETAIREIA - NIKOLAOS STASINOS & SIA O.E.	3.92
MEDIHOLD EKDOTIKH DIAPHHMISTIKH A.E.	21.00
MEDSTEM SERVICES S.A.	1.00
MELODIA A.E.	35.00
MEMMOS X. - A. & SIA O.E.	15.60
METAMEDIA MON. IKE	2.50
METAMESONYKTIES EKDOSEIS E.P.E.	0.30
METRON ARISTON	28.00
METRONTHL MON IKE	34.48
MONOCLE MEDIA LAB - MONONEWS MIKE	12.00
MPALH BAS. SOPHIA	7.00
MPARKA - PARASXH ANASTASIA	17.50
MPEXLIBANOS I. XRHSTOS	14.20
MPONIOS G. BASILEIOS	18.00
MPOYSIAS EPIKOINONIES E.P.E.	8.24
MPOYTHAS KONSTANTINOS TOY PETROY - IMERISIA	0.60
NAYTIKO MOYSEIO THS ELLADOS	4.00
NEA THLEORASH A.E.	495.00
NEW COMMUNICATION	13.50
NEW MEDIA NETWORK SYNAPSIS S.A.	122.50
NEW POST PRIVATE COMPANY - DIADIKTYAKES YPHRESIES	45.00
NEW TIMES PUPLISHING I.K.E.	1.10
NEWSIT E.P.E.	97.30
NEWSMEDIA E.E.	5.10
NEWSMEDIA IKE	1.00
NIK. LEON. NIKHTEAS - LEON NIK. NIKHTEAS O.E.	1.20
NIKOLAOS XATZHS & SIA O.E.	16.00
NIKOLOPOYLOY EIRHNH	2.75
NIKOLTSANIS DIM. IOANNIS	0.50
NIKOS A. KANIS	0.50
NK HOLDING IKE	34.00
NK MEDIA GROUP E.P.E.	71.00
NTOKOY KON. GEORGIA/EPHHMER. EPATHLO	1.30
NTOYMNITZE THLEOPTIKH & RADIOPHONIKH A.E.	0.90
OLIVE MEDIA A.E.	60.55
OLYMPIAKH RADIOPHONIA THLEORASHS A.E.	16.75
OMILOS KALOPHOLIA A.E.	4.00
ONLINE - TECHPRESS EKDOSEIS	3.00
OTE S.A.	151.23
P. ATHANASIADHS & SIA A.E.	124.60
P. D. EKDOSEIS E.P.E. - DEAL NEWS	130.83
P. DELHGIANNHS & SIA E.E.	2.00
P. LEOTSAKOS & SIA O.E.	40.00
PAGKRHTIA RADIOTHLEORASH A.E.	33.60
PALO PSHPHIAKES TEXNOLOGIES E.P.E.	12.00
PANAGIOTOPOYLOS XRHSTOS & SIA O.E.	30.00
PANHPEIROTIKH THLEORASH TV A.E.	9.60
PANMAR EKDOTIKH MON. E.P.E.	13.30
PAPADAKHS G. MIXALHS	5.00
PAPADOPOYLOY TH. EYDOKIA MARKETALL.EU	19.60
PAPALEKSIS I. FOTIS	0.50
PAPANIKOLAOY PHROSO	5.40
PARA ENA YPHRESIES DIADIKTYOY DIAPHHMISH E.P.E.	91.14
PARALOT MEDIA KAI MARKETING LIMITED	2.00
PARAPOLITIKA EKDOSEIS A.E.	188.15
PATSIKA PERISTERA & SIA E.E.	0.75
PEGASUS MAGAZINES PUBLICATIONS A.E.E.	11.50
PELOPONNHSOS PATRON EKDOSEIS A.E.	32.50

Creditor	Amounts in thousand euros
PEPHANHS D. & PHRIGKAS G. O.E.	19.50
PERIVALONTIKI PROTOVOULIA MAGNISIAS OIKO - ENIMEROSI	0.72
PH. TSIMELAS - P. GEORGOPOYLOS O.E.	5.00
PHELNIKOS HLEKTRONIKON MESON ENHMEROSHS M.E.P.E.	82.50
PHILELEYTHEROS EKDOTIKH A.E.	98.00
PHOTHS TSIMELAS & SIA E.E.	1.50
PNEVMA S.A.	2.00
POPHANTH M. NIKOLETA	4.00
POYGARIDIS K. ANTONIS	1.00
PREMIUM A.E. EPIKOIN. PAROXHS YP. & EREYNON	127.50
PRESS AYTODIOIKISI I.K.E.	3.00
PRIME APPLICATIONS A.E.	148.86
PRISMANET A.E.	11.80
PROJECT AGORA LTD	33.80
PROTAGKON A.E. PAROXHS YPHR. DIADIKT. & ENTYPON	82.50
PROTOPAPA A.E.	0.50
PUBLICA KOINSEP	4.00
PYTHAGORAS EKDOTIKH A.E.	0.20
QUIZDOM ELLADA GREEK BRANCH	29.00
RADIO THESSALONIKH A.E.	24.67
RADIO TIMES E.P.E.	0.80
RADIOPHONIKES EPIXEIRHSEIS RADIO NORTH 98FM E.P.E.	22.80
RADIOPHONIKES EPX/SEIS BHMA FM A.E.	15.34
RADIOPHONIKES PARAGOGES A.E./OASIS 88 FM	63.35
RADIOPHONIKH EPIKONONIA A.E.	49.44
RADIOTHLEOPTIKA HLEKTRONIKA EKDOTIKA MESA ELLADOS A.E. TO PARON THS KYRIAKHS	92.50
RADIOTHLEOPTIKES EPIXEIRHSEIS HPEIROS A.E.	19.80
RADIOTHLEOPTIKH & DIAPHHMISTIKH ETAIREIA A.E.	5.76
RADIOTHLEOPTIKH S.A.	73.66
RADIOTILEOPTIKES EPIX/SEIS MAGNISIAS - ASTRA A.E.	1.01
REAL MEDIA MESA MAZIKHS ENHMEROSHS A.E.	158.37
REAL PRESS EKDOTIKH ANONYMH ETAIREIA	3.00
RELIABLE SERVICES SMPC	4.00
REPORT PRIVATE COMPANY	12.25
RETZEPOGLOY TAMER	0.50
RIGAS LYSANDROS	0.60
S. APOSTOLIDHS KAI SIA E.E.	5.30
S. DROSOPOYLOY - E. SPANOYDH O.E.	2.44
SABD EKDOTIKH A.E.	172.63
SAMBO EVENTS DIORGANOSH EKDHLOSEON O.E.	18.00
SARANTH PAN. KALLIOPH - ARTEMIS	1.60
SARISA E.P.E. EKDOSEIS	98.25
SARONIC PRESS LAOYSI AIKATERINI	4.98
SATKO MEDIA TV D. TRAMPAS	26.50
SAXLI G. MARIA	8.00
SBC SINGLE MEMBER PRIVATE COMPANY	15.13
SERRAIKES EKDOSEIS E.P.E.	0.80
SIMOYSI E.E.	7.50
SKAI EIDHSEIS NTOT KOM	659.21
SOKRATIS G. STELLIOS - EFIMERIDA AIXMI	0.60
SOLUTIONS O.E.	2.00
SOTHRIOS P. POLYZOS	10.45
SPANOU AGGELIKH IKE	20.00
SPANOY AGGELIKH IKE - ZOOMNEWS	45.00
SPORT NEW MEDIA MONOPROSWPI IKE	1.40
SPORT TV RADIOTHLEOPTIKH PROBOLH A.E.	36.94
SPORTNEWS YPHRESIES DIADIKTYOY A.E.	4.21
SPYROS KAMPIOTHS & SIA O.E.	1.50
STAMATI L. XARIKLEIA	0.50
STAYROS PAPAGIANNAKIS	0.10
STIGMA RADIOPHONIKES EPIX/SEIS A.E.	14.92
STOIKOS ST. & SIA O.E.	0.80
SXHMA KOIN. S. EP.	4.62
SYGXRONH EPOXH EKDOTIKH A.E.B.E.	66.50
SYNEIDISI A.E.	0.60
SYRGKANH LAM PARASKEYH	12.60
SYSTEM MEDIA ART A.E.	5.50
TA NEA THS TEXNHS I.K.E.	16.50
TAOYKTSHS FOTIOS & SIA E.E.	4.00
TEKMIRIOSI M.E.P.E.	4.08

Creditor	Amounts in thousand euros
TERZENIDIS AL. KON/NOS	1.00
TETRADH MARIA IOANNA	0.60
TH. TSIROGKAS & SIA O.E. WHO IS WHO	7.30
THARROS EKDOTIKI E.P.E.	0.60
THE ATHENS PAPER IKE	13.00
THE MONOCLE MEDIA LAB	22.00
THE TOC DIGITAL MEDIA YPHR. ENHM. A.E.	72.00
THEMA RADIO A.E.	32.96
THEOXARHS SPYR. GEORGIOS	15.00
THESS PRINT A.E.	2.47
THESSALIKI RADIOFONIA TILEORASI A.E.	1.20
THHTA EPIKOINONIA E.P.E. (H THESSALIA)	6.60
THLEOPTIKH RETHYMNOY A.E.	21.68
THRAKI NET	0.60
TILEORASI MAKEDONIAS THRAKIS A.E.	1.52
TNC GROUP IKE	12.00
TODAY'S WORLD PUBLICATION EKDOTIKES EPIX. A.E.	51.00
TONIKIDIS PAYLOS	0.50
TOPIKES EFIMERIDES I.K.E.	0.65
TOURISM TODAY M.E.P.E.	2.80
TOYTOYDAKHS H. & SIA E.E.	4.00
TRAPEZIKO BHMA	8.00
TRAPEZIKOS AGON - I. TOMELITOY - KASTORINH	12.84
TRAVELWORKS A.E.	9.91
TRIBUNE I.K.E.	12.00
TSAKNAKIS K. EYTHYMIOS	1.20
TSITAS X. PRODROMOS	6.54
TZEKA - PAPAGEORGIOY PHOTEINH	7.53
TZEKAS P. XALARAMPOS	7.53
UP S.A.	3.03
USAY M.E.P.E.	3.75
VICTORY M.E.P.E.	3.70
VOTE POSITIVE CRITERION EPIKOINONIES E.P.E.	24.00
W.S.F. STREET FINANCE I.K.E.	12.00
WAVE MEDIA OPERATIONS EPE	9.60
WEBJAR I.K.E.	5.00
XARTIS MONOPROSWPI E.P.E.	0.60
XATZIIOANNOY ANTONIOS TOY IOANNOY	0.60
XIOTI A. XRISTINA - ANNA "LAKONIKOS TYPOS"	0.60
XRHSTOS GEOR. TSATSARONHS	23.50
YPAITHROS XORA A.E.	73.66
YPSILON EPISTHM.ETAIREIA ANAPTYKSHS PERIPHEREIAS	4.80
YSTEROGRAFO MEDIA I.K.E.	18.30
ZOH G. LEYKOPHRYDOY KAI SIA O.E.	2.40
ZOYGLA G.R. A.E.	106.42
TOTAL	**14,635.63**

II. Payments on a consolidated basis for the year 2017 owing to Grants, Donations and sponsorships (according to par. 2 article 6 of Law 4374/2016)

Creditor	Amounts in thousand euros
"APOSTOLI" NGO	10.69
A.S.N.S. J.K.P. LAZAREVAC	0.38
ACE TRAVEL	5.00
ACI ROMANIA - ASOCIATIA PIETELOR FINANCIARE	0.98
AGNA GROUP, THE WAY TO SUCCESS	1.81
AGR. SYN/SMOS KALAMATAS SYN. PE	0.74
AKCENT 96 OOD	0.26
ALBA - KOLLEGIO DIOIKHSHS EPIXEIRHSEWN	1.61
ALBANIA WORKS THE LAND, CONSUME ALBANIAN	8.00
ALLIANCE - BOARD OF NATIONAL TRADING AND BANKING HIGH SCHOOL	1.02
AMBASSADE DE FRANCE EN GRECE	1.00
AMERICAN - HELLENIC CHAMBER OF COMMERCE	40.42
ANAGNWSTOPOYLOS LAZAROS & SIA E.E. (GANAS & GANAS)	4.03
APHIKSIS ASTIKI MI KERDOSKOPIKI ETAIRIA	1.50
AS COM DEM ELENA IZVOARELE	1.00
ASOC CULT GREACA ROM NOSTOS	0.50
ASOC SOC PT MUZICA CLASICA	2.96
ASOCIATIA PENTRU INTERVENTIE PRECOCE IN AUTISM (A.I.P.A.)	3.94
ASOCIATIA SIMCR	1.00
ASSOCIATION "OFFICER CLUB - BURGAS"	0.10
ATHINAIKI LESXI	10.00
AVRAMIDIS SPIROS & SIA O.E.	0.09
ANAPTYKSIAKH XALKIDIKHS A.E.	3.00
BANK STAFF - HELP FOR CHILDREN IN ORPHANAGE	0.05
BASKETBALL CLUB PARTIZAN BELGRADE	2.90
BELHOSPICE CENTER FOR PALIATIVE CARE	4.50
BIOTEXNIKO EPIMELHTHRIO THESSALONIKHS	2.00
BOARDING HOME FOR HIGH SCHOOL STUDENTS "JELICA MILOVANOVIC"	12.00
BULGARIAN CHRISTMAS - BULGARIAN NATIONAL TELEVISION	1.02
BULGARIAN FOUNDATION FOR DIABETER AND EQUALIZED LIFE	0.15
BULGARIAN RED CROSS	1.53
CAMERA DE COMERT SI INDUSTRIE ELENO - ROMANA	2.50
CAPITAL LINK	35.18
CAPITAL LINK ELLAS MONOPROSWPH E.P.E.	2.00
CENTER FOR RESEARCH AND TOURISM STUDIES	1.25
CENTRE OF MEDICAL CHILDREN REHABILITATION "ALIS MELIFIKA"	0.19
CHARITY FUND CHESTNUT RUN KIEV UKRAINE	0.14
CLUBUL SPORTIV BASCHET ATLETIC BUCURESTI	2.01
D.E.Y.A. PTOLEMAIDAS	1.00
DEYA XORTIATI	2.00
DHMOS ILIOY	10.00
DHMOS PAYLOY MELA - NOMOS THESSALONIKIS	5.00
DHMOS PYLAIAS - XORTIATI	2.50
DHMOS THESSALONIKIS	50.00
DHMOS ZITSAS - NOMOS IOANNINON	2.00
DHMOS IERAS POLHS MESOLOGGIOY	1.25
DHMOS THERMOY	8.00
DHMOS TYRNABOY	0.50
DIEPAGGELMATIKH ORGANOSI BAMBAKOS	0.81
DIETHNES EMPORIKO EPIMELHTHRIO	2.50
DIGITAL PIONEERS	0.75
DIGITAL SERVICES	0.31
DIKIGORIKOS SYLLOGOS ATHINWN	250.00
DIKIGORIKOS SYLLOGOS PATRWN	1.00
DIKIGORIKOS SYLLOGOS THESSALONIKIS	50.00
DIKIGORIKOS SYLLOGOS XANIWN	3.00
DIKIGORIKOS SYLLOGOS KOZANIS	1.00
DILOFAR LESBOY	1.28
DIMITRIS STRABOU	0.20
DIMOS BISALTIAS	1.00
DIMOS BRILISSIWN	2.00
DIMOS IRAKLEIOY ATTIKIS	2.50
DIMOS KILKIS	5.00
DIMOS KOZANIS	1.50
DIMOS LIMNOY	2.00
DIMOS MESSINIS	3.00
DIMOS PALAIOY PHALIROY	10.00
DIMOS WRWPOY	2.00
DIMOS KIFISIAS	3.00

Creditor	Amounts in thousand euros
DIMOS LYKOBRYSIS PEYKIS	1.50
DIMOS SAMOTHRAKIS	2.00
DIRECTORY PUBLIC HEALTH ELBASAN, PURCHASE COMPUTER	0.75
DOWN SYNDROME ALBANIA, 1 JUNE CHILDREN DAY SPONSORSHIP	1.00
DROMEYS EMPORIKI & EPENDITIKI S.A.	8.00
DIAZWMA	4.03
EDUCATIONAL DIRECTORATE KORCA, YOUTH DAY	0.11
EID. LOG. KONDYL. EREYNAS PANEPISTHMIOY KRHTHS	5.00
EID. LOGAR. KONDYLION EREYNAS PANEPIST. IOANNINON	3.00
EIDIKOS LOGARIASMOS KONDYLION EREYNAS IONIO PANEPISTIMIO	1.90
ELIZA ETAIREIA KATA THS KAKOPOIHSHS TOY PAIDIOY	0.30
ELLAS EMPLOYEE ASSISTANCE PROGRAMS E.P.E.	2.42
ELLHNIKH ZOOTEXNIKH ETAIREIA	1.00
ELLHNIKO DHMOSIO GLK	1.27
ELLHN. DIKTYO GIA THN ETAIRIKH KOINWNIKH EYTHYNH	3.00
ELLHNIKO FESTIBAL A.E.	8.06
ELLHNOBRETANIKO EMPORIKO EPIMELHTHRIO	3.00
ELLINIKOS GEORGIKOS ORGANISMOS DIMITRA	0.81
ELLINIKO INSTITOYTO ESWTERIKWN ELEGKTWN	2.42
ENOSH BIOMHXANON BIOTEXNON KAI EPAGGELMATION BI.PE	0.50
ENOSH ΞENODOXON N. IOANNINON	2.00
ENOSI OINOPARAGOGON AMPELONA	3.00
ENOSI SYNETAIRISMON THIRAIKON PROIONTON	1.50
EPIMELHTHRIO KSANTHHS	0.50
EPISTIMONIKI MASTOLOGIKI ETAIREIA IASI STIRIKSI E.M.E.I.S	2.20
ETAIR. GIA TI MELETI & PROSTASIA MESOGEIAK. PHWKIAS	3.00
ETAIRIA PROSTASIAS PRESPWN	3.00
ETAIREIA AKSIOP. & DIAX. PERIOYS. PANEPIST. MAKEDONIAS	0.81
ETAIREIA AKSIOP. & DIAX/SEWS PERIOYSIAS TOY APTH A.E.	18.55
ETHNIKO KENTRO EREYNAS PHYSIKWN EPISTIMWN DIMOKRITOS	5.00
ETHNIKO & KAPODISTRIAKO PANEPISTIMIO ATHINON	5.00
ETHNIKO ASTEROSKOPEIO ATHINON	1.00
ETHOS MEDIA A.E. EKDOTIKH SYNEDRIAKH	3.00
EVRIKA EOOD	0.05
EXCESS	1.00
EYROPAIKOS ORGANISMOS DIMOSIOY DIKAIOY	50.00
ETAIREIA AKSIOPOIHSHS & DIAX. PERIOYSIAS PAN/MIOY KRHTHS	0.65
FARMAKEYTIKOS SYLLOGOS LESBOY	1.28
FEDERATION OF INDUSTRIES OF PELOPONNESE AND WESTERN GREECE	0.50
FILANTHR. MI KERDOSKOPIKOS SYLLOGOS GONEON KAI KIDEMONON ATOMON EID. ANAGK. IMATHIAS	1.00
FILARAKIA ELLADOS BEST BUDDIES	1.50
FILOPROODOS OMILOS GLYKIS DIMOY SOYLIOY	1.50
FINIQ MUNICIPALITY, IMPROVING OF STREET LIGHT SYSTEM	2.00
FLOFA - SYL. GONION PAIDION NEOPLASMATIKI ASTHENEIA	0.26
FOOTBALL CLUB PALILULAC 1924	0.21
FOUNDATION "INTERNATIONAL WOMEN'S CLUB - SOFIA"	0.25
FUNDATIA PRINCIPESA MARGARETA A ROMANIEI	2.51
FUNDATIA PROGRES BISTRITA	0.70
FUNDATIA ROMANIA DE MAINE	0.66
FUNDJAVE NDRYSHE SCHOOL BAGS FOR CHILDREN IN NEED	4.91
G. SKARKALAS & YIOI S.A.	0.22
G.P.N. PAPAGEWRGIOY	2.00
GENIKO NOSOKOMEIO PEIRAIA TZANEIO	3.00
GENIKO NOSOKOMEIO ELENA BENIZELOY - ALEKSANDRA	2.00
GENIKO NOSOKOMEIO NOSIMATON THORAKOS ATHINON	6.00
GENIKO NOSOKOMEIO THES/NIKIS	0.50
GENIKO NOSOKOM. RODOY ANDR. PAPANDREOY	6.84
GHROKOMEIO ESTIAS KONSTANTINOYPOLEOS	0.20
GOCE DELCHEV MUNICIPALITY	0.51
HAPJA E SEZONIT TURISTIK POGRADEC	2.27
HEALTH CENTER SUBOTICA EMPLOYEES SYNDICATE - SZZSZS	0.08
HEALTH MEDICAL CENTER SHIJAK, OFFICE EQUIPMENT	1.29
HELLENIC BUSINESS ASSOCIATION	2.00
HELLENIC EXCHANGES - ATHENS STOCK EXCHANGE S.A.	30.00
HELLENIC INSURANCE BROKERS ASSOCIATION	1.00
HELLENIC MANAGEMENT ASSOCIATION	2.00
HOCKEY FEDERATION OF SERBIA	10.00
IDRYMA IWSIPH & ESTHIR GKANI	0.80
IDRYMA OIKONOMIKON KAI BIOMIXANIKON EREYNON	4.03
IERA MITROPOLIS MEGARWN & SALAMINOS	0.50

Creditor	Amounts in thousand euros
IERA MITROPOLIS SERRWN KAI NIGRITIS	1.00
INDUSTRY DISRUPTORS GAME CHANGERS	8.06
INSESION GREECE	3.50
INTERNATIONAL NGO "FUTURE OF CHILD"	0.17
KALLISTW PERIBANTOLOGIKI ORGANWSI	3.00
KALLITEXNIKH ETAIREIA AKSANA	5.65
KENTRO EREYNON PANEPISTHMIOY PEIRAIOS	7.50
KIBOTOS TOY KOSMOY	1.38
KOIN. DHM. EPIXEIRHSH DHMOY AMPELOKHPON - MENEMENHS	4.00
KOINWFELHS EPIXEIRHSH YPHRESIWN NEAPOLHS SYKEWN	1.00
KORGIALENEION DIOIKITIKON SYMBOYLION	0.30
KOSTARELLAS N. IOANNIS "XRONOS"	0.20
KOZLODUY MUNICIPALITY	1.53
KREMENA AND KIRIL DOMUSCHIEVI FOUNDATION	0.51
KOINOPRAKSIA SYNETAIRISMON OMADON PARAGOGON N. IMATHIAS	1.00
KOINOFELHS EPIX/SH DHMOY THNOY	0.81
KTHNOTROFIKOS SYNETAIRISMOS BOYBALOTROFWN ELLADOS	1.00
LIONTAS NIKOLAOS	0.25
MANASTIREA DRAGOMIRNA	0.90
MARINA G. TOYLA & SIA O.E.	4.03
MERIMNA - ETAIRIA GIA FRONTIDA PAIDION K OIKOGENEION	3.00
MESOGEIAKO AGRONOMIKO INSTITOYTO XANION	0.50
METOXIKO TAMEIO STRATOY	49.05
MINISTRY OF DIASPORA AGENDA 2018	10.05
NATIONAL NETWORK FOR CHILDREN	0.30
NOSOKOMEIO ASKLIPIEIO BOYLAS	3.00
O ILEIOS NOMOS ILEIAS	0.60
O.T.A. AMFIPOLIS	5.00
ODYSSEAS ELYTIS SCHOOL	1.50
OI FILOI TOY PAIDIOY FILANTHROPIKO SOMATEIO	3.50
ONCOLOGY CENTER VRACA	0.05
ORGAN. MEGAROY MOYSIKIS ATHINON	1.20
ORPHANOTROPHEIO THILEWN I. M XATZIKYRIAKOY	0.30
ORTHODOX CHURCH, MIKIS THEODORAKIS EVENT	3.00
ORTHODOKSOS AKADIMIA KRITIS	1.00
PAGKOSMIO TAMEIO GIA TH PHYSH (WWF) - ELLAS	1.50
PANATHLITIKOS B.C.	0.81
PANELLINIA OMOSPONDIA ASTYNOMIKWN YPALLILWN	1.00
PANELLINIA OMOSPONDIA GEWTEXNIKWN DIMOSIWN YPALLILWN (POGEDY)	2.10
PANEPISTIMIO PATRWN - EIDIKOS LOG/MOS KONDYLIWN	2.02
PERIFEREIAKI DIEYTHYNSI D. EKPAIDEYSIS IPEIROY	0.70
PHARMAKEYTIKOS SYLLOGOS AXAIAS	0.27
PHARMAKEYTIKOS SYLLOGOS KABALAS	0.45
PHARMAKEYTIKOS SYLLOGOS THES/NIKIS	5.00
PINAKOTHIKI LEANDROS SPARTIOTIS	0.50
PLEGMA ASTIKH MH KERDOSKOPIKH ETAIREIA	3.00
POGRADEC WINE PARTY	2.25
POLIT. SYLL. KENTRIKIOTON ARTAS O ARAXTHOS	3.00
POLITISTIKO IDRYMA OMILOY PEIRAIOS (P.I.O.P)	3,788.10
PONTIC SOCIETY OF DIAVATA "ALEXANDROS YPSILANTIS" (FESTIVAL SPONSORSHIP)	5.00
PROF. DR. MINKO RUSENOV FOUNDATION	24.03
PROLIPSIS ASTIKI MI KERDOSKOPIKI ETAIR. PROLIPT. PERIBALLONT. & ERGASIAKIS IATRIKIS	5.00
POLITISTIKOS & LAOGRAPHIKOS SYLLOGOS TRIKALON	0.50
RECONSTRUCTION WORKS & STATIONERY ARTICLES FOR THE BUNAVI TROUPES SCHOOL, VLORE	2.22
SARANDA UNIVERSITY, PROJECTOR AND LAPTOP	0.40
SCOALA NAT STUDII POLIT ADMIN	1.51
SEFERI'S HOUSE RECONSTRUCTION	9.90
SERBIAN ORTHODOX CHURCH, ARCHDIOCESE OF BELGRADE - KARLOVAC	2.90
SINTIKH D.A.E.	3.00
SMART PRESS ADVERTISING SAS	0.50
SOCIETY OF INVALIDS "FORTETCIA"	0.34
SOFIA MUNICIPALITY	0.51
SOMATEIO ERGAZOMENON GNA G. GENNHMATAS	3.00
SOS CHILDREN'S VILLAGES	10.80
SOS VILLAGES	3.40
SPORT ORGANIZATION "KOLOS"	0.55
SWIFT BUSINESS FORUM	5.00
SWMATEIO ERGAZOMENWN PS.N.TH.	4.00
SXOLIKH EPITROPH GYMNASIOY LYKEIOY ANOGEION	0.30

Creditor	Amounts in thousand euros
SYL. DIOIK. YPALL. DHMOKRITEIOY PANEP. THRAKHS BIZYHNO	1.00
SYL. PROSTASIAS TIS THALASSIAS XELWNAS - ARXELWN	3.00
SYLL. YPALLILON PERIFEREIAS KRITIS	2.85
SYLLOGOS DHMOTIKON YPALLHLON DHMOY THHBAION	0.50
SYLLOGOS GONEWN KAI KIDEMONWN GYMNASIOY PHYLIS	2.42
SYLLOGOS TWN EN ELLADI PERISTIANWN	5.00
SYLLOGOS GEOPONON ELEYTHERON EPAGGELMATION	0.50
SYLLOGOS GYNAIKON SPETSON	0.20
SYMEWN TSOMWKOS DIMOSIES SXESEIS A.E.	8.06
SYNDESMOS BIOMHXANION BOREIOY ELLADOS (S.B.B.E.)	15.46
TEDXATHENS EVENT COMPANY	25.00
THE ERSKING HILL CHARITABLE TRUST	2.91
THEATRIKOS ORGANISMOS KATO AP΄TH GEPHYRA	2.50
TO XAMOGELO TOY PAIDIOY	5.09
TSIVARAS' CULTURAL ASSOSIATION	0.60
TZINTZIROPOULOS AX. & SIA O.E.	0.15
UNICEF	15.42
UNION OF BULGARIAN ARTISTS	5.87
XAZLHS & RIBAS E.P.E.	5.00
XIONODROMIKO KENTRO KALABRYTWN OTA	1.40
YOUTH ENTREPRENEURSHIP CLUB	0.50
YPE MAKED. & THRAKIS GEN. NOS. THES/KIS AGIOS PAYLOS	5.00
YPOYRGEIO ETHNIKHS AMYNHS (YPETHA)	68.70
Total payments to entities othen than individuals	**5,033.93**

Total payments to individuals (274 Beneficiaries)	**31.94**