

PIRAEUS BANK



PIRAEUS BANK S.A.

Interim Condensed Financial Information

30 September 2013

**In accordance with the International
Financial Reporting Standards**

The attached interim condensed financial information has been approved by the Piraeus Bank S.A. Board of Directors on November 29th, 2013 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

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

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INTERIM INCOME STATEMENT

| | Note | Period from 1 January to | | Period from 1 July to | |
|--|--------|--------------------------|----------------------|-----------------------|----------------------|
| | | 30 September 2013 | 30 September 2012 | 30 September 2013 | 30 September 2012 |
| Interest and similar income | | 2,207,567 | 1,667,762 | 778,968 | 639,827 |
| Interest expense and similar charges | | (1,290,541) | (1,210,575) | (420,029) | (417,556) |
| NET INTEREST INCOME | | 917,026 | 457,187 | 358,939 | 222,271 |
| Fee and commission income | | 144,872 | 100,774 | 54,786 | 40,507 |
| Fee and commission expense | | (16,688) | (14,920) | (6,477) | (5,035) |
| NET FEE AND COMMISSION INCOME | | 128,184 | 85,854 | 48,309 | 35,472 |
| Dividend income | | 15,958 | 7,033 | 8,616 | 3,594 |
| Net trading income | 8 | 86,046 | 206,258 | 32,210 | 1,635 |
| Net income from financial instruments designated at fair value through profit or loss | | 6,196 | 2,803 | 1,086 | 411 |
| Results from investment securities | | 14,649 | 33,212 | 778 | 34,028 |
| Other operating income | | 30,729 | 8,151 | 14,046 | 5,521 |
| Negative goodwill due to acquisitions | 27 | 3,498,037 | - | - | - |
| TOTAL NET INCOME | | 4,696,826 | 800,499 | 463,983 | 302,931 |
| Staff costs | | (403,113) | (166,458) | (155,345) | (71,059) |
| Administrative expenses | | (279,671) | (156,504) | (111,780) | (60,751) |
| Depreciation and amortisation | | (53,590) | (38,794) | (18,794) | (13,833) |
| Gains/ (Losses) from sale of assets | | 116 | (447) | 32 | (344) |
| TOTAL OPERATING EXPENSES BEFORE PROVISIONS | | (736,258) | (362,204) | (285,887) | (145,986) |
| PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX | | 3,960,568 | 438,295 | 178,096 | 156,944 |
| Impairment losses on loans, debt securities and other receivables | 14 | (1,323,893) | (1,151,051) | (365,080) | (484,278) |
| Impairment on investment securities and participations | 15, 16 | (257,231) | (433,078) | (876) | (428) |
| PROFIT/ (LOSS) BEFORE INCOME TAX | | 2,379,443 | (1,145,834) | (187,860) | (327,761) |
| Income tax | 9 | 589,554 | 623,186 | 34,467 | 91,688 |
| PROFIT/ (LOSS) AFTER TAX | | 2,968,998 | (522,648) | (153,393) | (236,073) |
| Earnings/ (losses) per share (in euros): | | | | | |
| - Basic and Diluted | 10 | 1.5225 | (4.5454) | (0.0302) | (2.0531) |

INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME

| | Note | Period from 1 January to | | Period from 1 July to | |
|---|--------|--------------------------|----------------------|-----------------------|----------------------|
| | | 30 September 2013 | 30 September 2012 | 30 September 2013 | 30 September 2012 |
| Profit/ (loss) after tax for the period (A) | | 2,968,998 | (522,648) | (153,393) | (236,073) |
| Other comprehensive income, net of tax: | | | | | |
| Amounts that can be reclassified in the Income Statement | | | | | |
| Net change in available for sale reserve | 11, 24 | 50,159 | 168,542 | 28,542 | 129,812 |
| Amounts that can not be reclassified in the Income Statement | | | | | |
| Change in actuarial gains/ (losses) of defined benefit obligations | | - | - | - | - |
| Other comprehensive income, net of tax (B) | 11, 24 | 50,159 | 168,542 | 28,542 | 129,812 |
| Total comprehensive income, net of tax (A+B) | | 3,019,157 | (354,106) | (124,852) | (106,261) |

INTERIM STATEMENT OF FINANCIAL POSITION

| | Note | 30 September 2013 | 31 December 2012 |
|--|------|-------------------|--------------------|
| ASSETS | | | |
| Cash and balances with Central Bank | 12 | 2,164,792 | 2,091,406 |
| Loans and advances to credit institutions | | 2,403,206 | 2,620,677 |
| Derivative financial instruments - assets | | 371,130 | 423,395 |
| Trading securities | 13 | 21,528 | 81,209 |
| Financial instruments at fair value through profit or loss | 13 | 14,029 | 7,833 |
| Reverse repos with customers | | 23,364 | 35,388 |
| Loans and advances to customers (net of provisions) | 14 | 53,087,749 | 37,618,002 |
| Debt securities - receivables | 14 | 15,779,946 | 7,933,625 |
| Investment securities | | | |
| - Available for sale securities | 15 | 1,292,702 | 4,340,092 |
| Investments in subsidiaries | | 1,735,696 | 1,921,587 |
| Investments in associated undertakings | | 293,279 | 240,239 |
| Intangible assets | | 192,502 | 256,483 |
| Property, plant and equipment | | 769,739 | 631,788 |
| Investment property | | 302,878 | 435,871 |
| Assets held for sale | | 10,658 | - |
| Deferred tax assets | 9 | 2,363,216 | 1,757,304 |
| Inventories property | | 309,677 | 150,799 |
| Other assets | 17 | 1,802,088 | 2,476,681 |
| TOTAL ASSETS | | 82,938,179 | 63,022,379 |
| LIABILITIES | | | |
| Due to credit institutions | 18 | 26,270,405 | 32,515,139 |
| Liabilities at fair value through profit or loss | | - | 21,953 |
| Derivative financial instruments - liabilities | | 353,321 | 419,846 |
| Due to customers | 19 | 46,535,995 | 31,107,800 |
| Debt securities in issue | 20 | 273,016 | 533,703 |
| Hybrid capital and other borrowed funds | 21 | 255,989 | 324,141 |
| Retirement benefit obligations | | 162,672 | 131,264 |
| Other provisions | | 1,240 | 232 |
| Current income tax liabilities | | 5,367 | 6,730 |
| Other liabilities | | 571,225 | 705,927 |
| TOTAL LIABILITIES | | 74,429,228 | 65,766,735 |
| EQUITY | | | |
| Share capital | 23 | 2,271,770 | 1,092,998 |
| Share premium | 23 | 10,008,734 | 2,953,356 |
| Other reserves | 24 | 180,430 | 130,271 |
| Retained earnings | 24 | (3,951,984) | (6,920,981) |
| TOTAL EQUITY | | 8,508,951 | (2,744,356) |
| TOTAL LIABILITIES AND EQUITY | | 82,938,179 | 63,022,379 |

INTERIM STATEMENT OF CHANGES IN EQUITY

| | Note | Share Capital | Share Premium | Other reserves | Retained earnings | TOTAL |
|--|--------|------------------|-------------------|-------------------|----------------------|--------------------|
| Opening balance as at 1 January 2012 | | 1,092,998 | 2,953,356 | 1,603 | (6,106,639) | (2,058,682) |
| Impact from the retrospective application of I.A.S. 19 amendment | 24 | | | | 13,991 | 13,991 |
| Adjusted opening balance as at 1 January 2012 | | 1,092,998 | 2,953,356 | 1,603 | (6,092,647) | (2,044,691) |
| Other comprehensive income, net of tax | 11, 24 | | | 168,542 | | 168,542 |
| Results after tax for the period 1/1/2012 - 30/9/2012 | 24 | | | | (522,648) | (522,648) |
| Total recognised income for the period 1/1/2012 - 30/9/2012 | | 0 | 0 | 168,542 | (522,648) | (354,106) |
| Expenses on issue of preference shares | 24 | | | | (23) | (23) |
| Absorption of company | 24 | | | 446 | 579 | 1,025 |
| Balance as at 30 September 2012 | | 1,092,998 | 2,953,356 | 170,591 | (6,614,739) | (2,397,795) |
| Opening balance as at 1 October 2012 | | 1,092,998 | 2,953,356 | 170,591 | (6,614,739) | (2,397,795) |
| Other comprehensive income, net of tax | 24 | | | (40,320) | | (40,320) |
| Results after tax for the period 1/10/2012 - 31/12/2012 | 24 | | | | (284,079) | (284,079) |
| Total recognised income for the period 1/10/2012 - 31/12/2012 | | 0 | 0 | (40,320) | (284,079) | (324,399) |
| Impact from I.A.S. 19 amendment after income tax recorded directly to Equity | 24 | | | | (22,162) | (22,162) |
| Balance as at 31 December 2012 | | 1,092,998 | 2,953,356 | 130,271 | (6,920,981) | (2,744,356) |
| Opening balance as at 1 January 2013 | | 1,092,998 | 2,953,356 | 130,271 | (6,920,981) | (2,744,356) |
| Other comprehensive income, net of tax | 11, 24 | | | 50,159 | | 50,159 |
| Results after tax for the period 1/1/2013 - 30/9/2013 | 24 | | | | 2,968,998 | 2,968,998 |
| Total recognised income for the period 1/1/2013 - 30/9/2013 | | 0 | 0 | 50,159 | 2,968,998 | 3,019,157 |
| Increase of share capital | 23 | 1,487,471 | 6,746,680 | | | 8,234,151 |
| Decrease of the nominal value of ordinary shares | 23 | (308,698) | 308,698 | | | 0 |
| Balance as at 30 September 2013 | | 2,271,770 | 10,008,734 | 180,431 | (3,951,983) | 8,508,952 |

INTERIM CASH FLOW STATEMENT

| | Note | Period from 1 January to | |
|---|------|--------------------------|--------------------|
| | | 30 September 2013 | 30 September 2012 |
| <i>Cash flows from operating activities</i> | | | |
| Profit / (loss) before tax | | 2,379,443 | (1,145,834) |
| Adjustments to profit/ (loss) before tax: | | | |
| Add: provisions and impairment | | 1,581,124 | 1,569,898 |
| Add: depreciation and amortisation charge | | 53,590 | 38,794 |
| Add: retirement benefits | | 22,535 | 10,607 |
| (Gains)/ losses from valuation of trading securities and financial instruments at fair value through profit or loss | | (34,546) | 112,996 |
| (Gains)/ losses from investing activities | | (30,767) | (306,123) |
| Negative goodwill due to acquisitions | 27 | <u>(3,498,036)</u> | <u>-</u> |
| <i>Cash flows from operating activities before changes in operating assets and liabilities</i> | | 473,344 | 280,338 |
| <i>Changes in operating assets and liabilities:</i> | | | |
| Net (increase)/ decrease in cash and balances with Central Bank | | (32,752) | 6,013 |
| Net (increase)/ decrease in trading securities and financial instruments at fair value through profit or loss | | 57,553 | (99,830) |
| Net (increase)/ decrease in loans and advances to credit Institutions | | 467,292 | 254,977 |
| Net (increase)/ decrease in loans and advances to customers | | 2,011,402 | 922,370 |
| Net (increase)/ decrease in debt securities - receivables | | (860,953) | (6,647) |
| Net (increase)/ decrease in reverse repos with customers | | 12,023 | 55,609 |
| Net (increase)/ decrease in other assets | | 422,223 | (365,156) |
| Net increase/ (decrease) in amounts due to credit institutions | | (6,244,734) | 2,066,923 |
| Net increase/ (decrease) in liabilities at fair value through profit or loss | | (21,953) | (17,607) |
| Net increase/ (decrease) in amounts due to customers | | 459,266 | (3,795,241) |
| Net increase/ (decrease) in other liabilities | | <u>(105,211)</u> | <u>122,029</u> |
| <i>Net cash flow from operating activities before income tax payment</i> | | (3,362,500) | (576,222) |
| Income tax paid | | <u>(4,844)</u> | <u>(1,164)</u> |
| Net cash inflow/ (outflow) from operating activities | | (3,367,344) | (577,386) |
| <i>Cash flows from investing activities</i> | | | |
| Purchases of property, plant and equipment | | (48,110) | (21,800) |
| Sales of property, plant and equipment | | 1,615 | 566 |
| Purchases of intangible assets | | (22,557) | (111,935) |
| Purchases of assets held for sale | | (352) | - |
| Increase of share capital of company held for sale | | (172,057) | - |
| Purchases of investment securities | | (5,501,959) | (5,197,123) |
| Disposals/ maturity of investment securities | | 8,559,806 | 5,521,887 |
| Acquisition of subsidiaries and participation in share capital increases | | (39,238) | (46,934) |
| Acquisition of associates and participation in share capital increases | | (9,444) | 102,269 |
| Sales of associates | | 4 | (844) |
| Dividends receipts from associates | | 2,718 | 2,271 |
| Dividends receipts from available for sale securities | | <u>13,236</u> | <u>4,718</u> |
| Net cash inflow/ (outflow) from investing activities | | 2,783,663 | 253,075 |
| <i>Cash flows from financing activities</i> | | | |
| Net proceeds from issue/ (repayment) of debt securities and other borrowed funds | | (303,450) | (781,739) |
| Increase of share capital | | 1,180,322 | - |
| Other cash flows from financing activities | | <u>-</u> | <u>11,054</u> |
| Net cash inflow/ (outflow) from financing activities | | 876,872 | (770,685) |
| Effect of exchange rate changes on cash and cash equivalents | | <u>(19,230)</u> | <u>(3,883)</u> |
| Net increase/ (decrease) in cash and cash equivalents of the period (A) | | 273,961 | (1,098,879) |
| Cash and cash equivalents at the beginning of the period (B) | | 1,389,560 | 1,841,271 |
| Cash and cash equivalents at the acquisition date of assets and liabilities of Cypriot banks' network in Greece (C) | | 11,696 | - |
| Cash and cash equivalents at the acquisition date of assets and liabilities of former ATEbank (D) | | <u>-</u> | <u>1,072,924</u> |
| Cash and cash equivalents at the end of the period (A)+(B)+(C)+(D) | | 1,675,216 | 1,815,316 |

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, in London and in Frankfurt. The Bank employs 14,529 people.

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Banks, Large Cap), FTSE/ATHEX-CSE Banking Index, FTSE (Global Small Cap, Greece Small Cap, RAFI, Med 100), MSCI (Emerging Markets, EM EMEA, Greece), Euro Stoxx (All Europe, TMI) and S&P (Global BMI, Europe Developed BMI).

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 2012 have been followed.

The following amendments have been issued by the International Accounting Standards Board and are effective from 1/1/2013.

- **IAS 12 (Amendment), "Income Taxes" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IAS 12 were issued to provide guidance namely to the measurement of deferred tax on: a) investment property measured at fair value and b) property, plant and equipment measured using the revaluation model in IAS 16. In both cases, deferred tax is required to be measured using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale.
- **IAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).** The amendment removes the corridor mechanism and the concept of expected returns on plan assets. Actuarial gains and losses will be recognized in other comprehensive income as they occur. Plan assets will produce a credit to income based on corporate bond yields irrespective of the actual composition of assets held. The application of the revised IAS 19 is retrospective and the impact from its adoption is presented in note 26.
- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012).** The amendment requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. If the items are presented before tax, then the tax related to the two groups of other comprehensive income items (those that might be reclassified and those that will not be reclassified) must be shown separately. The adoption of the aforementioned amendment led to changes only in the presentation of the Statement of Total Comprehensive Income.
- **IFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).** IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The required disclosures due to the adoption of IFRS 13 are presented in note 5 of the interim condensed financial information.
- **IFRS 7 (Amendment), "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IFRS 7 were issued in December 2011 to require additional disclosures that will enable users of financial statements to evaluate the effect of netting arrangements.
- **Other Amendments and IFRS IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine" and IFRS 1 (Amendments), "Government Loans" are not applicable to the Bank.**

Improvements to IFRSs (May 2012)

- **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies the accounting for re-application of IFRS for entities that have stopped applying IFRS in the past and choose or are required to apply IFRS again.
- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** The amendment requires notes to the financial statements when additional comparative periods are voluntarily presented.
- **IAS 16 (Amendment), "Property, Plant and Equipment" (effective for annual periods beginning on or after 1 January 2013).** The amendment provides guidance for the classification of major spare parts and servicing equipment as property, plant and equipment.
- **IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies that taxes arising from distributions to holders of equity instruments are accounted for in accordance with IAS 12 "Income Taxes".
- **IAS 34 (Amendment), "Interim Financial Reporting" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities to enhance consistency with IFRS 8 "Operating Segments" and to ensure that interim disclosures are aligned with annual disclosures.

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

For the preparation of financial statements, the Bank proceeds to certain accounting estimates and judgements that affect the reported amounts of certain 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 2012.

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

b.1. Impairment losses on loans and other receivables

The Bank examines, at every reporting period, whether trigger for impairment exists for its loans or loan portfolios. If such triggers exist, the recoverable amount of the loan portfolio is calculated and the relevant provision for this impairment is raised. The provision is recorded in the income statement. The estimates, methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual 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. Impairment of available for sale investments in shares and bonds exists when the decline in the fair value below cost is significant or prolonged in the case of shares or there are reasonable grounds for the issuer's inability to meet its future obligations in the case of bonds. Then, the available for sale reserve is recycled to the income statement of the period. The assessment of the decline in fair value as significant or prolonged requires judgement. Judgement is also required for the estimation of the fair value of investments that are not traded in an active market. For these investments, the fair value computation through financial models takes also into account evidence of deterioration in the financial performance of the investee, as well as industry and sector economical performance and changes in technology.

b.4. Investment property

Investment property is carried at fair value, as this is estimated by an independent valuer. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific investment property. If this information is not available, valuation methods are used. The fair value of investment property reflects rental income from current leases as well as assumptions about future rentals, taking into consideration current market conditions, as well as assumptions for future market conditions.

b.5. Income taxes

The Bank recognizes deferred tax on temporary tax differences, taking into consideration future benefits as well as tax liabilities.

For the calculation and evaluation of the deferred tax asset recoverability, management considers the best estimates for the evolution of the Bank's tax results in the foreseeable future, in combination with the nature of the temporary tax differences and tax losses and their recoverability based on the Greek tax law in force.

Management's estimates for the evolution of the Bank's tax results are based on a series of assumptions, the most important of which relate to the future of the Greek economy and market.

b.6. Goodwill/ negative goodwill

The acquisition method is used by the Bank to account for acquisitions. The Bank, for the estimation of the fair values of identifiable assets and liabilities and contingent liabilities of the newly acquired operations, uses the method of purchase price allocation (PPA), according to the requirements of IFRS 3 "Business Combination". For this purpose, the Bank uses estimates to determine the fair value of the acquired net assets.

In case of goodwill, the Bank proceeds to impairment test annually and whenever there is an indication of impairment, by comparing the carrying amount of the cash generating unit, including goodwill, with the respective recoverable amount. In the context of this procedure, the Bank's estimates for the determination of the recoverable amount include key assumptions of the Management for the period of the estimated cash flows, the cash flows, the growth rate and the discount rate. These estimates are disclosed in the financial statements, in case that the amount of goodwill allocated to each cash generating unit is significant compared to the total goodwill, according to IAS 36.

Note 27 is relevant to the recognition of negative goodwill on the acquisition of a) the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank as well as b) the selected assets and liabilities of former ATEbank S.A. for the period 1/1-30/9 of 2013.

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 2012.

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. It shall be noted that, the figures of the interim statement of financial position as at 30/09/2013 are not comparable with the corresponding figures as at 31/12/2012, as Piraeus Bank acquired the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/03/2013. Furthermore, the figures of the interim income statement for the period 1/1-30/9 of 2013 are not comparable with the figures for the corresponding period of 2012, as Piraeus Bank acquired a) selected assets and liabilities of former ATEbank S.A. on 27/07/2012 and b) the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/03/2013. Namely to the profit or loss for the period 1/1-30/9 of 2013, the aforementioned acquisitions mainly affected net interest income, net fee and commission income, staff costs, administrative cost, depreciation expense as well as impairment.

Piraeus Bank is affected by the ongoing economic variability and the increased volatility of the global financial markets and is exposed to risks that could potentially arise in other financial institutions, mainly due to the debt crisis in peripheral Eurozone countries.

The economic situation in Greece, though improving fiscally, still remains the main risk factor for the Greek banking sector in general. In case of negative developments in this area, the Bank's liquidity, the quality of its loan portfolio, its profitability, and ultimately, its capital adequacy may significantly be affected.

Greece's public debt sustainability consists an additional risk factor for the Greek banking system. Moreover, the country's economic adjustment programme continues to entail a significant execution risk. At the same time, both the risks of a deceleration in the global economic growth and of the debt crisis in other peripheral European economies are also added to the external factors of uncertainty.

The completion of the share capital increase of Piraeus Bank in June 2013 resulted in the enhancement of its capital base and the restoration of the EBA Core Tier I at a level much higher than the minimum required (9%). From the total amount raised for the share capital increase, approximately € 1.4 billion was covered by private investors and € 7 billion by the EFSF.

Despite the uncertainties and the risks existing in the Greek banking system, the following factors provide support to the economy and the Greek banking sector and shall therefore be taken into consideration:

- The completion of the recapitalisation programme of systemic banks.
- The availability of additional capital, in case this is required for the further recapitalisation of the Greek banks and for the reorganization of the banking sector (the total amount of capital to be provided to the EFSF for the support of the Greek banking system is € 50 billion).
- The financial support mechanism from the International Monetary Fund as well as from the European Union.
- The capability to raise liquidity through the Eurosystem.
- The intention of Greek Authorities to strengthen the greek economy.

Taking into consideration the above, Piraeus Bank's management estimates that the Bank will continue in operational existence for the foreseeable future. Accordingly, the interim condensed financial information has been prepared on a going concern basis.

4 Credit risk of loans and advances

The Bank has not changed its risk management policies during the period 1/1-30/9/2013.

Due to the acquisitions that took place during 2013 and the presentation of the relevant figures in fair values, the Bank has chosen to disclose its exposure to credit risk in the Interim Condensed Financial Information as well.

According to the above, loans and advances to customers and to credit institutions and debt securities-receivables are summarised as follows:

| 30 September 2013 | | | | | |
|---|--|---|---|--|-------------------|
| Loans and advances to customers before provisions and adjustments | Individually impaired allowance for impairment of loans and advances | Collective allowance for impairment of loans and advances | Adjustments of opening balances at acquisition date | Net Loans and advances to customers after provisions and adjustments | |
| A) Loans and advances neither past due or impaired | 28,221,738 | - | (109,990) | 169,055 | 28,280,803 |
| B) Loans and advances past due but not impaired | 16,859,147 | - | (391,426) | (798,988) | 15,668,733 |
| C) Loans and advances impaired | 17,288,276 | (2,978,891) | (560,192) | (4,610,979) | 9,138,213 |
| Total | 62,369,162 | (2,978,891) | (1,061,609) | (5,240,913) | 53,087,749 |

| 31 December 2012 | | | | | |
|---|--|---|---|--|-------------------|
| Loans and advances to customers before provisions and adjustments | Individually impaired allowance for impairment of loans and advances | Collective allowance for impairment of loans and advances | Adjustments of opening balances at acquisition date | Net Loans and advances to customers after provisions and adjustments | |
| A) Loans and advances neither past due or impaired | 23,440,133 | - | (16,249) | (56,184) | 23,367,700 |
| B) Loans and advances past due but not impaired | 10,025,406 | - | (295,814) | (116,808) | 9,612,785 |
| C) Loans and advances impaired | 7,670,592 | (1,995,228) | (564,135) | (473,711) | 4,637,517 |
| Total | 41,136,132 | (1,995,228) | (876,198) | (646,704) | 37,618,002 |

'Adjustment for opening balances at acquisition date' relates to allowance for impairment for loans of companies of former ATEbank and Cypriot banks' network in Greece. The aforementioned allowance for impairment has been included in the adjustment of loans and advances to customers to fair value according to the provisions of IFRS 3. It is noted that in note 14 'Loans and advances to customers and debt securities – receivables' the adjustment has decreased the balance of loans and advances to customers before provisions and it is not included in the allowance for impairment on loans and advances to customers. However for purposes of monitoring credit risk and for disclosure purposes according to I.F.R.S. 7, the aforementioned adjustment does not affect the balances of loans and advances before provisions, as the Bank has not stopped monitoring the adjustment of loans nominal value as part of the provisions.

An analysis of the adjustment at acquisition date per category of loans is provided below:

| | 30 September 2013 | 31 December 2012 |
|-----------------------------|--------------------|------------------|
| Loans to individuals | (924,488) | (61,830) |
| Mortgages | (86,371) | (21,013) |
| Consumer/ personal loans | (714,883) | (20,347) |
| Credit cards | (123,235) | (20,470) |
| Corporate loans | (4,316,424) | (584,873) |
| Total adjustment | (5,240,913) | (646,704) |

| | 30 September 2013 | 31 December 2012 |
|---|-------------------|------------------|
| Debt securities-receivables | 15,803,792 | 7,957,470 |
| Less: Allowance for impairment of debt securities-receivables | (23,846) | (23,846) |
| Net | 15,779,946 | 7,933,625 |

In regards to Debt securities – receivables, the Bank has raised a provision for titles of equal value both as at 30/9/2013 and as at 31/12/2012.

| | 30 September 2013 | | 31 December 2012 | |
|--|---|------------------------------|---|------------------------------|
| | Loans and advances to credit institutions | Reverse repos with customers | Loans and advances to credit institutions | Reverse repos with customers |
| A) Loans and advances neither past due or impaired | 2,403,206 | 23,364 | 2,620,677 | 35,388 |
| B) Loans and advances past due but not impaired | - | - | - | - |
| C) Loans and advances impaired | - | - | - | - |
| Total | 2,403,206 | 23,364 | 2,620,677 | 35,388 |

The categorization of credit risk according to IFRS 7 is analyzed below in values before provisions and adjustments. Specifically:

a) Loans and advances neither past due or impaired

Loans and advances to customers

| 30 September 2013 | Loans to individuals | | | Loans to corporate entities | Total loans and advances to customers |
|--------------------------|-----------------------------|--------------------------|------------------|------------------------------------|--|
| Grades | Credit cards | Consumer/ personal loans | Mortgages | | |
| Standard monitoring | 592,932 | 1,526,871 | 8,791,739 | 10,111,472 | 21,023,014 |
| Special monitoring | - | - | - | 7,198,725 | 7,198,725 |
| Total | 592,932 | 1,526,871 | 8,791,739 | 17,310,197 | 28,221,738 |

| 31 December 2012 | Loans to individuals | | | Loans to corporate entities | Total loans and advances to customers |
|-------------------------|-----------------------------|--------------------------|------------------|------------------------------------|--|
| Grades | Credit cards | Consumer/ personal loans | Mortgages | | |
| Standard monitoring | 498,759 | 1,300,227 | 7,334,288 | 9,535,068 | 18,668,341 |
| Special monitoring | - | - | - | 4,771,792 | 4,771,792 |
| Total | 498,759 | 1,300,227 | 7,334,288 | 14,306,860 | 23,440,133 |

Loans and advances to credit institutions

| Grades | 30 September 2013 | 31 December 2012 |
|---------------------|--------------------------|-------------------------|
| Investment grade | 1,076 | 3,247 |
| Standard monitoring | 5,930 | 6,517 |
| Special monitoring | 2,396,199 | 2,610,913 |
| Total | 2,403,206 | 2,620,677 |

Reverse repos with customers

| Grades | 30 September 2013 | 31 December 2012 |
|---------------------|--------------------------|-------------------------|
| Standard monitoring | 23,364 | 35,388 |
| Total | 23,364 | 35,388 |

b) Loans and advances to customers past due but not impaired

| 30 September 2013 | Loans to individuals | | | Loans to corporate entities | Total loans and advances to customers |
|--------------------------|-----------------------------|--------------------------|------------------|------------------------------------|--|
| Grades | Credit cards | Consumer/ personal loans | Mortgages | | |
| Past due 1 - 90 days | 94,014 | 747,712 | 2,874,494 | 5,966,297 | 9,682,516 |
| Past due 91 - 180 days | 26,436 | 165,372 | 540,497 | 1,264,047 | 1,996,352 |
| Past due > 180 days | - | - | 1,346,079 | 3,834,200 | 5,180,280 |
| Total | 120,449 | 913,084 | 4,761,070 | 11,064,544 | 16,859,147 |
| Fair value of collateral | - | 276,264 | 4,176,489 | 5,399,549 | 9,852,302 |

The fair value of collateral reflects the realizable value of specific collateral only (tangible, deposits, listed shares, mutual funds, counter guarantees of banks, cheques, bills of exchange, shipping documents, vested receivables from the transfer of contracts, in which personal and corporate guarantees are not included), after the application of haircuts according to the Bank's credit policy.

| 31 December 2012 | Loans to individuals | | | Loans to corporate entities | Total loans and advances to customers |
|--------------------------|-----------------------------|--------------------------|------------------|------------------------------------|--|
| Grades | Credit cards | Consumer/ personal loans | Mortgages | | |
| Past due 1 - 90 days | 96,760 | 417,267 | 2,007,398 | 4,271,412 | 6,792,837 |
| Past due 91 - 180 days | 30,341 | 102,365 | 404,008 | 487,314 | 1,024,028 |
| Past due > 180 days | - | - | 655,504 | 1,553,038 | 2,208,541 |
| Total | 127,101 | 519,632 | 3,066,910 | 6,311,764 | 10,025,406 |
| Fair value of collateral | - | 142,517 | 2,886,625 | 3,266,396 | 6,295,538 |

c) Loans and advances to customers impaired

| 30 September 2013 | Loans to individuals | | | Loans to corporate entities | Total loans and advances to customers |
|-----------------------------|-----------------------------|--------------------------|-----------|------------------------------------|--|
| Grades | Credit cards | Consumer/ personal loans | Mortgages | | |
| Impaired loans and advances | 450,543 | 1,869,028 | 1,288,069 | 13,680,636 | 17,288,276 |
| Fair value of collateral | - | 255,964 | 1,002,508 | 4,519,183 | 5,777,655 |

| 31 December 2012 | Loans to individuals | | | Loans to corporate entities | Total loans and advances to customers |
|-----------------------------|----------------------|--------------------------|-----------|-----------------------------|---------------------------------------|
| | Credit cards | Consumer/ personal loans | Mortgages | | |
| Impaired loans and advances | 265,979 | 635,566 | 676,476 | 6,092,572 | 7,670,592 |
| Fair value of collateral | - | 82,893 | 551,279 | 2,183,234 | 2,817,406 |

5 Fair values of financial assets and liabilities

A) Financial assets and liabilities not held at fair value:

The following table summarises the fair values and the carrying amounts of those financial assets and liabilities not presented on the Bank's balance sheet at fair value.

| Financial assets | Carrying value | | Fair value | |
|---|-------------------|------------------|-------------------|------------------|
| | 30 September 2013 | 31 December 2012 | 30 September 2013 | 31 December 2012 |
| Loans and advances to credit Institutions | 2,403,206 | 2,620,677 | 2,403,206 | 2,620,677 |
| Loans and advances to customers (net of provisions) | 53,087,749 | 37,618,002 | 53,087,749 | 37,618,002 |
| -Loans to individuals | 18,514,200 | 13,619,462 | 18,514,200 | 13,619,462 |
| -Loans to corporate entities | 34,573,549 | 23,998,539 | 34,573,549 | 23,998,539 |
| Debt securities - receivables | 15,779,946 | 7,933,625 | 15,795,787 | 7,582,271 |
| Reverse repos with customers | 23,364 | 35,388 | 23,364 | 35,388 |

| Financial liabilities | Carrying value | | Fair value | |
|---|-------------------|------------------|-------------------|------------------|
| | 30 September 2013 | 31 December 2012 | 30 September 2013 | 31 December 2012 |
| Due to credit institutions | 26,270,405 | 32,515,139 | 26,270,405 | 32,515,139 |
| Due to customers | 46,535,995 | 31,107,800 | 46,535,995 | 31,107,800 |
| Debt securities in issue | 273,016 | 533,703 | 165,890 | 389,229 |
| Hybrid capital and other borrowed funds | 255,989 | 324,141 | 137,413 | 154,826 |

The fair value for the period 1/1-30/9/2013 of loans and advances to credit institutions, loans and advances to customers (net of provisions), repurchase agreements, due to credit institutions and due to customers which are measured at amortized cost, are not materially different from the respective carrying values since they bear mainly floating interest rates and as a result being re-priced at regular time periods. Also, it shall be noted that a significant part of loans and advances to customers as well as due to customers, relates to the acquired operations during the period 1/1-30/9/2013, which were purchased at fair value as determined by the purchase price allocation (PPA) exercise.

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

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

The fair value of other borrowed funds and hybrid capital is based on quoted market prices. When quoted market prices are not reliable, the fair value is estimated by discounting cash flows with appropriate yield curves.

B) Financial assets and liabilities held at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. 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 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed shares and bonds on exchanges and exchanges traded derivatives like futures.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes OTC derivatives and bonds. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Level 3 includes participations of the Bank categorized in the available for sale portfolio, which are not traded in an active market or for which there are not available prices from external traders in order to determine their fair value. For the determination of the fair value of the aforementioned participations, 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 estimated fair value of the corporate participations of the Bank within level 3 is only taken into account for impairment test purposes, else these participations are recorded at cost.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

The following tables present financial assets and liabilities measured at fair value, categorized in the three levels mentioned above, reconciliation of level 3 items for the period 1/1-30/9/2013 and sensitivity analysis:

Financial Assets & Liabilities measured at fair value

| Financial Assets | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|----------------|----------------|
| Derivative financial instruments - assets | - | 371,130 | - | 371,130 |
| Trading portfolio | | | | |
| -Trading Bonds & Other fixed income securities | 16,327 | 896 | - | 17,223 |
| -Trading Treasury bills & Other eligible bills | 4,305 | - | - | 4,305 |
| Financial Assets at FV through PL | | | | |
| -Shares & other variable income securities | 14,029 | - | - | 14,029 |
| Financial Assets | Level 1 | Level 2 | Level 3 | Total |
| Available for Sale Securities | | | | |
| -Bonds & Other Fixed Income Securities | 152,074 | 769 | - | 152,843 |
| -Available for sale Treasury bills | 696,011 | - | - | 696,011 |
| -Shares & Other variable income securities | 255,948 | - | 187,900 | 443,848 |
| Financial Liabilities | | | | |
| Derivative financial instruments - liabilities | - | 353,320 | - | 353,320 |
| Liabilities at fair value through profit or loss | - | - | - | 0 |

Reconciliation of Level 3 items

| | Shares & Other variable Income securities |
|---------------------------------------|--|
| Opening Balance | 261,212 |
| Profit/ (loss) for the period | 352 |
| Purchases and share capital increases | 14,795 |
| Impairment | (16,765) |
| Disposals | (14,860) |
| Transfers to level 3 | - |
| Transfers from level 3 | (56,452) |
| Foreign exchange differences | (382) |
| Total | 187,900 |

"Transfers from level 3" refer to a company which was transferred to the associate companies portfolio from the available for sale portfolio in the second quarter of 2013, due to the Bank's significant influence.

During the period 1/1-30/9/2013 no significant transfers from level 1 to level 2 and vice versa have taken place. In the period 1/1-30/9/2013, corporate bonds of total amount € 77.6 million approximately, were transferred from level 2 to level 1 .

The estimation of the change in the fair value of the Bank's participations in 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 value of the assets (i.e. tangible assets) and the relevant qualifications from the certified auditors' report.

Also, factors that may adjust these values such as the industry and the business environment in which companies operate, current developments and prospects, have been taken into account, while the Bank based on prior experience, adjusts further where necessary, these values so as to assess the possible changes. The following table presents the sensitivity analysis of level 3:

| Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in: | Favourable changes | Unfavourable changes |
|---|-------------------------------|---------------------------------|
| Income Statement | | |
| Available for sale securities | - | (13,508) |
| Equity Statement | | |
| Available for sale securities | 4,051 | (16,645) |

6 Capital adequacy

Risk-weighted assets increased as a result of the acquisitions that took place in the first semester of 2013. At the same time regulatory capital increased due to the completion of the share capital increase and the negative goodwill recognized on acquisitions, resulting in a capital adequacy ratio of 15.6% as at 30/09/2013 compared to 11.0% as at 31/12/2012. A table presenting the calculation of capital adequacy ratio follows:

| | 30 September 2013 | 31 December 2012 |
|---|------------------------------|-----------------------------|
| Total Core Tier I capital | 7,558,809 | 3,685,426 |
| Total Tier I capital | 7,558,809 | 3,685,426 |
| Total Tier II capital | 112,898 | 248,681 |
| Regulatory capital | 7,671,707 | 3,934,107 |
| Total risk weighted assets (on and off- balance sheet items) | 49,227,123 | 35,757,932 |
| Core ratio Tier I capital | 15.4% | 10.3% |
| Tier I ratio | 15.4% | 10.3% |
| Total Capital Adequacy ratio | 15.6% | 11.0% |

7 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 centrally (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:

| | Retail Banking | Corporate Banking | Investment Banking | Asset Management & Treasury | Other business segments | Total |
|-------------------------------|---------------------------|------------------------------|-------------------------------|--|------------------------------------|--------------------|
| 1/1 -30/9/2013 | | | | | | |
| Net interest income | 510,862 | 459,788 | (3) | 106,806 | (160,426) | 917,026 |
| Net fee and commission income | 86,048 | 27,352 | 626 | (743) | 14,902 | 128,184 |
| Net income | 606,129 | 488,295 | 625 | 154,356 | 3,447,421 | 4,696,826 |
| Segment results | (1,075,125) | 105,116 | (1,102) | 119,019 | 3,231,536 | <u>2,379,443</u> |
| Results before tax | | | | | | 2,379,443 |
| Income tax | | | | | | <u>589,554</u> |
| Results after tax | | | | | | 2,968,997 |
| Other segment items | | | | | | |
| Capital expenditure | 25,247 | 227 | 35 | 513 | 44,645 | 70,668 |
| Depreciation and amortisation | 14,990 | 361 | - | 696 | 37,542 | 53,590 |
| Provisions and impairment | 981,884 | 340,806 | - | 81 | 258,353 | 1,581,124 |
| 1/1 -30/9/2012 | | | | | | |
| Net interest income | 453,786 | 202,749 | 1 | (12,018) | (187,331) | 457,187 |
| Net fee and commission income | 61,118 | 15,925 | 1,249 | (878) | 8,440 | 85,854 |
| Net income | 530,277 | 220,361 | 1,239 | (105,914) | 154,535 | 800,499 |
| Segment results | (698,290) | 643 | (316) | (447,872) | - | <u>(1,145,835)</u> |
| Results before tax | | | | | | (1,145,835) |
| Income tax | | | | | | <u>623,186</u> |
| Results after tax | | | | | | (522,649) |
| Other segment items | | | | | | |
| Capital expenditure | 9,430 | 117 | - | 1,601 | 122,587 | 133,734 |
| Depreciation and amortisation | 8,635 | (296) | 1 | 349 | 30,105 | 38,794 |
| Provisions and impairment | 946,578 | 190,627 | - | 320,695 | 126,229 | 1,584,129 |
| At 30 September 2013 | | | | | | |
| Segment assets | 37,216,837 | 15,957,161 | 9,022 | 22,525,835 | 7,229,323 | 82,938,179 |
| Segment liabilities | 41,651,325 | 1,891,126 | 319,119 | 29,494,775 | 1,072,883 | 74,429,228 |
| At 31 December 2012 | | | | | | |
| Segment assets | 30,785,068 | 8,288,114 | 12,073 | 16,820,142 | 7,116,981 | 63,022,378 |
| Segment liabilities | 28,480,463 | 1,844,106 | 321,625 | 33,659,665 | 1,460,877 | 65,766,736 |

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

Negative goodwill due to the acquisition of the Greek banking operations of the three Cypriot banks (note 27) and of the selected assets and liabilities of former ATEbank (note 27), is included in lines "Net Income" and "Segment Results" of other business segments. Regarding results before tax of other business segments, there is no sector that contributes more than 10%.

8 Net trading Income

Net trading income amounts to € 86.0 million gain for the period 1/1-30/9/2013, arising mainly from the buyback of hybrid capital (Tier 1) and subordinated debt (Lower Tier 2).

9 Income tax

| | 1/1 - 30/9/2013 | 1/1 - 30/9/2012 |
|--------------------------------|-----------------|-----------------|
| Current tax | - | - |
| Deferred tax | 592,165 | 624,142 |
| Provisions for tax differences | (2,610) | (956) |
| | 589,554 | 623,186 |

By virtue of law 3943/2011 (Government Gazette A' 66/31.3.2011), the corporate income tax rate of legal entities in Greece for the periods commencing from 1/1/2011 and thereon, is 20% and the withholding tax rate imposed on distributed profits of legal entities is 25%.

In accordance with the regulations of the Greek Tax Law 4110/23.1.2013, for the years from 01/01/2013 and thereon, the income tax rate for legal entities increased (from 20% to 26%) whereas the tax rate for dividends distribution decreased (from 25% to 10%) for profits distribution which will be approved from 01/01/2014 and thereon. The above change of the tax rate had a positive effect on the current period results (taxes) of approximately € 0.5 billion (1st quarter of 2013), equally increasing the amount of deferred tax, recognized in financial statements.

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.

The deferred tax, estimated from the 1st quarter of 2013 by applying the new (increased) tax rate, is mainly due to tax losses of previous fiscal years as well as to the participation of the Bank in the PSI program in the year 2012. The Bank has recognized deferred tax for almost the total amount of its tax losses, based on the best estimates of the Management for the future evolution of the Bank's tax results which were based on the restructuring plan.

Also, It shall be noted that in accordance with the regulations of the Law 4110/23.1.2013, the losses of legal entities, arising from the exchange of Greek Government bonds or corporate bonds guaranteed by the Hellenic Republic, under application of the program for participation in the restructuring of Greek debt, are deductible from gross income in 30 equal annual installments commencing from the year that exchange of securities took place.

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2010 have been finalized. The audit of the Bank from respective tax authorities for the year 2010 was recently completed and a total amount of € 4 million in income tax has been paid. The above amount did not affect the results of the period 1/1-30/9/2013 since a relevant provision was raised in previous years. For the unaudited tax years a relevant provision has been raised according to International Financial Reporting Standards (IFRS).

In accordance with the article 82 of Law 2238/94, for the year 2011 and thereafter, the statutory auditors and audit firms conducting statutory audits to a Societe Anonyme (S.A.) that operate in Greece are obliged to issue an Annual Tax Certificate (Tax Compliance Report) on the implementation of tax provisions on tax issues. Provided there is no qualification or other material findings result, every year will be considered as final, for tax audit purposes, eighteen months after the submission of the Tax Compliance Report to the Ministry of Finance.

For the year 2012, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a Tax Compliance Report with no material findings has been issued.

10 Earnings/ (losses) per share

Basic earnings/ (losses) per share is calculated by dividing the profit/ (loss) after tax 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 - 30/9/2013 | 1/1 - 30/9/2012 | 1/7 - 30/9/2013 | 1/7 - 30/9/2012 |
|---|-----------------|-----------------|-----------------|-----------------|
| Basic and diluted earnings/ (losses) per share | | | | |
| Profit/ (loss) attributable to ordinary shareholders | 2,968,998 | (522,648) | (153,393) | (236,073) |
| Weighted average number of ordinary shares in issue | 1,950,111,983 | 114,984,353 | 5,072,567,951 | 114,984,353 |
| Basic and diluted earnings/ (losses) per share (in euros) | 1.5225 | (4.5454) | (0.0302) | (2.0531) |

According to the requirements of IAS 33, the weighted average number of shares has been adjusted for the comparative period from 1/1/2012 - 30/9/2012 by a 1.0057 factor, in order to adjust earnings/ (losses) per share for the discount price of the rights issue of the share capital increase. Comparative period has been also adjusted by a factor 1/10 in order to adjust earnings/ (losses) per share for the reverse split (note 23).

11 Analysis of other comprehensive income

| | Before-Tax amount | Tax | Net-of-Tax amount |
|---|----------------------|-----------------|----------------------|
| 1/1 - 30/9/2013 | | | |
| Amounts that can be reclassified in the Income Statement | | | |
| Change in available for sale reserve (note 24) | 73,634 | (23,474) | 50,159 |
| Amounts that can not be reclassified in the Income Statement | | | |
| Change in actuarial gains/ (losses) of defined benefit obligations | - | - | 0 |
| Other comprehensive income | 73,634 | (23,474) | 50,159 |
| 1/1 - 30/9/2012 | | | |
| Amounts that can be reclassified in the Income Statement | | | |
| Change in available for sale reserve | 210,531 | (41,989) | 168,542 |
| Amounts that can not be reclassified in the Income Statement | | | |
| Change in actuarial gains/ (losses) of defined benefit obligations | - | - | 0 |
| Other comprehensive income | 210,531 | (41,989) | 168,542 |

12 Cash and balances with Central Bank

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|---------------------|
| Cash in hand | 476,097 | 534,799 |
| Nostros and sight accounts with other banks | 266,126 | 113,732 |
| Balances with Central Bank | 471,426 | 555,879 |
| Cheques clearing system - Central Bank | 132,020 | 100,625 |
| Blocked deposits | 801,682 | 769,779 |
| Mandatory reserves with Central Bank | 17,441 | 16,592 |
| | 2,164,792 | 2,091,406 |

Mandatory reserves with the Central Bank and blocked deposits are not available for daily banking operations.

13 Financial assets at fair value through profit or loss

| | 30 September 2013 | 31 December 2012 |
|--|----------------------|---------------------|
| Trading securities | | |
| Greek Government bonds | 16,253 | 5,416 |
| Foreign Government bonds | 970 | 54,324 |
| Corporate entities bonds | - | 95 |
| Bank Bonds | - | 56 |
| Greek government treasury bills | 4,305 | 21,318 |
| Total trading securities | 21,528 | 81,209 |
| Other financial assets at fair value through profit or loss | 14,029 | 7,833 |

14 Loans and advances to customers and debt securities - receivables

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|---------------------|
| A. Loans and advances to customers | | |
| Mortgages | 14,754,506 | 11,056,661 |
| Consumer/ personal and other loans | 3,594,101 | 2,435,077 |
| Credit cards | 1,040,690 | 871,368 |
| Loans to individuals | 19,389,297 | 14,363,106 |
| Loans to corporate entities/ Public sector | 37,738,953 | 26,126,322 |
| Total loans and advances to customers | 57,128,249 | 40,489,428 |
| Less: Allowance for impairment on loans and advances to customers | (4,040,500) | (2,871,426) |
| Total loans and advances to customers | 53,087,749 | 37,618,002 |

Please note that the amounts of loans have been amended by fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. The relevant adjustments incurred as at acquisition date are presented in note 4.

Movement in allowance (impairment) for loans and advances to customers:

| | Mortgages | Consumer/ personal and other retail loans | Credit Cards | Total Loans to individuals | Loans to corporate entities/ Public sector | Total |
|-------------------------------------|----------------|--|-----------------|-------------------------------|--|------------------|
| Opening balance at 1/1/2012 | 90,732 | 306,788 | 140,531 | 538,051 | 1,860,939 | 2,398,990 |
| Charge for the period | 32,904 | 99,873 | 11,082 | 143,859 | 988,139 | 1,131,998 |
| Loans written-off | (8,190) | (15,863) | (11,783) | (35,835) | (563,422) | (599,258) |
| Foreign exchange differences | - | - | - | - | (313) | (313) |
| Other movements | - | - | - | - | (10,335) | (10,335) |
| Balance at 30/9/2012 | 115,446 | 390,798 | 139,831 | 646,074 | 2,275,008 | 2,921,082 |
| Opening balance at 1/10/2012 | 115,446 | 390,798 | 139,831 | 646,074 | 2,275,008 | 2,921,082 |
| Charge for the period | 29,310 | 40,021 | 28,431 | 97,761 | 453,949 | 551,711 |
| Loans written-off | - | (183) | (7) | (190) | (598,388) | (598,578) |
| Foreign exchange differences | - | - | - | - | (2,789) | (2,789) |
| Balance at 31/12/2012 | 144,756 | 430,636 | 168,254 | 743,645 | 2,127,780 | 2,871,426 |

Piraeus Bank - 30 September 2013
Amounts in thousand euros (Unless otherwise stated)

| | Mortgages | Consumer/ personal and other retail loans | Credit Cards | Total Loans to individuals | Loans to corporate entities/ Public sector | Total |
|------------------------------------|----------------|--|-----------------|-------------------------------|--|------------------|
| Opening balance at 1/1/2013 | 144,756 | 430,636 | 168,254 | 743,645 | 2,127,780 | 2,871,426 |
| Charge for the period | 61,460 | 100,966 | 5,613 | 168,040 | 1,116,908 | 1,284,947 |
| Loans written-off | (197) | (9,995) | (27,697) | (37,889) | (58,170) | (96,059) |
| Foreign exchange differences | 209 | 378 | 11 | 597 | 478 | 1,075 |
| Unwinding of interest | - | - | - | - | (20,889) | (20,889) |
| Balance at 30/9/2013 | 206,228 | 521,984 | 146,181 | 874,393 | 3,166,107 | 4,040,500 |

'Impairment losses on loans, debt securities and other receivables' in the Income Statement for the period 1/1 - 30/9/2013 includes an amount of € 34.8 million that relates to impairment losses on other receivables and an amount of € 4.2 million that relates to loans written-off directly in the income statement.

B. Debt securities - receivables

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|---------------------|
| Corporate entities debt securities - receivables | 4,517 | 4,740 |
| Bank debt securities - receivables | 23,846 | 23,846 |
| Greek Government bonds debt securities - receivables | 1,445,173 | 1,415,002 |
| Foreign Government bonds debt securities - receivables | 14,330,256 | 6,513,882 |
| Total debt securities - receivables | 15,803,792 | 7,957,470 |
| Less: Allowance for impairment of debt securities - receivables | (23,846) | (23,846) |
| Total debt securities - receivables (less allowances for losses) | 15,779,946 | 7,933,625 |

Debt securities - receivables as at 30/09/2013 include Greek Government Bonds of nominal value € 1,457 million, which were issued according to the requirements of Law 3723/2008 "Enhancement of the Greek economy's liquidity". From these, debt securities with nominal value of € 782 million were transferred to Piraeus Bank in order to cover the issuance of Piraeus Bank's preference shares to the Greek State of amount € 370 million in 2009 and € 380 million in 2011. Additionally, securities of € 675 million face value were acquired by the Bank in the context of the transfer of selected assets and liabilities of former ATEbank. The book value of the aforementioned securities amounted to € 1,445 million as at 30/09/2013.

Foreign government bonds include bonds issued by the European Financial Stability Fund (EFSF) of € 7,295 million, which the Bank received under the transfer agreement of selected assets and liabilities of the former ATEbank. In the aforementioned category are also included bonds of the same issuer amounting to € 6,848 million, which the Bank received as a result of the participation of the Greek Financial Stability Fund in the share capital increase of Piraeus Bank. The book value of the above mentioned debt securities amounted to € 14,330 million as at 30/9/2013.

15 Investment securities

| | 30 September 2013 | 31 December 2012 |
|--|----------------------|---------------------|
| Available for sale securities | | |
| Bonds and other fixed income securities | | |
| Greek Government bonds | 126,290 | 70,544 |
| Foreign Government bonds and EFSF bonds | - | 512,914 |
| Greek Government treasury bills | 696,011 | 2,871,679 |
| Corporate entities bonds | 25,784 | 334,249 |
| Bank bonds | 769 | 95,040 |
| Total (A) | 848,854 | 3,884,426 |
| Shares and other variable income securities | | |
| Listed shares | 189,699 | 150,201 |
| Unlisted shares | 154,573 | 226,170 |
| Mutual funds | 50,191 | 50,368 |
| Other Variable Income Securities | 49,385 | 28,928 |
| Total (B) | 443,849 | 455,666 |
| Total available for sale securities (A) + (B) | 1,292,702 | 4,340,092 |

The decrease in Bonds, as at 30/09/2013, comparing to 31/12/2012, is mainly due to disposals and maturities. Also, the decrease in Greek government treasury bills is mainly due to maturities and disposals and due to investments in new issues.

During the period 1/1-30/9/2013, the Bank impaired by € 19 million its "Available for sale" portfolio. The impairment is included in "Impairment of investment securities and participations".

16 Investments in subsidiaries and associate companies

The investments of Piraeus Bank in subsidiaries and associates are:

A) Subsidiary companies

| a/a | Name of Company | Activity | % holding | Country |
|-----|----------------------------|--------------------|-----------|----------|
| 1. | Tirana Bank I.B.C. S.A. | Banking activities | 98.83% | Albania |
| 2. | Piraeus Bank Romania S.A. | Banking activities | 100.00% | Romania |
| 3. | Piraeus Bank Beograd A.D. | Banking activities | 100.00% | Serbia |
| 4. | Piraeus Bank Bulgaria A.D. | Banking activities | 99.98% | Bulgaria |
| 5. | Piraeus Bank Egypt S.A.E. | Banking activities | 98.30% | Egypt |
| 6. | JSC Piraeus Bank ICB | Banking activities | 99.99% | Ukraine |

Piraeus Bank - 30 September 2013
Amounts in thousand euros (Unless otherwise stated)

| a/a | Name of Company | Activity | % holding | Country |
|-----|---|--|-----------|------------------------|
| 7. | Piraeus Bank Cyprus LTD | Banking activities | 100.00% | Cyprus |
| 8. | Geniki Bank S.A. | Banking activities | 99.94% | Greece |
| 9. | Millennium Bank S.A. | Banking activities | 100.00% | Greece |
| 10. | Piraeus Leases S.A. | Finance leases | 100.00% | Greece |
| 11. | Piraeus Leasing Romania S.R.L. | Finance leases | 99.85% | Romania |
| 12. | Piraeus Insurance and Reinsurance Brokerage S.A. | Insurance and reinsurance brokerage | 100.00% | Greece |
| 13. | Tirana Leasing S.A. | Finance leases | 100.00% | Albania |
| 14. | Piraeus Securities S.A. | Stock exchange operations | 100.00% | Greece |
| 15. | Piraeus Group Capital LTD | Debt securities issue | 100.00% | United Kingdom |
| 16. | Piraeus Leasing Bulgaria EAD | Finance leases | 94.83% | Bulgaria |
| 17. | Piraeus Group Finance P.L.C. | Debt securities issue | 100.00% | United Kingdom |
| 18. | Multicollection S.A. | Assessment and collection of commercial debts | 51.00% | Greece |
| 19. | Piraeus Factoring S.A. | Corporate factoring | 100.00% | Greece |
| 20. | Picar S.A. | City Link areas management | 100.00% | Greece |
| 21. | Bulfinia S.A. | Property management | 100.00% | Bulgaria |
| 22. | General Construction and Development Co. S.A. | Property development/ holding company | 66.67% | Greece |
| 23. | Piraeus Direct Services S.A. | Call center services | 100.00% | Greece |
| 24. | Komotini Real Estate Development S.A. | Property management | 100.00% | Greece |
| 25. | Piraeus Real Estate S.A. | Construction company | 100.00% | Greece |
| 26. | ND Development S.A. | Property management | 100.00% | Greece |
| 27. | Property Horizon S.A. | Property management | 100.00% | Greece |
| 28. | ETVA Industrial Parks S.A. | Development/ management of industrial areas | 65.00% | Greece |
| 29. | Piraeus Development S.A. | Property management | 100.00% | Greece |
| 30. | Piraeus Asset Management S.A. | Mutual funds management | 100.00% | Greece |
| 31. | Estia Mortgage Finance PLC | SPE for securitization of mortgage loans | - | United Kingdom |
| 32. | Euroinvestment & Finance Public LTD | Asset management, real estate operations | 90.85% | Cyprus |
| 33. | Lakkos Mikelli Real Estate LTD | Property management | 40.00% | Cyprus |
| 34. | Philoktimatiki Public LTD | Land and property development | 6.39% | Cyprus |
| 35. | New Evolution S.A. | Property, tourism & development company | 100.00% | Greece |
| 36. | Piraeus Green Investments S.A. | Holding company | 100.00% | Greece |
| 37. | Capital Investments & Finance S.A. | Investment company | 100.00% | Liberia |
| 38. | Vitria Investments S.A. | Investment company | 100.00% | Panama |
| 39. | Trieris Real Estate Management LTD | Management of Trieris Real Estate Ltd | 100.00% | British Virgin Islands |
| 40. | Piraeus Insurance - Reinsurance Broker Romania S.R.L. | Insurance and reinsurance Brokerage | 95.00% | Romania |
| 41. | Olympic Commercial & Tourist Enterprises S.A. | Operating leases - rent-a-car and long term rental of vehicles | 94.98% | Greece |
| 42. | Piraeus Rent Doo Beograd | Operating leases | 100.00% | Serbia |
| 43. | Estia Mortgage Finance II PLC | SPE for securitization of mortgage loans | - | United Kingdom |
| 44. | Piraeus Leasing Doo Beograd | Financial leasing | 51.00% | Serbia |
| 45. | Piraeus Capital Management S.A. | Venture Capital Fund | 100.00% | Greece |
| 46. | New Up Dating Development Real Estate and Tourism S.A. | Property, tourism & development company | 5.67% | Greece |
| 47. | Axia Finance PLC | SPE for securitization of corporate loans | - | United Kingdom |
| 48. | Piraeus Wealth Management A.E.P.E.Y. | Wealth management | 65.00% | Greece |
| 49. | Praxis Finance PLC | SPE for securitization of consumer loans | - | United Kingdom |
| 50. | Piraeus Insurance Agency S.A. | Insurance agency | 95.00% | Greece |
| 51. | Axia Finance III PLC | SPE for securitization of corporate loans | - | United Kingdom |
| 52. | Praxis II Finance PLC | SPE for securitization of consumer loans | - | United Kingdom |
| 53. | Axia III APC LTD | SPE for securitization of corporate loans | - | United Kingdom |
| 54. | Praxis II APC LTD | SPE for securitization of consumer loans | - | United Kingdom |
| 55. | R.E. Anodus LTD | Consultancy serv. for real estate develop. and inv. | 100.00% | Cyprus |
| 56. | Piraeus Equity Partners Ltd. | Holding company | 100.00% | Cyprus |
| 57. | Achaia Clauss Estate S.A. | Property management | 74.76% | Greece |
| 58. | Kosmopolis A' Shopping Centers S.A. | Shopping Center's Management | 100.00% | Greece |
| 59. | Pleiades Estate S.A. | Property management | 13.51% | Greece |
| 60. | Exus Software Ltd. | IT products Retailer | 50.10% | United Kingdom |
| 61. | Piraeus Real Estate Egypt LLC | Property management | 99.90% | Egypt |
| 62. | ATE Bank Romania S.A. | Banking activities | 93.27% | Romania |
| 63. | ATE Insurance S.A. | Insurance | 100.00% | Greece |
| 64. | Centre of Sustainable Entrepreneurship Excelixi S.A. (former Atexcelixi S.A.) | Consulting Services - Hotel - Training & Seminars | 100.00% | Greece |
| 65. | Piraeus Asset Management Europe S.A. | Mutual funds management | 99.94% | Luxemburg |
| 66. | R.E. Anodus Two Ltd | Holding and Investment Company | 99.09% | Cyprus |

Companies numbered 31, 43, 47, 49 and 51-54 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 33, 34, 46, and 59, which are consolidated with ownership percentage of less than 50% are included in the Bank's subsidiaries portfolio due to the existence of control.

In addition, the companies numbered 18 and 37-38 are under liquidation as at 30/9/2013.

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. | Euroterra S.A. | Property Management | 39.22% | Greece |
| 12. | Rebikat S.A. | Property Management | 40.00% | Greece |
| 13. | Abies S.A. | Property Management | 40.00% | Greece |
| 14. | ACT Services S.A. | Accounting and tax consulting | 49.00% | Greece |
| 15. | Exodus S.A. | Information technology & software | 49.90% | Greece |
| 16. | Piraeus - TANEQ Capital Fund | Close end Venture capital fund | 50.01% | Greece |
| 17. | AIK Banka | Banking activities | 20.86% | Serbia |
| 18. | Teiresias S.A. | Inter banking company. Development, operation and management of information systems | 21.59% | Greece |
| 19. | Pyrrichos S.A. | Property management | 34.65% | Greece |
| 20. | Hellenic Seaways Maritime S.A. | Maritime transport - Coastal shipping | 23.42% | Greece |

The company numbered 16 is included in the associate companies' portfolio, due to the fact that Piraeus Bank exercises significant influence on the investment committee of the fund, which takes the investment decisions.

Within the current period, the Bank impaired by € 238 million the value of its subsidiaries and associates, considering the adverse developments in some countries and sectors of the Greek economy, in which its subsidiaries or associates operate. This amount is included in "Impairment of investment securities and participations". The most significant items are related to companies which operate in Egypt (€ 64 million), the real estate management industry (€ 127 million) and the vehicle operating leases industry (€ 33 million).

17 Other assets

The decrease in "Other Assets" is mainly due to the contribution by the Hellenic Financial Stability Fund of the due difference of approximately € 0.8 bn that arose from the transfer of selected assets and liabilities of former ATEbank, which had not been paid. The finalization of the perimeter of the transferred items was completed in January 2013 and the payment of the above difference was made during the 1st Quarter of 2013 with bonds of equal value issued by the EFSF, that were classified as "Debt securities – receivables" (note 14).

18 Due to credit institutions

"Due to credit institutions" includes refinancing operations through repo transactions within the eurosystem amounting to € 14.5 billion (31/12/2012: € 31.4 billion). It is noted that the Bank regained access to the funding through ECB in mid-January 2013. The decrease in the refinancing raised from the eurosystem in the period 1/1-30/9/2013, is mainly due to the improvement of the Bank's liquidity through customer deposits as well as due to interbank repo transactions.

19 Due to customers

| | 30 September 2013 | 31 December 2012 |
|--|----------------------|---------------------|
| Current and sight deposits | 7,390,734 | 5,209,672 |
| Savings accounts | 11,232,928 | 9,957,571 |
| Term deposits | 27,298,379 | 15,667,745 |
| Other accounts (cheques, remittances and blocked deposits) | 612,950 | 272,592 |
| Repurchase agreements | 1,004 | 221 |
| | 46,535,995 | 31,107,800 |

The increase in "Due to customers" is mainly due to the acquisition of customer deposits of the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, and also is due to the increase of customers' deposits.

20 Debt securities in issue

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|---------------------|
| ETBA bonds (A) | 811 | 965 |
| Euro Medium Term Note | | |
| € 60 m. floating rate notes due 2015 | 60,000 | 60,000 |
| € 25.5 m. fixed rate notes due 2013 | - | 14,555 |
| Accrued interest and other expenses | 450 | 614 |
| Total (B) | 60,450 | 75,169 |
| Convertible Bonds (C) | 0 | 170,388 |
| Securitisation of mortgage loans | | |
| € 750 m. floating rate notes due 2040 | 59,407 | 71,266 |
| € 1,250 m. floating rate notes due 2054 | 152,347 | 215,915 |
| Total (D) | 211,755 | 287,181 |
| Total debt securities in issue (A)+(B)+(C)+(D) | 273,016 | 533,703 |

In the context of the participation of Societe Generale in the share capital increase of Piraeus Bank, the convertible bonds of € 170 million were converted into Piraeus Bank shares in the second quarter of 2013, according to their issue terms.

Issuance under the Euro Medium Term Note program is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group bearing the guarantee of Piraeus Bank, or directly through 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.

In May 2013 and in June 2013 Piraeus Bank issued two one - year senior bonds, in the total amount of € 4,576.5 million. Both bonds were issued with unconditional and irrevocable guarantee of the Hellenic Republic, under Art. 2 of Law 3723/2008, through Piraeus Bank's EMTN programme. The bonds pay a floating rate coupon of 3M Euribor plus 1200 bps. Both bonds have been retained by Piraeus Bank.

21 Hybrid capital and other borrowed funds

| | 30 September 2013 | 31 December 2012 |
|--|----------------------|---------------------|
| Hybrid Capital (Tier I) | | |
| € 200 m. floating rate notes due 2034 | 18,500 | 59,916 |
| | 18,500 | 59,916 |
| Subordinated debt (Tier II) | | |
| € 400 m. floating rate notes due 2016 | 236,490 | 263,136 |
| Accrued interest and other expenses | 999 | 1,089 |
| | 237,489 | 264,225 |
| Total hybrid capital and other borrowed funds | 255,989 | 324,141 |

The Bank is not in default of any payments of principal and interest of the subordinated debt. In the third quarter of 2012, it has been decided that the interest return on hybrid capital will not be paid, taking into account the special terms and conditions that rule out the related payments.

On 13 May 2013 Piraeus Bank announced a Tender Offer to purchase existing securities for cash. The Tender Offer referred to subordinated (€ 262 mio) and hybrid (€ 59 mio). On 28 May Piraeus Bank announced that it accepted offers of € 26.2 mio subordinated securities and € 39.5 mio of hybrid securities.

22 Contingent liabilities and commitments

A) Legal procedures

The legal proceedings outstanding against the Bank as at 30/9/2013, 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 30/9/2013 the Bank had undertaken the following commitments:

| | 30 September 2013 | 31 December 2012 |
|------------------------------|----------------------|---------------------|
| Letters of guarantee | 2,876,183 | 2,952,001 |
| Letters of credit | 37,911 | 35,351 |
| Commitments to extent credit | 966,446 | 729,028 |
| | 3,880,539 | 3,716,380 |

C) Assets pledged

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|---------------------|
| Cash and balances with Central Bank | 801,682 | 769,779 |
| Trading securities | 19,143 | 16,210 |
| Investment securities | 811,134 | 853,549 |
| Loans and advances to customers & debt securities - receivables | 10,646,500 | 16,154,984 |
| | 12,278,459 | 17,794,522 |

Apart from the above mentioned assets, the Bank pledges debt securities own issue amounting to € 16,483 million as at 30/09/2013 (31/12/2012 - € 11,579 million). The amount of € 16,483 million includes € 9,992 million which refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic, € 5,241 million that refers to securities issued under the securitization of mortgage, consumer and corporate loans of the Bank and an amount of € 1,251 million that refers to Bank's issuance of covered bonds.

D) Operating lease commitments

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

| | 30 September 2013 | 31 December 2012 |
|-------------------|------------------------------|-----------------------------|
| Up to 1 year | 84,453 | 55,249 |
| From 1 to 5 years | 342,079 | 228,833 |
| More than 5 years | 641,234 | 435,987 |
| | 1,067,766 | 720,069 |

Operating lease commitments increase is mainly due to the acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank).

23 Share capital

| | Share Capital | Share premium | Total |
|--|--------------------------|--------------------------|-------------------|
| Opening balance at 1 January 2012 | 1,092,998 | 2,953,356 | 4,046,353 |
| Balance at 31 December 2012 | 1,092,998 | 2,953,356 | 4,046,353 |
| Increase of share capital | 1,487,471 | 6,746,680 | 8,234,151 |
| Decrease in the nominal value of common shares | (308,698) | 308,698 | 0 |
| Balance at 30 September 2013 | 2,271,770 | 10,008,735 | 12,280,505 |

| | Number of shares |
|--|-------------------------|
| Opening balance at 1 January 2012 | 2,487,561,364 |
| Balance at 31 December 2012 | 2,487,561,364 |
| Opening balance at 1 January 2013 | 2,487,561,364 |
| Adjustment (decrease) in the number of ordinary shares due to reverse split (10:1) | (1,028,993,907) |
| Adjusted opening balance at 1 January 2013 | 1,458,567,457 |
| Increase of share capital | 4,958,235,294 |
| Balance at 30 September 2013 | 6,416,802,751 |

On 1/1/2013 the Bank's share capital amounted to € 1,092,997,968.18, divided into 1,143,326,564 ordinary voting registered shares, each with a nominal value of € 0.30 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

The Extraordinary General Meeting of Shareholders which was held on 31/1/2013 resolved the issue of contingent convertible securities up to the total amount of 2 billion euro through waiver of pre-emption rights of existing shareholders of ordinary registered shares, in accordance with the provisions of the Law 3864/2010, as amended, and the Ministers' Council Act No 38/9.11.2012 (Government Gazette A' 223/2012). These contingent convertible securities would be covered by the Hellenic Financial Stability Fund (HFSF) according to the above provisions. The participation of private sector investors in the aforementioned share capital increase exceeded the minimum amount required (by law 3864/2010) and, therefore, the Bank did not proceed to the issuing of a contingent convertible bond loan to the Hellenic Financial Stability Fund (HFSF).

Pursuant to the resolutions of the 2nd Iterative Extraordinary General Meeting of its common shareholders held on 23/4/2013, as approved by virtue of a decision of the Preference Shareholder's Extraordinary General Meeting dated 23/5/2013 and further specified by virtue of its Board resolution dated 29/5/2013, Piraeus Bank implemented the following:

a) Increase of each share's nominal value from € 0.30 to € 3.00 along with a reduction of the number of the Bank's common shares from 1,143,326,564 to 114,332,657 common shares (reverse split with 10 old shares for every new share) and share capital increase for the amount of €1.80 for the purpose of achieving integer number of shares, effected through capitalisation of reserves as specified in article 4 of par. 4a of Codified Law 2190/1920,

b) the formation of a special reserve as per par. 4a of article 4 of Codified Law 2190/1920 amounting to € 308,698,173.90 whereby the share capital was equally reduced through reduction of the nominal value of each common share from € 3.00 to € 0.30. The aforementioned amount was included in Share premium reserve.

As a result, the share capital of the Bank amounted on 3/6/2013 to € 784,299,796.08 divided to 114,332,657 ordinary voting registered shares, each with a nominal value of € 0.30 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

c) Increase of the share capital of the Bank through the issuance of new ordinary shares in order to raise funds up to € 8.429 bn partly by cash payment and by contribution in kind by the Hellenic Financial Stability Fund (HFSF). Specifically, funds of a total amount of € 8,428,999,999.80 have been raised, increasing the share capital by € 1,487,470,588.20 and 4,958,235,294 new ordinary registered shares, of € 0.30 nominal value each, have been issued in total. The Share premium reserve increased by € 6,746,680,370.97 after the reduction of the expenses related to the share capital increase and the respective deferred tax. It is noted that the expenses on share capital increase at 30/9/2013 amounted to € 263,309,514.37 before tax and € 194,849,040.63 after tax.

After the completion of the capital increase, and as at 30/9/2013, the share capital of the Bank amounts to € 2,271,770,384.28 divided to 5,072,567,951 ordinary voting registered shares, each with a nominal value of € 0.30 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

It is noted that, pursuant to L. 3864/2010 and the Ministerial Cabinet Act (MCA) 38/2012 combined with MCA 6/2013, the Hellenic Financial Stability Fund issued 849,195,130 warrants to the private sector investors.

The First Iterative Ordinary General Meeting of Shareholders, held on 15/7/2013, decided not to distribute dividend for the fiscal year 2012, according to the established provisions (article 1 of Law 3723/2008 as in force, combined with the article 4 of Law 4063/2012) for the credit institutions participating in the Economy reinforcement plan.

According to 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 participates in the reinforcement programmes, provided by the Law 3723/2008 (Gov. Gazette A' 250/9.12.2008). Furthermore, pursuant to par. 1 art. 16C of law 3864/2010 the acquisition of treasury shares by the Bank is not permitted for so long as the HFSF is a shareholder of the Bank.

24 Other reserves and retained earnings

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|---------------------|
| Legal reserve | 69,442 | 69,442 |
| Available for sale reserve | 110,989 | 60,829 |
| Total other reserves | 180,430 | 130,271 |
| Retained earnings | (3,951,984) | (6,920,981) |
| Total other reserves and retained earnings | (3,771,553) | (6,790,710) |

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

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|---------------------|
| Available for sale reserve | | |
| Opening balance for the period | 60,830 | (67,392) |
| Gains from the valuation of bonds and Greek government treasury bills | 29,512 | 488,650 |
| Gains from the valuation of shares and mutual funds | 56,593 | 88,121 |
| Recycling to income statement of shares and mutual funds impairment | 2,177 | 8,939 |
| Deferred income taxes | (23,474) | (31,904) |
| Recycling of the accumulated fair value adjustment of disposed securities | (14,649) | (425,762) |
| Foreign exchange differences and other adjustments | - | 178 |
| Closing balance for the period | 110,989 | 60,830 |

| | 30 September 2013 | 31 December 2012 |
|--|----------------------|---------------------|
| Retained earnings movement | | |
| Opening balance for the period | (6,920,981) | (6,106,639) |
| Impact from the retrospective application of I.A.S. 19 amendment | - | 13,991 |
| Restated opening balance for the period | (6,920,981) | (6,092,647) |
| Impact from I.A.S. 19 amendment after income tax recorded directly to Equity | - | (22,162) |
| Expenses on issue of preference shares | - | (23) |
| Absorption of company | - | 579 |
| Profit/ (loss) after tax for the period | 2,968,998 | (806,727) |
| Closing balance for the period | (3,951,983) | (6,920,981) |

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% and d) HFSF. The transactions with related parties are analysed as follows:

| | 30 September 2013 | 31 December 2012 |
|----------|----------------------|---------------------|
| Loans | 138,883 | 82,254 |
| Deposits | 25,427 | 13,644 |

Letters of guarantee and letters of credit to the above related parties as at 30/9/2013 are € 5.6 million (31/12/2012: € 1.3 million). Letters of guarantee to subsidiaries as at 30/9/2013 are € 269.1 million (31/12/2012: € 500.0 million). The total income that relates to the related parties for period 1/1 - 30/9/2013 is € 2.3 million (1/1-30/9/2012: € 2.0 million). The total expense that relates to the prementioned related parties for the period 1/1 - 30/9/2013 is € 0.4 million (1/1-30/9/2012: € 0.5 million).

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 to related parties have been issued in the normal course of business, within the approved credit policies and Bank procedures, adequately collateralized. Loans to related parties are performing and no provision has been raised for their balances.

Piraeus Bank - 30 September 2013
Amounts in thousand euros (Unless otherwise stated)

| | 1/1 - 30/9/2013 | 1/1 - 30/9/2012 |
|---|-----------------|-----------------|
| Directors' remuneration | | |
| Wages, salaries, employers' share of social contributions and charges | 5,667 | 3,398 |
| Provisions and payments for compensation and retirement programs | 583 | 1,866 |

The increase in "Wages, salaries, employers' share of social contributions and charges" is mainly due to the addition of new members.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 22.3 million from € 21.0 million as at 31/12/2012. It is noted that the aforementioned provisions as at 31/12/2012 have been restated from € 19.7 million to € 21.0 million as a result of the implementation of IAS 19 (Amendment) "Employee Benefits". The full amount of the above provisions has been included in the retirement benefit obligations.

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

I. Subsidiaries

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|---------------------|
| Assets | | |
| Cash and balances with Central Bank | 4,298 | 1,003 |
| Loans and advances to credit institutions | 2,393,482 | 2,608,360 |
| Loans and advances to customers | 2,011,239 | 682,819 |
| Other assets | 431,675 | 372,738 |
| Total | 4,840,693 | 3,664,919 |

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|---------------------|
| Liabilities | | |
| Due to credit institutions | 965,645 | 469,440 |
| Due to customers | 842,062 | 580,679 |
| Debt securities in issue | 407,459 | 447,898 |
| Hybrid capital and other borrowed funds | 255,989 | 324,141 |
| Other liabilities | 12,445 | 11,290 |
| Total | 2,483,600 | 1,833,448 |

| | 1/1 - 30/9/2013 | 1/1 - 30/9/2012 |
|-----------------------------|-----------------|-----------------|
| Revenues | | |
| Interest and similar income | 63,478 | 70,640 |
| Fee and commission income | 7,802 | 7,841 |
| Other operating income | 2,043 | 980 |
| Total | 73,323 | 79,460 |

| | 1/1 - 30/9/2013 | 1/1 - 30/9/2012 |
|--------------------------------------|-----------------|-----------------|
| Expenses | | |
| Interest expense and similar charges | (62,109) | (58,214) |
| Fee and commission expense | (4,668) | (7,025) |
| Operating expenses | (27,280) | (24,953) |
| Total | (94,057) | (90,193) |

| | 30 September 2013 | 31 December 2012 |
|--------------------------------|------------------------|------------------------|
| II. Associates | | |
| Deposits and other liabilities | 29,975 | 34,660 |
| Loans and other receivables | 221,481 | 180,470 |
| | 1/1 - 30/9/2013 | 1/1 - 30/9/2012 |
| Total expense | (7,113) | (6,500) |
| Total income | 5,607 | 5,007 |

26 Restatement of comparatives

The Balance sheet accounts as at 31/12/2012 and the Income Statement accounts for the period 1/1-30/9/2012 have been restated as a result of the retrospective implementation of IAS 19 (Amendment) "Employee Benefits".

The restatements and the restated amounts of Piraeus Bank in the interim income statement, the interim statement of total comprehensive income and the statement of financial position are presented below.

RESTATEMENTS OF INTERIM INCOME STATEMENT

| | 1/1-30/9/2012 | | | 1/7-30/9/2012 | | |
|---|--------------------|---|--------------------|-------------------|---|------------------|
| | Published Amounts | Restatements due to amendment to IAS 19 | Restated Amounts | Published Amounts | Restatements due to amendment to IAS 19 | Restated Amounts |
| TOTAL NET INCOME | 800,499 | | 800,499 | 302,931 | | 302,931 |
| Staff costs | (166,721) | 262 | (166,458) | (71,331) | 272 | (71,059) |
| Administrative expenses | (156,504) | | (156,504) | (60,751) | | (60,751) |
| Depreciation and amortisation | (38,794) | | (38,794) | (13,833) | | (13,833) |
| Gains/ (Losses) from sale of assets | (447) | | (447) | (344) | | (344) |
| TOTAL OPERATING EXPENSES BEFORE PROVISIONS | (362,466) | 262 | (362,204) | (146,259) | 272 | (145,986) |
| PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX | 438,032 | 262 | 438,295 | 156,672 | 272 | 156,944 |
| Impairment losses on loans, debt securities and other receivables | (1,151,051) | | (1,151,051) | (484,278) | | (484,278) |
| Impairment on investment securities | (433,078) | | (433,078) | (428) | | (428) |
| PROFIT/ (LOSS) BEFORE INCOME TAX | (1,146,097) | 262 | (1,145,834) | (328,033) | 272 | (327,761) |
| Income tax | 623,239 | (52) | 623,186 | 91,742 | (54) | 91,688 |
| PROFIT/ (LOSS) AFTER TAX | (522,858) | 210 | (522,648) | (236,291) | 218 | (236,073) |

Earnings/ (losses) per share (in euros):

| | | | | | | |
|---------------------|----------|--------|----------|----------|--------|----------|
| - Basic and Diluted | (4.5472) | 0.0018 | (4.5454) | (2.0550) | 0.0019 | (2.0531) |
|---------------------|----------|--------|----------|----------|--------|----------|

RESTATEMENTS OF INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME

| | 1/1-30/9/2012 | | | 1/7-30/9/2012 | | |
|---|-------------------|---|------------------|-------------------|---|------------------|
| | Published Amounts | Restatements due to amendment to IAS 19 | Restated Amounts | Published Amounts | Restatements due to amendment to IAS 19 | Restated Amounts |
| Profit/ (loss) after tax for the period (A) | (522,858) | 210 | (522,648) | (236,291) | 218 | (236,073) |
| Other comprehensive income, net of tax: | | | | | | |
| Amounts that can be reclassified in the Income Statement | | | | | | |
| Net change in available for sale reserve | 168,542 | | 168,542 | 129,812 | | 129,812 |
| Amounts that can not be reclassified in the Income Statement | | | | | | |
| Change in actuarial gains/ (losses) of defined benefit obligation | - | - | 0 | - | - | 0 |
| Other comprehensive income, net of tax (B) | 168,542 | 0 | 168,542 | 129,812 | 0 | 129,812 |
| Total comprehensive income, net of tax (A+B) | (354,316) | 210 | (354,106) | (106,479) | 218 | (106,261) |

RESTATEMENTS OF STATEMENT OF FINANCIAL POSITION

| | 31 December 2012 | | |
|-------------------------------------|--------------------|---|--------------------|
| | Published Amounts | Restatements due to amendment to IAS 19 | Restated Amounts |
| ASSETS | | | |
| Deferred tax assets | 1,754,746 | 2,558 | 1,757,304 |
| Other assets | 61,265,074 | | 61,265,074 |
| TOTAL ASSETS | 63,019,820 | 2,558 | 63,022,379 |
| LIABILITIES | | | |
| Retirement benefit obligations | 118,472 | 12,792 | 131,264 |
| Other liabilities | 65,635,471 | | 65,635,471 |
| TOTAL LIABILITIES | 65,753,944 | 12,792 | 65,766,735 |
| EQUITY | | | |
| Share capital | 1,092,998 | | 1,092,998 |
| Share premium | 2,953,356 | | 2,953,356 |
| Other reserves | 130,271 | | 130,271 |
| Retained earnings | (6,910,748) | (10,233) | (6,920,981) |
| TOTAL EQUITY | (2,734,123) | (10,233) | (2,744,356) |
| TOTAL LIABILITIES AND EQUITY | 63,019,820 | 2,558 | 63,022,379 |

27 Acquisition of banking operations and completion of their purchase price allocation

a) Acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank)

On 26/3/2013, Piraeus Bank acquired the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank (CPB) and Hellenic Bank, for a total consideration of € 524 million, through a special process, under the aegis of European Union, which determined the perimeter of the transferred operation, the terms and the consideration. The Greek Banking operations include the staff, the branch network, the loans and the deposits of the aforementioned Cypriot banks, including the loans and the deposits of their subsidiaries in Greece (leasing, factoring and Investment Bank of Greece – IBG). It is noted that in the 2nd quarter of 2013, Piraeus Bank acquired additional operations (custody services, settlement services for the transactions of the Cypriot branch network in Greece, etc.), without affecting the acquired assets and liabilities of the aforementioned banks.

The Bank's management, for the scope of the purchase price allocation, encountered the above acquisitions as a single transaction, due to their peculiarities and special characteristics.

For the allocation of the acquisition cost, the Bank applied the rules of IFRS 3 "Business Combinations", adjusting the assets, liabilities and contingent liabilities of the acquired Greek banking operations at their fair values. It is noted that the loans and advances to customers have been valued at their fair values according to IAS 39 by independent international audit firm.

The allocation of acquisition cost was completed in the 1st quarter of 2013 and therefore the total fair values of assets and liabilities acquired, are presented in the table below:

| (amounts in thousand €) | <u>Total Fair Values</u> |
|---|--------------------------|
| Assets | |
| Loans and advances to customers | 18,517,475 |
| Intangible assets | 14,414 |
| Property, plant and equipment | 108,988 |
| Other assets | 289,965 |
| Total Assets | <u><u>18,930,842</u></u> |
| Liabilities | |
| Due to customers | 14,968,929 |
| Retirement benefit obligation | 23,310 |
| Other liabilities | 911 |
| Total Liabilities | <u><u>14,993,150</u></u> |
| Shareholders' Equity | 3,937,692 |
| Total liabilities and shareholders' equity | <u><u>18,930,842</u></u> |
| Cost of acquisition | 524,000 |
| Net assets acquired | 100% |
| Negative goodwill | 3,413,692 |

The amount of negative goodwill was recognized in the income statement of the period 1/1-30/9/2013. The amount of negative goodwill is related to the special circumstances prevailing as at the transaction date, in combination with the IFRS valuation techniques regarding the fair values of financial instruments, according to which market data must be highly used and entity related data should be avoided as much as possible.

The table below presents the total net income, the expenses and the profit before tax of the Greek operations of three Cypriot banks that resulted after the acquisition date, as well as the respective amounts which would have resulted for the Bank if their acquisition had occurred on 1/1/2013. It is noted that, as the transfer of the loans and the deposits of the Greek banking operations of the three Cypriot banks was carried out at the closure of 15/3/2013, the results related to the above loans and deposits were accounted from 16/3/2013.

| | Results of the period 1/1-30/9/2013 | Post acquisition results |
|-------------------------------|--|-------------------------------------|
| Total net income | 399,465 | 303,787 |
| Total expenses and provisions | (585,966) | (267,196) |
| Profit before tax | (186,502) | 36,590 |

b) Completion of the purchase price allocation of former ATEbank S.A.

Piraeus Bank applied the rules of IFRS 3 "Business Combinations" and completed within 12 months from the acquisition date the allocation of the acquisition cost of former ATEbank S.A. to the assets and liabilities acquired. It is noted that loans and advances to customers have been valued by independent international audit firm and that properties have been valued by independent valuers.

The total fair values of the assets and liabilities acquired, are presented in the table below:

| (amounts in thousand €) | <u>Acquisition of assets and liabilities of former ATEbank</u> |
|---|--|
| Assets | |
| Loans and advances to credit institutions | 259,974 |
| Loans and advances to customers and debt securities - receivables | 11,202,819 |
| Available for sale securities | 1,133,380 |
| Funding gap | 7,479,715 |
| Property, plant and equipment | 554,657 |
| Other assets | <u>1,160,926</u> |
| Total assets | <u>21,791,471</u> |
| Liabilities | |
| Due to credit institutions | 6,497,762 |
| Due to customers | 14,870,979 |
| Other liabilities | <u>243,385</u> |
| Total liabilities | <u>21,612,126</u> |
| Shareholders equity | <u>179,345</u> |
| Total liabilities and shareholders equity | <u>21,791,471</u> |
| Total consideration | 95,000 |
| Net assets acquired | 100.00% |
| Negative goodwill | 84,345 |

The negative goodwill of € 84.4 million has been recognized in "Negative goodwill due to acquisitions" in the income statement of the period 1/1-30/9/2013. The aforementioned negative goodwill is due to the significant benefits derived from the acquisition of selective assets and liabilities of former ATEbank S.A., which included a performing portfolio with high interest rate yields.

28 Events subsequent to the end of the Interim period

Following the participation of Banco Comercial Portugues, S.A., through its wholly owned subsidiary BCP Investment B.V. in the last share capital increase of Piraeus Bank in June 2013, BCP announced on October 30 2013, that it sold, through an accelerated placement, its entire holding of shares and warrants in Piraeus Bank (235,294,117 shares and warrants of equal number).

Athens, November 29th, 2013

CHAIRMAN
OF THE BOARD OF DIRECTORS

MANAGING DIRECTOR
& C.E.O

CHIEF FINANCIAL
OFFICER

DEPUTY CHIEF FINANCIAL
OFFICER

MICHALIS G. SALLAS

STAVROS M. LEKKAKOS

GEORGE I. POULOPOULOS

KONSTANTINOS S. PASCHALIS