



**PIRAEUS BANK S.A.**

**Interim Condensed Financial  
Information**

30 September 2011

According to the International  
Financial Reporting Standards

The attached interim condensed financial information has been approved by the Piraeus Bank S.A. Board of Directors on November 29th, 2011 and it is available on the web site of Piraeus Bank at [www.piraeusbank.gr](http://www.piraeusbank.gr)

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



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## INTERIM INCOME STATEMENT

	Note	Period from 1 January to		Period from 1 July to	
		30 September 2011	30 September 2010	30 September 2011	30 September 2010
Interest and similar income		1,743,546	1,507,666	613,101	558,172
Interest expense and similar charges		(1,132,435)	(900,170)	(416,780)	(360,320)
<b>NET INTEREST INCOME</b>		<b>611,112</b>	<b>607,496</b>	<b>196,321</b>	<b>197,852</b>
Fee and commission income		98,122	103,168	31,801	34,126
Fee and commission expense		(21,060)	(28,478)	(6,579)	(10,317)
<b>NET FEE AND COMMISSION INCOME</b>		<b>77,062</b>	<b>74,690</b>	<b>25,222</b>	<b>23,809</b>
Dividend income		4,831	36,832	174	199
Net trading income	6	123,723	(67,003)	78,674	41,205
Net income from financial instruments designated at fair value through profit or loss		(3,476)	(6,791)	(902)	(5,710)
Results from investment securities	6	(31,700)	(23,084)	(31,605)	(18,386)
Other operating income		5,232	28,326	(1,929)	2,903
<b>TOTAL NET INCOME</b>		<b>786,784</b>	<b>650,467</b>	<b>265,956</b>	<b>241,872</b>
Staff costs		(165,460)	(173,083)	(53,165)	(55,616)
Administrative expenses		(159,966)	(178,364)	(57,381)	(64,501)
Depreciation and amortisation		(28,876)	(24,688)	(10,979)	(8,296)
Gains/ (Losses) from sale of assets		(11)	(709)	957	(348)
<b>TOTAL OPERATING EXPENSES BEFORE PROVISIONS</b>		<b>(354,313)</b>	<b>(376,844)</b>	<b>(120,568)</b>	<b>(128,761)</b>
<b>PROFIT BEFORE PROVISIONS AND INCOME TAX</b>		<b>432,471</b>	<b>273,623</b>	<b>145,387</b>	<b>113,111</b>
Impairment losses on loans, receivables and Greek government bonds	12	(1,811,643)	(251,539)	(573,038)	(93,734)
<b>PROFIT/ (LOSS) BEFORE INCOME TAX</b>		<b>(1,379,172)</b>	<b>22,083</b>	<b>(427,651)</b>	<b>19,378</b>
Income tax expense	7	227,183	11,496	52,012	9,231
Tax Contribution	7	-	(19,951)	-	-
<b>PROFIT/ (LOSS) AFTER TAX FOR THE PERIOD</b>		<b>(1,151,988)</b>	<b>13,628</b>	<b>(375,639)</b>	<b>28,609</b>
<b>Earnings/ (Losses) per share (in euros):</b>					
- Basic and Diluted	8	(1.0782)	0.0215	(0.3285)	0.0450

**INTERIM STATEMENT OF FINANCIAL POSITION**

	Note	30 September 2011	31 December 2010
<b>ASSETS</b>			
Cash and balances with the Central Bank	10	2,658,565	1,523,902
Loans and advances to credit institutions		3,475,982	4,424,327
Derivative financial instruments - assets		297,001	142,258
Trading securities	11	226,620	184,259
Financial instruments at fair value through profit or loss	11	12,810	16,426
Reverse repos with customers		666,698	969,792
Loans and advances to customers (net of provisions)	12	30,012,075	31,189,760
Investment securities			
- Available for sale securities	13	2,384,262	1,764,783
- Held to maturity	13	4,822,590	4,954,598
Debt securities - receivables	12	2,002,674	2,430,342
Investments in subsidiaries		1,991,462	2,088,501
Investments in associated undertakings		221,374	179,968
Intangible assets		122,769	100,269
Property, plant and equipment		316,245	321,149
Investment property		200,357	188,010
Assets held for sale	16	175,432	1,326
Deferred tax assets		629,954	359,383
Inventories property		114,589	76,310
Other assets		869,244	870,994
<b>TOTAL ASSETS</b>		<b>51,200,704</b>	<b>51,786,358</b>
<b>LIABILITIES</b>			
Due to credit institutions	17	24,856,163	20,348,801
Liabilities at fair value through profit or loss	18	319,634	308,864
Derivative financial instruments - liabilities		329,234	182,219
Due to customers	19	20,277,836	24,051,885
Debt securities in issue	20	1,786,016	2,674,481
Hybrid capital and other borrowed funds	21	503,261	506,584
Retirement benefit obligations		177,720	177,735
Other provisions		10,665	10,665
Current income tax liabilities		29,226	66,489
Deferred tax liabilities		91,624	86,651
Other liabilities		178,665	415,005
<b>TOTAL LIABILITIES</b>		<b>48,560,044</b>	<b>48,829,379</b>
<b>EQUITY</b>			
Share capital	23	712,998	470,882
Share premium	23	2,953,356	2,430,877
Other reserves	24	(200,090)	(271,164)
Retained earnings	24	(825,604)	326,384
<b>TOTAL EQUITY</b>		<b>2,640,659</b>	<b>2,956,979</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>51,200,704</b>	<b>51,786,358</b>

**INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME**

	Note	Period from 1 January to		Period from 1 July to	
		30 September 2011	30 September 2010	30 September 2011	30 September 2010
<b>Profit/ (loss) after tax for the period (A)</b>		<b>(1,151,988)</b>	<b>13,628</b>	<b>(375,639)</b>	<b>28,609</b>
<b>Other comprehensive income, net of tax:</b>					
Net change in available for sale reserve	9, 24	71,074	(155,817)	(18,619)	11,624
Premium on equity instrument	9, 24	-	(67,805)	-	-
<b>Other comprehensive income for the period, net of tax (B)</b>	9, 24	<b>71,074</b>	<b>(223,621)</b>	<b>(18,619)</b>	<b>11,624</b>
<b>Total comprehensive income for the period, net of tax (A+B)</b>		<b>(1,080,914)</b>	<b>(209,994)</b>	<b>(394,258)</b>	<b>40,233</b>

**INTERIM STATEMENT OF CHANGES IN EQUITY**

	Note	Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	TOTAL
<b>Opening balance as at 1 January 2010</b>		<b>1,974,020</b>	<b>927,739</b>	<b>0</b>	<b>(78,317)</b>	<b>414,711</b>	<b>3,238,154</b>
Other comprehensive income for the period, net of tax	9, 24				(155,817)	(67,805)	(223,621)
Results after tax for the period 1/1/2010 - 30/9/2010	24					13,628	13,628
<b>Total recognised income for the period 1/1/2010 - 30/9/2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(155,817)</b>	<b>(54,177)</b>	<b>(209,994)</b>
Prior year dividends of preference shares	24					(18,006)	(18,006)
<b>Balance as at 30 September 2010</b>		<b>1,974,020</b>	<b>927,739</b>	<b>0</b>	<b>(234,133)</b>	<b>342,528</b>	<b>3,010,154</b>
<b>Opening balance as at 1 October 2010</b>		<b>1,974,020</b>	<b>927,739</b>	<b>0</b>	<b>(234,133)</b>	<b>342,528</b>	<b>3,010,154</b>
Other comprehensive income for the period, net of tax	24				(35,927)	0	(35,927)
Results after tax for the period 1/10/2010 - 31/12/2010	24					(17,248)	(17,248)
<b>Total recognised income for the period 1/10/2010 - 31/12/2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(35,927)</b>	<b>(17,248)</b>	<b>(53,175)</b>
Reduction of the nominal value of ordinary shares	23	(1,503,138)	1,503,138				0
Transfer between other reserves and retained earnings	24				(1,104)	1,104	0
<b>Balance as at 31 December 2010</b>		<b>470,882</b>	<b>2,430,877</b>	<b>0</b>	<b>(271,164)</b>	<b>326,384</b>	<b>2,956,979</b>
<b>Opening balance as at 1 January 2011</b>		<b>470,882</b>	<b>2,430,877</b>	<b>0</b>	<b>(271,164)</b>	<b>326,384</b>	<b>2,956,979</b>
Other comprehensive income for the period, net of tax	9, 24				71,074		71,074
Results after tax for the period 1/1/2011 - 30/9/2011	24					(1,151,988)	(1,151,988)
<b>Total recognised income for the period 1/1/2011 - 30/9/2011</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>71,074</b>	<b>(1,151,988)</b>	<b>(1,080,914)</b>
Increase of share capital through cash payment	23	242,116	522,478				764,594
<b>Balance as at 30 September 2011</b>		<b>712,998</b>	<b>2,953,356</b>	<b>0</b>	<b>(200,090)</b>	<b>(825,604)</b>	<b>2,640,659</b>

**INTERIM CASH FLOW STATEMENT**

	Note	Period from 1 January to	
		30 September 2011	30 September 2010
<i>Cash flows from operating activities</i>			
Profit / (loss) before tax		(1,379,172)	22,083
<i>Adjustments to profit/ (loss) before tax:</i>			
Add: impairment for loans, advances and Greek government bonds	12	1,811,643	251,539
Add: depreciation and amortisation charge		28,876	24,688
Add: retirement benefits		21,457	22,279
(Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss		(81,056)	21,523
(Gains)/ losses from investing activities		25,045	(34,434)
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>		426,793	307,678
<i>Changes in operating assets and liabilities:</i>			
Net (increase)/ decrease in cash and balances with Central Bank		(20,423)	(6,348)
Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss		67,800	72,207
Net (increase)/ decrease in loans and advances to credit Institutions		331,332	(281,768)
Net (increase)/ decrease in loans and advances to customers		404,231	(496,698)
Net (increase)/ decrease in debt securities - receivables		(193,184)	(601,155)
Net (increase)/ decrease in reverse repos with customers		303,093	-
Net (increase)/ decrease in other assets		(236,527)	(271,210)
Net increase/ (decrease) in amounts due to credit institutions		4,507,362	4,886,535
Net increase/ (decrease) in liabilities at fair value through profit or loss		10,769	733,911
Net increase/ (decrease) in amounts due to customers		(3,774,049)	(1,418,858)
Net increase/ (decrease) in other liabilities		(110,797)	147,045
<i>Net cash flow from operating activities before income tax payment</i>		1,716,401	3,071,340
Income tax paid (including tax contribution)		(41,898)	(1,938)
<b>Net cash inflow/ (outflow) from operating activities</b>		<b>1,674,503</b>	<b>3,069,401</b>
<i>Cash flows from investing activities</i>			
Purchases of property, plant and equipment		(49,750)	(39,748)
Sales of property, plant and equipment		929	1,748
Purchases of intangible assets		(10,672)	(10,689)
Purchases of assets held for sale		(1,114)	-
Sales of assets held for sale		-	20,839
Purchases of investment securities		(1,976,072)	(2,221,513)
Disposals/ maturity of investment securities		1,113,702	422,771
Acquisition of subsidiaries and participation in share capital increases		(76,648)	(118,025)
Disposal of subsidiaries		142	12,056
Acquisition of associates and participation in share capital increases		(41,419)	(14,602)
Dividends receipts from subsidiaries		-	30,458
Dividends receipts from associates		2,188	2,373
Dividends receipts from available for sale securities		2,517	4,001
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>(1,036,198)</b>	<b>(1,910,332)</b>
<i>Cash flows from financing activities</i>			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(891,788)	(1,258,234)
Payment of prior year dividends		-	(22,808)
Increase of share capital through cash payment		753,980	-
<b>Net cash inflow/ (outflow) from financing activities</b>		<b>(137,808)</b>	<b>(1,281,042)</b>
Effect of exchange rate changes on cash and cash equivalents		8,542	5,923
<b>Net increase/ (decrease) in cash and cash equivalents of the period</b>		<b>509,039</b>	<b>(116,050)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>2,886,063</b>	<b>3,421,346</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3,395,102</b>	<b>3,305,297</b>

## 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 sociétés anonymes, Law 3601/2007 on credit institutions, and other relevant laws. According to article 2 of its Statute, the scope of the company is to execute, on its behalf or on behalf of third parties, any and every operation acknowledged or delegated by law to banks.

Piraeus Bank is incorporated and domiciled in Greece. The address of the registered office is 4 Amerikis st., Athens. Piraeus Bank operates in Greece and in London (U.K.). The Bank employs 4,750 people.

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Banks, 20, International), FTSE/ATHEX-CSE Banking Index, FTSE (Global Small Cap, RAFI Developed 1000, Med 100, FTSE4Good Index Series), MSCI (World Small Cap, Europe Small Cap, EMU Small Cap, EAFE Small Cap, Greece Small Cap), Euro Stoxx, Euro Stoxx Banks, S&P (Global BMI, Developed BMI) and Russell Global (SC Growth, SC Value).

## 2. General accounting policies, critical accounting estimates and judgements of the Bank

### a. General accounting policies

The same accounting policies and methods of computation as those in the annual financial statements for the year ended 31 December 2010 have been followed.

The following amendments and interpretations, that have been issued by the International Accounting Standards Board and endorsed by the E.U., are effective from 1/1/2011 but they do not have a significant effect on the Bank's financial statements:

- IAS 24 (Revised), "Related Party Disclosures"
- IAS 32 (Amendment), "Financial Instruments: Presentation"
- IFRS 1 (Amendment), "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"
- IFRIC Interpretation 14 (Amendment), "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IFRIC Interpretation 19, "Extinguishing Financial Liabilities with Equity Instruments"

#### Improvements to IFRSs (May 2010)

- IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards"
- IFRS 3 (Amendment), "Business Combinations"
- IFRS 7 (Amendment), "Financial Instruments: Disclosures"
- IAS 1 (Amendment), "Presentation of Financial Statements"
- IAS 27 (Amendment), "Consolidated and Separate Financial Statements"
- IAS 34 (Amendment), "Interim Financial Reporting"
- IFRIC Interpretation 13, "Customer Loyalty Programmes"

### b. Critical accounting estimates and judgements in the application of the accounting policies

The Bank's accounting estimates and judgments affect the reported amounts of assets and liabilities within the next financial year. Accounting estimates and judgements are continually evaluated based on historical experience as well as on expectations of future events and they are the same with those accounting estimates and judgements adopted and described in the annual financial statements for the year ended 31 December 2010, except for the impairment loss on Greek Government Bonds, which is specially mentioned in note 4.

The most important areas where the Bank uses accounting estimates and judgments, in applying the Bank's accounting policies, are as follows:

#### **b.1. Impairment losses on loans and advances**

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

#### **b.2. Fair value of derivative financial instruments**

The fair values of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. All models use observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management's estimates. Assumptions and estimates that affect the reported fair values of financial instruments are examined regularly.

#### **b.3. Impairment of Available for-sale portfolio**

The available for sale portfolio is recorded at fair value and any changes in fair value are recorded in the available for sale reserve. Available for sale investments are impaired when there is significant or prolonged decline (judgement is required) in the fair value below cost. When this occurs, the relevant portion of the available for sale reserve is recycled to the income statement of the period. Judgement is also required for the estimation of the fair value of investments that are not traded in a market. For these investments, the fair value computation through financial models takes also into account evidence of deterioration in the financial health of the investee, as well as industry and sector performance and changes in technology.



#### **b.4. Held to maturity investments**

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class to the available for sale portfolio. The investments would therefore be remeasured at fair value.

#### **b.5. Income taxes**

The Bank is subject to income taxes in the countries in which it operates. This requires estimates in determining the provision for income taxes and therefore the final income tax determination is uncertain during the fiscal year. Where the final income tax expense is different from the amounts initially recorded, differences will impact the income tax and deferred tax assets/ liabilities in the period in which the tax computation is finalised.

### **3. Basis of preparation of the Bank's interim condensed financial information**

The interim condensed financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and it should be read along with the Bank's annual financial statements for the year ended 31 December 2010.

Piraeus Bank prepares, except for the attached interim condensed financial information, consolidated interim condensed financial information which includes the financial information of the Bank and its subsidiaries.

Interim condensed financial information attached is expressed in thousand euros (unless otherwise stated) and roundings are performed in the nearest thousand.

### **4. Exposure to Greek Government debt and debt issued by Eurozone countries that face financial difficulties**

#### **a. Exposure to Greek Government debt**

On 21 July 2011, the EU Summit decided to support the Greek economy through a series of measures. These measures included the voluntary exchange of Greek Government Bonds (GGBs) held by the private sector, of specific maturities, with new bonds that would be issued for this purpose.

The above mentioned debt exchange programme (PSI) aimed at attracting at least 90% of all eligible bonds and its implementation was linked to specific terms and conditions, that were announced on the same date by the International Institute of Finance (IIF).

Many financial institutions in the world, including Piraeus Bank, expressed their support for the particular Proposal from the beginning.

The announcement of the Proposal on 21 July 2011 was taken into account as an "adjusting event" at the interim condensed financial information for the period ended 30.6.2011, in accordance with the rules set out in IAS 10 "Events after the reporting period".

Under this scope, the Bank raised a relevant provision (impairment loss on the bonds) in charge of the results for the second quarter 2011, of €778 million after tax, disclosing on one hand the basic assumptions and methodologies used for the calculation of the impairment loss, and on the other hand, the related uncertainties and risks of the programme.

The continuing, however, deterioration of the economy in Europe and world wide, has led the EU Summit that took place on 26 October 2011, to take additional decisions and to adopt a comprehensive set of new measures to restore confidence and address the current tensions in the financial markets. In addition to and especially for Greece, the EU Summit decided on the following basic principles and targets that shall be achieved in relation to the Greek debt exchange programme:

- Voluntary character of the programme.
- Reduction of the nominal Greek debt held by private investors by 50%.
- Decline of the Greek debt to GDP ratio with an objective of reaching 120% by 2020.

The discussions and negotiations for the specification of the agreed measures on the 26 October 2011 and especially of the revised private sector involvement programme (PSI+), are expected to start soon and to be completed by the end of 2011, so that the detailed characteristics of the new bonds under issue (maturity, coupon, guarantees and incentives, nominal amount) will be finalised, whereas their exchange is expected to take place in early 2012.

It is noted that for the bonds categorized as "Held to Maturity financial assets" and "Loans and Receivables", the impairment loss calculation must be based on reliable estimates of the future cash flows and on their discounting with the original effective interest rate. In case of debt restructuring, such is the case of PSI+, these estimates must be derived from the details of the restructuring plan, which details however are not known at present.

As a result of the above, it is not objectively feasible to reliably measure the effect of PSI+ on the Bank profit or loss and to reestimate the initially calculated impairment loss, as it was recognised in the interim condensed financial information for the first semester 2011, for the bonds categorised in the above mentioned portfolios and which are expected to be included in the revised exchange programme.

Therefore, the final impairment loss for the bonds in the above mentioned portfolios will be calculated according to the final terms, which will result from the agreement, and will be recorded in the annual financial statements of the Bank, provided that the various parameters and details of the PSI + will have been finalized by the publication date of the Bank's annual financial statements.

On the contrary, the calculation of the impairment loss for the GGBs categorised in the Available for Sale portfolio, was based on their fair values as at 30.9.2011 and the negative movement in the reserve for the third quarter 2011 was transferred directly and in its entirety to the Income Statement.

Based on the above mentioned and taking into account the pronouncements of the International Financial Reporting Standards (IAS 39), the Bank determined the impairment on the Greek Government Bonds (GGBs) that will be included in the Proposal as follows:

**a.1. GGBs categorized as “Loans and Receivables” and “Held to Maturity financial assets” measured at amortised cost**

The portfolios of GGBs held by the Bank are classified in the overwhelming majority in these two categories, either from the date of acquisition or, mainly, as a result of reclassification from the “Available for sale portfolio” or/ and “Trading portfolio” categories.

The measurement of impairment depends on the extent that the exchange/ prolongation of GGBs leads to derecognition or not of the existing GGBs. In this scope, it was evaluated to what extent the Bank's exposure to the risks and rewards substantially change as a result of the implementation of the Proposal.

With the exception of isolated cases, such as GGBs issued in foreign currency, structured GGBs, etc, the exchange/ prolongation constitutes, in fact, continuation of the existing relationship between the bank and the debtor based on renegotiated or modified terms due to financial difficulties of the debtor, and does not constitute a substantial change of the exposure of the Bank. Therefore, the impairment loss was determined as at 30.6.2011, without being reestimated as at 30.9.2011 as mentioned above, in accordance with the pronouncements set out in IAS 39 (par. 63), as follows:

- For GGBs that are not derecognised, the impairment loss was calculated as the difference between the book value and the present value of the expected future cash flows discounted using the effective interest rate of the GGBs, that is either using the original effective interest rate at the time when the GGBs were acquired or, in the case of reclassified GGBs, the effective interest rate at the date of reclassification. Any unamortised negative “Available for sale” reserve was transferred directly and in its entirety to the Income Statement, irrespective of the result of the impairment test performed.
- For GGBs that are derecognised, the impairment loss was calculated as the difference between the book value and the fair value of the “new” GGBs. Given the fact that an active market does not exist for the “new” GGBs, their fair value was determined using a valuation model, which is based, amongst others, on assumptions regarding the long-term discount rate of the Greek State. The IIF has indicatively determined this discount rate to be 9%.

**a.2. GGBs categorized as “Available for Sale”**

For the GGBs categorised in the Available for Sale portfolio, the negative “Available for sale” reserve as this was determined by measuring the GGBs at fair value as at 30.6.2011, was transferred directly and in its entirety to the Income Statement for the first semester 2011. The same accounting treatment was applied for the differences derived from the new valuation of these bonds at fair values as at 30.9.2011.

**a.3. GGBs categorized as “Trading”**

For the GGBs categorised in the Trading portfolio, no impairment charge has been accounted for due to the fact that these GGBs were valued at fair value as at 30.6.2011 and as at 30.9.2011 and any loss was taken to the Income Statement of the relevant periods.

In this scope, the Bank charged the before tax results for the period 1.1.2011 – 30.9.2011 with an amount of €1,044 million (€835 million after tax), taking into account the existing conditions as well as the market trend for the 30 year euro interest rate, which is the base for the determination of the final interest rates for the new GGBs. Following the successful completion of the transaction, the impairment loss will be finalized and adjusted accordingly in the Bank's results.

The charge in the Bank's results for the period 1.1.2011 – 30.9.2011 is analyzed per portfolio as follows:

- €808 million before tax from the impairment of portfolios “Loans and Receivables” and “Held to Maturity financial assets” and the recycling of the respective amounts of the reserve.
- €235 million from the recycling to the Income Statement of the negative “Available for sale” reserve.

It is once again noted, that the above estimates for the impairment of the GGBs are characterized by various uncertainties, given that the Proposal is in progress and its implementation is expected in the future. Additional uncertainty is caused through a number of other factors, such as its voting by the Parliaments of the Eurozone countries, the level of private sector participation, the evolution of the debt crisis in the Eurozone and the level of the long term market interest rates at the time of the completion of the implementation of the Proposal.

The following two tables, present detailed information, by type and maturity, of the Bank's total exposure to the Greek State and to public institutions (Central Government, Regional Governments, Public Organizations, Insurance Funds, etc) as at 30.9.2011:

**Table of total exposure to the Greek State**

	Type	Nominal amount	Book value
1	Bonds	7,448,175	7,164,528
2	GGBs related to State preference shares	370,000	374,062
3	Treasury Bills	1,795,706	1,754,845
4	Loans	512,963	513,765
	<b>Total</b>	<b>10,126,844</b>	<b>9,807,200</b>

**Table of maturity of the total exposure to the Greek State**

	Type	Up to 1 year	1-5 years	More than 5 years	Total
1	Bonds	1,443,043	2,475,964	3,245,521	7,164,528
2	GGBs related to State preference shares	0	374,062	0	374,062
3	Treasury Bills	1,754,845	0	0	1,754,845
4	Loans	204,328	157,633	151,804	513,765
	<b>Total</b>	<b>3,402,216</b>	<b>3,007,659</b>	<b>3,397,325</b>	<b>9,807,200</b>

**b. Exposure to debt issued by Eurozone countries that face financial difficulties**

The Bank does not have exposure in bonds and debt of other European countries which face increased problems relating to the servicing of their debt.

## 5 Business segments

Piraeus Bank has defined the following business segments:

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

**Corporate Banking** – This segment includes facilities related to retail banking addressed to large and maritime companies, which due to their specific needs are serviced by the headquarters (deposits, loans, syndicated loans, project financing, working capital, imports – exports, letters of guarantees, etc.).

**Investment Banking** – This segment includes activities related to investment banking facilities of the Bank (investment and advisory services, underwriting services and public listings, stock exchange services etc.).

**Asset Management and Treasury** – This segment includes asset management facilities for clients and for the Bank (wealth management facilities, mutual funds management, treasury).

**Other** – Includes other facilities of the Bank that are not included in the above segments (Bank's administration etc.).

According to IFRS 8, the identification of the business segments results from the internal reports that are regularly reviewed by the Executive Board in order to monitor and assess each segment's performance. Critical 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:

<u>1/1 -30/9/2011</u>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Asset Management &amp; Treasury</b>	<b>Other business segments</b>	<b>Total</b>
Net interest income	412,672	162,305	4	158,205	(122,074)	611,112
Net fee and commission income	53,979	18,139	2,667	(1,377)	3,654	77,062
Net income	471,892	180,121	2,685	252,778	(120,691)	786,784
Segment results	(517,239)	(53,835)	1,439	234,169	(1,043,707)	<u>(1,379,172)</u>
<b>Profit before tax</b>						<b>(1,379,172)</b>
Income tax expense						227,183
<b>Profit after tax</b>						<b><u>(1,151,988)</u></b>
<b>Other segment items</b>						
Capital expenditure	10,192	118	-	1,360	48,752	60,423
Depreciation and amortisation	8,768	34	1	285	19,788	28,876
Impairment charge - loans, advances and Greek government bonds	648,008	119,928	-	-	1,043,707	1,811,643

Impairment charge - loans, advances and Greek government bonds includes an amount of € 1,044 million which is presented in Other business segments and concerns impairment for Greek government bonds.

<u>1/1 -30/9/2010</u>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Asset Management &amp; Treasury</b>	<b>Other business segments</b>	<b>Total</b>
Net interest income	465,612	184,392	(8)	100,570	(143,071)	607,496
Net fee and commission income	64,684	9,982	2,348	1,853	(4,176)	74,690
Net income	531,981	195,086	2,313	42,326	(121,240)	650,467
Segment results	(23,502)	22,507	1,117	21,961	-	<u>22,083</u>
<b>Profit before tax</b>						<b>22,083</b>
Income tax expense (included tax contribution)						(8,456)
<b>Profit after tax</b>						<b><u>13,628</u></b>
<b>Other segment items</b>						
Capital expenditure	15,232	943	-	1,988	32,275	50,437
Depreciation and amortisation	9,722	90	2	351	14,522	24,688
Impairment charge - loans and advances	220,753	30,786	-	-	-	251,539

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Asset Management &amp; Treasury</b>	<b>Other business segments</b>	<b>Total</b>
<b>At 30 September 2011</b>						
Segment assets	23,232,095	8,191,281	17,321	13,670,762	6,089,245	<b>51,200,704</b>
Segment liabilities	18,873,964	1,098,932	359,392	28,077,729	150,028	<b>48,560,044</b>

<b>At 31 December 2010</b>						
Segment assets	22,953,961	9,900,969	(10)	16,067,594	2,863,844	<b>51,786,358</b>
Segment liabilities	21,083,800	1,444,082	362	25,828,531	472,603	<b>48,829,379</b>

Capital expenditure includes additions of intangible and tangible assets that took place in the period by each business segment.

## 6 Net trading Income and results from investment securities

Net trading income amounts to € 123.7 million gain for the 9 month period of 2011 comparing to € 67.0 million loss for the 9 month period of 2010, mainly due to derivatives and bonds transactions.

In addition, results from investment securities amount € 31.7 million loss for the 9 month period of 2011 (9 month period of 2010: € 23.1 million loss), mainly due to impairment of unlisted shares.

## 7 Income tax expense

	1/1 - 30/9/2011	1/1 - 30/9/2010
Current tax	(50,317)	(2,079)
Deferred tax	281,046	13,575
Tax provisions	(3,545)	-
Tax contribution	-	(19,951)
	<b>227,183</b>	<b>(8,456)</b>

Further to the amendments introduced by the tax law 3943/2011 (Government Gazette A' 66/31.3.2011), the corporate income tax rate for Greek legal entities is reduced from 24% as applies on taxable income for the year 2010, to 20% for the year 2011. Furthermore, in accordance with the provisions of the above mentioned law, a withholding tax of 25% is imposed on distributed profits. Specifically for profits distributed within 2011, the withholding tax rate is 21%.

The deferred tax increase relates mainly to the recognition of an allowance for impairment on Greek government bonds that will participate in the voluntary exchange of Greek government bonds programme (PSI).

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2009 have been finalized. For the unaudited tax years, the required provisions have been raised according to International Financial Reporting Standards (IFRS).

## 8 Earnings/ (Losses) per share

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

	1/1 - 30/9/2011	1/1 - 30/9/2010	1/7 - 30/9/2011	1/7 - 30/9/2010
<b>Basic earnings/ (losses) per share</b>				
Net profit/ (loss) attributable to ordinary shareholders	(1,151,988)	13,628	(375,639)	28,609
Weighted average number of ordinary shares in issue	1,068,442,072	635,181,798	1,143,326,564	635,181,798
Basic earnings/ (losses) per share (in euros)	(1.0782)	0.0215	(0.3285)	0.0450

According to the requirements of IAS 33, the weighted average number of shares has been adjusted for the comparative period from 1/1/2010 - 30/9/2010 by a 1.8889 factor, in order to adjust earnings/ (losses) per share for the discount price of the rights issue share capital increase (note 23). Prior period data have been adjusted so as to be comparable with the current period and to reflect the decision of the Ordinary General Meeting of Shareholders in 2011 not to distribute dividend to shareholders of preference shares for the year 2010.

## 9 Analysis of other comprehensive income

	Before-Tax amount	Tax	Net-of-Tax amount
<b>1/1 - 30/9/2011</b>			
Net change in available for sale reserve	97,137	(26,063)	71,074
<b>Other comprehensive income</b>	<b>97,137</b>	<b>(26,063)</b>	<b>71,074</b>
 <b>1/1 - 30/9/2010</b>			
Net change in available for sale reserve	(204,007)	48,190	(155,817)
Premium on equity instrument	(67,805)	-	(67,805)
<b>Other comprehensive income</b>	<b>(271,812)</b>	<b>48,190</b>	<b>(223,621)</b>

## 10 Cash and balances with the Central Bank

	30 September 2011	31 December 2010
Cash in hand	182,002	212,844
Nostros and sight accounts with other banks	362,307	400,550
Balances with Central Bank	1,830,162	701,900
Cheques clearing system - Central Bank	257,271	202,205
Mandatory reserves with Central Bank	26,825	6,402
	<b>2,658,565</b>	<b>1,523,902</b>

## 11 Financial assets at fair value through profit or loss

	30 September 2011	31 December 2010
<b>Trading securities</b>		
Greek Government bonds	176,324	147,976
Greek Government treasury bills	40,850	13,513
Foreign Government bonds	-	11,127
Corporate entities bonds	9,390	11,586
Bank Bonds	56	56
<b>Total trading securities</b>	<b>226,620</b>	<b>184,259</b>
<b>Other financial instruments at fair value through profit or loss</b>	<b>12,810</b>	<b>16,426</b>

## 12 Loans and advances to customers and debt securities - receivables

	30 September 2011	31 December 2010
Mortgages	6,158,433	6,197,457
Consumer/ personal and other loans	1,941,127	2,120,112
Credit cards	708,418	774,359
<b>Loans to individuals</b>	<b>8,807,977</b>	<b>9,091,927</b>
<b>Loans to corporate entities</b>	<b>22,612,292</b>	<b>22,973,998</b>
<b>Total loans and advances to customers</b>	<b>31,420,269</b>	<b>32,065,925</b>
Corporate entities debt securities - receivables	4,518	197,653
Bank debt securities - receivables	23,176	-
Greek Government bonds debt securities - receivables	2,595,832	2,232,689
<b>Total debt securities - receivables</b>	<b>2,623,526</b>	<b>2,430,342</b>
Less: Allowance for impairment on loans and advances to customers and debt securities - receivables	(2,029,046)	(876,165)
<b>Total loans and advances to customers and debt securities - receivables (less allowances for losses)</b>	<b>32,014,749</b>	<b>33,620,102</b>
of which:		
Loans and advances to customers (net of provisions)	30,012,075	31,189,760
Debt securities - receivables (net of provisions)	2,002,674	2,430,342

## Movement in allowance (impairment) for losses on loans and advances to customers and debt securities - receivables

	Loans to individuals	Loans to corporate entities/ Public sector	Total
<b>Balance at 1/1/2010</b>	<b>303,456</b>	<b>307,716</b>	<b>611,173</b>
Charge for the period	150,909	100,630	251,539
Loans written-off	(61,151)	(15,082)	(76,232)
Foreign exchange differences	-	5,717	5,717
<b>Balance at end of period 30/9/2010</b>	<b>393,215</b>	<b>398,982</b>	<b>792,197</b>
<b>Balance at 1/10/2010</b>	<b>393,215</b>	<b>398,982</b>	<b>792,197</b>
Charge for the period	40,382	67,746	108,128
Loans written-off	(38)	(25,983)	(26,022)
Foreign exchange differences	-	1,862	1,862
<b>Balance at end of year 31/12/2010</b>	<b>433,559</b>	<b>442,605</b>	<b>876,165</b>
<b>Balance at 1/1/2011</b>	<b>433,559</b>	<b>442,605</b>	<b>876,165</b>
Charge for the period	131,432	1,257,355	1,388,788
Loans written-off	(60,971)	(180,454)	(241,425)
Foreign exchange differences	-	5,519	5,519
<b>Balance at end of period 30/9/2011</b>	<b>504,020</b>	<b>1,525,025</b>	<b>2,029,046</b>

An allowance for impairment of € 621 million on Greek government bonds included in debt securities - receivables has been recognized and is included in the charge for the 9month period of 2011. In addition, Greek government bonds impairment of € 49 million, which was previously included in available for sale reserve (note 24), that relates to reclassified in previous financial years debt securities - receivables, is recycled to income statement resulting in a total charge for the 9month period of 2011 of € 670 million.

### 13 Investment securities

	30 September 2011	31 December 2010
<b>Available for sale securities</b>		
<b>Bonds and other fixed income securities</b>		
Greek Government bonds	248,378	542,591
Foreign Government bonds	15,129	15,366
Greek Government treasury bills	1,729,095	554,402
Corporate entities bonds	40,422	221,248
Bank bonds	19,218	37,007
	<b>2,052,242</b>	<b>1,370,614</b>
<b>Shares and other variable income securities</b>		
Listed shares	39,284	64,031
Unlisted shares	146,034	141,710
Mutual funds	146,702	188,428
	<b>332,020</b>	<b>394,169</b>
<b>Total available for sale securities</b>	<b>2,384,262</b>	<b>1,764,783</b>

In relation to Greek government bonds, a recycling of € 235 million (note 24) from available for sale reserve to income statement was realized.

	30 September 2011	31 December 2010
<b>Held to maturity</b>		
Greek government bonds	4,822,590	4,954,598
<b>Total held to maturity</b>	<b>4,822,590</b>	<b>4,954,598</b>

For the Greek government bonds included in held to maturity, an allowance for impairment of € 134 million has been recognized and is included in the impairment losses for the 9 month period of 2011. In addition, Greek government bonds impairment of € 5 million, which was previously included in available for sale reserve (note 24), that relates to reclassified in previous financial years bonds, is recycled to income statement resulting in a total charge for the 9 month period of 2011 of € 139 million.

### 14 Reclassification of financial assets

The Investment portfolio as at 30/9/2011 includes shares, mutual funds and bonds, which have been reclassified during the financial years 2008 and 2010 from the "Trading securities" portfolio. Specifically, the "Available for sale securities" portfolio as at 30/9/2011 includes shares and mutual funds with fair value of € 12.0 million. The revaluation loss of € 7.7 million for the period 1/1-30/9/2011 has been recognized in the "Available for Sale reserve". Moreover, the "Available for sale securities" portfolio as at 30/9/2011 includes bonds with fair value of € 103.1 million. The revaluation loss of € 45.4 million for the period 1/1-30/9/2011 has been recognized in the "Available for Sale reserve". "Held to Maturity" portfolio as at 30/9/2011 includes bonds with fair value of € 227.5 million (amortized cost € 594.2 million). If these bonds had not been reclassified, a revaluation loss of € 109.0 million would have been recognized in the "Net trading Income" of the period 1/1-30/9/2011. No gains or losses from the sale of reclassified bonds and shares have been recognized in the Income Statement for the period 1/1-30/9/2011.

"Debt securities – receivables" portfolio as at 30/9/2011 includes bonds with fair value of € 397.0 million (amortized cost of € 566.2 million) which have been reclassified from the "Available for sale securities" portfolio during the financial years 2008 and 2010. "Loans and advances to credit institutions" portfolio includes bank bonds with fair value of € 5.9 million (amortized cost € 5.4 million), which have been reclassified from the "Available for sale securities" portfolio during the financial year 2008. If these bonds had not been reclassified, a revaluation loss of € 333.9 million would have been recognized in the "Available for sale reserve" of the period 1/1-30/9/2011. A loss of € 1.0 million from the sale of reclassified bonds has been recognized in the Income Statement for the period 1/1-30/9/2011.

Reclassification of financial assets as presented above is prior to the implementation of the PSI (private sector involvement in the voluntary exchange of Greek government bonds programme) and the consequent recognition of allowance for impairment.

### 15 Investments in subsidiaries and associate companies

The investments of Piraeus Bank in subsidiaries and associates are:

A) Subsidiaries companies				
a/a	Name of Company	Activity	% holding	Country
1.	Marathon Banking Corporation	Banking activities	98.43%	U.S.A.
2.	Tirana Bank I.B.C. S.A.	Banking activities	96.71%	Albania
3.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania
4.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia
5.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus
8.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
9.	Piraeus Leases S.A.	Finance leases	100.00%	Greece

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Amounts in thousand euros (Unless otherwise stated)

a/a	Name of Company	Activity	% holding	Country
10.	Piraeus Leasing Romania S.R.L.	Finance leases	99.85%	Romania
11.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece
12.	Tirana Leasing S.A.	Finance leases	100.00%	Albania
13.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece
14.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom
15.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria
16.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom
17.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece
18.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece
19.	Picar S.A.	City Link areas management	100.00%	Greece
20.	Bulfina S.A.	Property management	100.00%	Bulgaria
21.	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece
22.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece
23.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece
24.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece
25.	ND Development S.A.	Property management	100.00%	Greece
26.	Property Horizon S.A.	Property management	100.00%	Greece
27.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece
28.	Piraeus Development S.A.	Property management	100.00%	Greece
29.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece
30.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
31.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.85%	Cyprus
32.	Lakkos Mikelli Real Estate LTD	Property management	40.00%	Cyprus
33.	Philoktimatiki Public LTD	Land and property development	6.39%	Cyprus
34.	New Evolution S.A.	Property, tourism & development company	100.00%	Greece
35.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
36.	Piraeus Cards S.A.	Financial services and consultancy	59.16%	Greece
37.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
38.	Maples Invest & Holding S.A.	Investment company	100.00%	British Virgin Islands
39.	Margetson Invest & Finance S.A.	Investment company	100.00%	British Virgin Islands
40.	Vitria Investments S.A.	Investment company	100.00%	Panama
41.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
42.	Piraeus Insurance - Reinsurance Broker Romania S.R.L.	Insurance and reinsurance Brokerage	95.00%	Romania
43.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases - rent-a-car and long term rental of vehicles	94.98%	Greece
44.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia
45.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
46.	Piraeus Leasing Doo Beograd	Financial leasing	72.73%	Serbia
47.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece
48.	Estia Mortgage Finance III PLC	SPE for securitization of mortgage loans	-	United Kingdom
49.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	5.67%	Greece
50.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
51.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	65.00%	Greece
52.	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
53.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
54.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
55.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
56.	Axia III APC LTD	SPE for securitization of corporate loans	-	United Kingdom
57.	Praxis II APC LTD	SPE for securitization of consumer loans	-	United Kingdom
58.	R.E. Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus
59.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus
60.	Achaia Clauss Estate S.A.	Property management	74.47%	Greece

Companies numbered 30, 45, 48, 50, 52 and 54-57 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 32, 33 and 49, which are consolidated with ownership percentage of less than 50% are bank's subsidiaries due to the existence of control.

The company numbered 48 is under liquidation because the third securitisation of mortgage loans (note 20) was called back in February 2011. In addition the companies numbered 17 and 37-40 are under liquidation as at 30/9/2011.



**B) Associate companies**

a/a	Name of Company	Activity	% holding	Country
1.	Crete Scient. &Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece
2.	"Evros" Development Company S.A.	European community programs management	30.00%	Greece
3.	Project on Line S.A.	Information technology & software	40.00%	Greece
4.	APE Commercial Property Real Estate Tourist & Development S.A.	Holding Company	27.80%	Greece
5.	APE Fixed Assets Real Estate Tourist & Development S.A.	Real estate, development/ tourist services	27.80%	Greece
6.	Trieris Real Estate LTD	Property Management	22.94%	British Virgin Islands
7.	European Reliance Gen. Insurance Co. S.A.	General and life insurance and reinsurance	30.23%	Greece
8.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece
9.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece
10.	Sciens International Investments & Holding S.A.	Holding Company	28.10%	Greece
11.	Ekathariseis Aktoploias S.A.	Ticket Settlements	49.00%	Greece
12.	Euroterra S.A.	Property Management	39.22%	Greece
13.	Rebikat S.A.	Property Management	40.00%	Greece
14.	Abies S.A.	Property Management	40.00%	Greece
15.	ACT Services S.A.	Accounting and tax consulting	49.00%	Greece
16.	Exodus S.A.	Information technology & software	50.10%	Greece

The company numbered 16 is included in the associate companies' portfolio, as Piraeus Bank S.A. owns 40.10% of the voting rights. The company numbered 11 is under liquidation as at 30/9/2011.

**16 Assets held for sale**

During the 3rd Quarter of 2011, Piraeus Bank Egypt has been transferred from Investments in Subsidiaries to "Assets held for sale" as the classification criteria of IFRS 5 are met.

**17 Due to credit institutions**

Due to credit institutions includes refinancing operations through repo transactions within the eurosystem amounting to €20.9 billion (31/12/2010: €17.2 billion). The increase of the raised liquidity of the bank from ECB through the available refinancing operations with collaterals, during the 9 month period of 2011, displays the decreased overall liquidity within the Greek banking system (reduction of deposits).

**18 Liabilities at fair value through profit or loss**

As at 30/9/2011 the Bank had open selling positions in Greek government bonds with fair value of € 320 million.

**19 Due to customers**

	30 September 2011	31 December 2010
Current and sight deposits	3,477,976	3,678,240
Savings account	2,867,304	3,383,593
Term deposits	13,677,195	16,809,971
Other accounts	254,646	173,881
Repurchase agreements	714	6,200
	<b>20,277,836</b>	<b>24,051,885</b>

**20 Debt securities in issue**

	30 September 2011	31 December 2010
<b>ETBA bonds</b>	<b>61,921</b>	<b>124,355</b>
<b>Euro Commercial Paper (Short term securities)</b>	-	<b>63,900</b>
<b>Euro Medium Term Note</b>		
€ 60 m. floating rate notes due 2015	60,000	60,000
€ 500 m. floating rate notes due 2011	401,000	421,490
€ 5.05 m. floating rate notes due 2011	-	3,750
€ 20 m. floating rate notes due 2012	19,964	19,964
€ 500 m. fixed rate notes due 2011	-	487,351
€ 500 m. fixed rate notes due 2012	376,042	468,789
€ 50.3 m. fixed rate notes due 2012	44,718	54,136
€ 25.5 m. fixed rate notes due 2013	23,859	26,462
Accrued interest and other expenses	2,944	23,131
	<b>928,527</b>	<b>1,565,073</b>
<b>Securitisation of mortgage loans</b>		
€ 750 m. floating rate notes due 2040	198,050	242,601
€ 1,250 m. floating rate notes due 2054	597,519	678,553
	<b>795,568</b>	<b>921,154</b>
<b>Total debt securities in issue</b>	<b>1,786,016</b>	<b>2,674,481</b>

Issuance under the Euro Commercial Paper and Euro Medium Term Note programs is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group. Information concerning the new issues of debt securities during the 9month period of 2011, which have been retained by the Bank, are presented below:

In February 2011 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 950 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 1000bps. In May the bond was re-tapped in the amount of € 800 million with the same terms and conditions increasing the final outstanding amount to € 1,750 million. The bond has been retained by Piraeus Bank.

In February 2011 Piraeus Bank issued its 3-year covered bond in the amount of €1,250 million. The bond has a 10 year extension period and pays a floating rate coupon of 1M Euribor plus 100bps. The bond has been retained by Piraeus Bank.

It should be noted that the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively, continue to be retained by Piraeus Bank. The third securitisation of mortgage loans in the amount of € 800 million, was called back in February 2011.

## 21 Hybrid capital and other borrowed funds

	30 September 2011	31 December 2010
<b>Hybrid Capital (Tier I)</b>		
€ 200 m. floating rate notes	158,636	158,636
Accrued interest and other expenses	972	803
	<b>159,608</b>	<b>159,439</b>
<b>Subordinated debt (Tier II)</b>		
€ 400 m. floating rate notes due 2016	341,231	346,028
Accrued interest and other expenses	2,423	1,117
	<b>343,654</b>	<b>347,145</b>
<b>Total hybrid capital and other borrowed funds</b>	<b>503,261</b>	<b>506,584</b>

Accrued interest on hybrid capital and other borrowed funds is included in the respective amounts of hybrid capital and other borrowed funds. The Bank is not in default of any payments of principal, interest or redemption amounts of the aforementioned hybrid capital and other borrowed funds.

## 22 Contingent liabilities and commitments

### A) Legal procedures

The legal proceedings outstanding against the Bank as at 30/9/2011, are not expected to have any significant impact on the financial statements of the Bank, according to the opinion of the legal affairs division of the Bank.

### B) Credit commitments

As at 30/9/2011 the Bank had the following capital commitments:

	30 September 2011	31 December 2010
Letters of guarantee	2,700,816	2,887,278
Letters of credit	40,415	93,491
Commitments to extent credit	3,312,434	3,764,703
	<b>6,053,665</b>	<b>6,745,472</b>

### C) Assets pledged

	30 September 2011	31 December 2010
Trading securities	211,577	149,014
Investment securities	5,226,830	5,890,859
Debt securities held by the Bank own issue	11,383,129	13,152,339
Loans and advances to customers	6,641,264	3,923,447
Debt securities - receivables	1,974,718	2,410,200
	<b>25,437,517</b>	<b>25,525,858</b>

"Securities held by the Bank own issue" category includes securities of € 11,261 million that had been issued with the unconditional guarantee of the Hellenic Republic, as well as securities of € 122 million obtained from the securitization of Bank's mortgage loans. The prementioned securities are not included in assets.

### D) Operating lease commitments

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

	30 September 2011	31 December 2010
Up to 1 year	45,835	45,488
From 1 to 5 years	191,930	191,692
More than 5 years	391,052	388,987
	<b>628,816</b>	<b>626,167</b>

## 23 Share capital

	Share Capital	Share premium	Treasury shares	Total
Opening balance at 1 January 2010	1,974,020	927,739	0	2,901,758
Reduction of the nominal value of ordinary shares	(1,503,138)	1,503,138	-	0
<b>Balance at 31 December 2010</b>	<b>470,882</b>	<b>2,430,877</b>	<b>0</b>	<b>2,901,758</b>
Increase of share capital through cash payment	242,116	522,478	-	764,594
<b>Balance at 30 September 2011</b>	<b>712,998</b>	<b>2,953,356</b>	<b>0</b>	<b>3,666,352</b>

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1 January 2010	413,840,653	0	413,840,653
Balance at 31 December 2010	413,840,653	0	413,840,653
Opening balance at 1 January 2011	413,840,653	0	413,840,653
Issue of new shares	807,054,045	-	807,054,045
<b>Balance at 30 September 2011</b>	<b>1,220,894,698</b>	<b>0</b>	<b>1,220,894,698</b>

On 1/1/2011 the Bank's share capital amounted to € 470,881,754.88, divided to 336,272,519 ordinary registered shares with voting rights, each with a nominal value of € 0.30 and 77,568,134 preference shares without voting rights L.3723/2008, each with a nominal value of € 4.77.

The Board of Directors on January 3, 2011 resolved upon the increase of the Bank's share capital by an amount of € 242,116,213.50 through payment in cash and the granting of a pre-emption right to the existing ordinary shareholders at a subscription ratio of 12 new shares for every 5 existing ordinary registered shares and at subscription price of € 1 per new share. The share capital increase concluded on January 31, 2011 with the issuance of 807,054,045 new ordinary registered shares of nominal value € 0.30 each. The Share premium reserve increased by € 522,478,236.59 after the deduction of the expenses related to the share capital increase.

After this increase, the Bank's share capital as of 30/9/2011 amounts to € 712,997,968.38, divided into 1,143,326,564 ordinary registered shares with voting rights, each with a nominal value of € 0.30 and 77,568,134 preference shares without voting rights L. 3723/2008, each with a nominal value of € 4.77.

Pursuant to the provisions of article 28, Law 3756/2009 (Gov. Gazette A' 53/31.3.2009) the acquisition of treasury shares is not permitted for so long as the Bank is subject to the provisions of the above mentioned Law 3723/2008.

The Shareholders General Meeting, that took place on 20/5/2011, resolved not to distribute any dividends to the shareholders for the year 2010, according to the provisions (article 44a of Law 2190/1920 and article 1 of Law 3723/2008 as in force, in conjunction with the article 19 par. 5 of Law 3965/2011), for the credit institutions participating in the Economy reinforcement programme.

The accrued dividend of preference shares for the period 1/1/2011 – 30/9/2011 amounts to € 27.7 million (€ 22.1 million after tax) and it is highly probable that it will not be distributed, as the requirements of the existing legislation are not met.

Pursuant to the Ordinary Shareholders Meeting resolution dated 20/5/2011, an increase of the nominal value of each common share was decided from thirty cents (€ 0.30) to one euro and twenty cents (€ 1.20) with a reduction of the number of common shares of the Bank from one billion one hundred and forty three million three hundred and twenty six thousand five hundred and sixty four (1,143,326,564) to two hundred and eighty five million eight hundred and thirty one thousand six hundred and forty one (285,831,641) (reverse split). The new common shares that were issued following the aforesaid reverse split, are not yet traded in the Athens Exchange.

## 24 Other reserves and retained earnings

	30 September 2011	31 December 2010
Legal reserve	68,995	68,995
Available for sale reserve	(269,085)	(340,159)
<b>Total other reserves</b>	<b>(200,090)</b>	<b>(271,164)</b>
Retained earnings	(825,604)	326,384
<b>Total other reserves and retained earnings</b>	<b>(1,025,694)</b>	<b>55,220</b>

Movement in available for sale reserve for the period is as follows:

	30 September 2011	31 December 2010
<b>Available for sale reserve movement</b>		
Opening balance for the period	(340,159)	(148,415)
Gains/ (losses) from the valuation of available for sale bonds	(153,093)	(198,592)
Gains/ (losses) from the valuation of available for sale shares and mutual funds	(55,131)	(68,842)
Recycling on Greek Government Bonds	289,313	-
Changes in deferred income taxes due to recycling on Greek Government Bonds	(57,863)	-
Recycling on shares and mutual funds	3,053	-
Deferred Income Taxes	31,800	50,392
Recycling of the accumulated fair value adjustment of disposed securities	(853)	5,347
Depreciation of accumulated impairment of transferred bonds	13,403	20,289
Foreign exchange differences and other adjustments	447	(338)
<b>Closing balance for the period</b>	<b>(269,085)</b>	<b>(340,159)</b>

Recycling to income statement of Greek government bonds impairment includes impairment of € 54 million that relates to reclassified in previous financial years bonds. These reclassified bonds are reported under held to maturity portfolio and debt securities receivables as at 30/9/2011.

	30 September 2011	31 December 2010
<b>Retained earnings movement</b>		
Opening balance for the period	326,384	414,711
Premium on equity instrument	-	(67,805)
Transfer between other reserves and retained earnings	-	1,104
Profit/ (loss) after tax for the period	(1,151,988)	(3,620)
Prior year dividends of preference shares	-	(18,006)
<b>Closing balance for the period</b>	<b>(825,604)</b>	<b>326,384</b>

## 25 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 Board of Directors members and key management personnel, c) companies having transactions with Piraeus Bank, when the total cumulative participating interest in them (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20%.

	<b>Board of Directors members and key management personnel</b>	
	30 September 2011	31 December 2010
Loans	134,269	129,455
Deposits	31,901	39,064

Letters of guarantees and letters of credits to the members of the board of directors and to the key management personnel as at 30/9/2011 are € 1.9 million (31/12/2010: € 2.3 million). Letters of guarantees to subsidiaries as at 30/9/2011 are € 338.9 million (31/12/2010: € 267.0 million). The total income on loans to members of the board of directors and the key management personnel for the period 1/1 - 30/9/2011 is € 3.7 million (1/1-30/9/2010: € 3.2 million). The expense of deposits of the prementioned related parties for the period 1/1 - 30/9/2011 is € 0.8 million (1/1-30/9/2010: € 0.6 million).

Loans and letters of guarantees issued to related parties represent an insignificant part of total loans and letters of guarantees issued by the Bank, respectively. Loans and letters of guarantees have been issued to related parties in the normal course of business, within the approved credit policies and Bank procedures, adequately collateralised. Loans to related parties are performing and no provision has been raised for their balances.

	1/1 - 30/9/2011	1/1 - 30/9/2010
<b>Directors' remuneration</b>		
Salaries and other remuneration	7,701	7,079

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel, following the secession or the vesting of benefits of particular management personnel and the adjustments that took place in the current period, amount to € 28.3 million from € 31.6 million as at 31/12/2010. The full amount of the above provisions has been included in the retirement benefit obligations.

Bank's balances from transactions to subsidiaries and associates from continuing and discontinued operations and the relevant results are as follows:

### I. Subsidiaries

	30 September 2011	31 December 2010
<b>Assets</b>		
Cash and Balances with Central Bank	781	17,348
Loans and advances to credit institutions	3,110,281	3,593,024
Reverse repos with customers	12,573	14,391
Loans and advances to customers	605,371	719,303
Other assets	270,879	214,340
<b>Total</b>	<b>3,999,885</b>	<b>4,558,407</b>

**Piraeus Bank - 30 September 2011**  
Amounts in thousand euros (Unless otherwise stated)

	<b>30 September 2011</b>	<b>31 December 2010</b>
<b>Liabilities</b>		
Due to credit institutions	694,065	1,121,783
Due to customers	415,919	241,567
Debt securities in issue	1,718,329	2,490,787
Hybrid capital and other borrowed funds	503,261	506,585
Other liabilities	19,086	32,268
<b>Total</b>	<b>3,350,661</b>	<b>4,392,990</b>
<b>Revenues</b>	<b>1/1 - 30/9/2011</b>	<b>1/1 - 30/9/2010</b>
Interest and similar income	139,868	121,332
Fee and commission income	8,165	11,122
Other operating income	1,273	1,739
<b>Total</b>	<b>149,307</b>	<b>134,192</b>
<b>Expenses</b>	<b>1/1 - 30/9/2011</b>	<b>1/1 - 30/9/2010</b>
Interest expense and similar charges	(151,823)	(135,748)
Fee and commission expense	(11,252)	(16,270)
Operating expenses	(26,943)	(33,895)
<b>Total</b>	<b>(190,017)</b>	<b>(185,913)</b>
<b>II. Associates</b>	<b>30 September 2011</b>	<b>31 December 2010</b>
Deposits	54,183	44,619
Loans and advances to customers	98,963	58,446
	<b>1/1 - 30/9/2011</b>	<b>1/1 - 30/9/2010</b>
Interest/ expense	(1,400)	(1,447)
Interest/ income	2,495	1,514

## 26 Restatement of comparatives

Earnings/ (losses) per share for the period 1/1 - 30/9/2010 and 1/7 - 30/9/2010 have been adjusted due to the share capital increase and the decision not to distribute dividend to shareholders of preference shares (refer to Note 8).

## 27 Events subsequent to the end of the Interim period

On the 26th of October 2011, at the EU Heads Summit was agreed the official sector to provide additional program financing up to €100 bn to Greece. In this context, the Euro Summit has decided to invite Greece, private investors and all parties concerned, to develop a voluntary bond exchange with a nominal discount of 50% on notional Greek debt held by private investors. The Euro-area Member States would contribute to the PSI package up to €30 bn. The new program should be agreed during the following period and the exchange of bonds should be implemented at the beginning of 2012. The effect of the revised private sector involvement programme (PSI+) on the financial figures of Piraeus Bank is expected to be imprinted in the annual financial statements of 2011.

On the 26th of October 2011, the European Banking Authority (EBA) published the analytical methodology used to assess the required capital buffers for a 9% Core Tier 1 ratio, along with the per country results. Specifically for Greece, EBA only announced that the available €30 billion capital of the Hellenic Financial Stability Fund exceeds the required capital estimated by EBA so that a level of 9% Core Tier 1 ratio is reached.

On the 28th of November 2011, Piraeus Bank announced that it was informed by Standard Chartered Bank of its intent to withdraw from the potential acquisition of Piraeus Bank Egypt. Standard Chartered Bank indicated that this decision was taken in light of the deteriorating global macroeconomic environment and not on account of issues arising out of their due diligence of Piraeus Bank Egypt. Piraeus Bank has communicated this information to regulators in both Greece and Egypt. Piraeus Bank had received indications of interest for Piraeus Bank Egypt from a number of other potential purchasers, which were not examined while discussions with Standard Chartered Bank were ongoing. Piraeus Bank intends to proceed, through a procedure to be announced, in exploring interest and initiating discussions with other interested parties. Meanwhile, Piraeus Bank would like to stress that Piraeus Bank Egypt continues to maintain high levels of capital adequacy and liquidity on a standalone basis, and will continue to provide banking services to its Egyptian client base as a member of Piraeus Bank Group.

Athens, November 29th, 2011

CHAIRMAN  
OF THE BOARD OF DIRECTORS

MANAGING DIRECTOR  
& C.E.O

CHIEF FINANCIAL  
OFFICER

ASSISTANT  
GENERAL MANAGER

MICHALIS G. SALLAS

STAVROS M. LEKKAKOS

GEORGE I. POULOPOULOS

KONSTANTINOS S. PASCHALIS