PIRAEUS BANK

PIRAEUS BANK S.A.

Interim Condensed Financial Information

30 September 2014

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 25th, 2014 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

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

Index to the Interim Condensed Financial Information

Amounts in thousand euros (Unless otherwise stated)

INTERIM INCOME STATEMENT	Note	Period from 1 January to		Period from 1 July to	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
Interest and similar income		2,246,211	2,207,567	737,513	778,968
Interest expense and similar charges		(1,054,910)	(1,290,541)	(333,983)	(420,029)
NET INTEREST INCOME		**1,191,301**	**917,026**	**403,530**	**358,939**
Fee and commission income		179,509	144,872	67,453	54,786
Fee and commission expense		(17,692)	(16,688)	(6,340)	(6,477)
NET FEE AND COMMISSION INCOME		**161,817**	**128,184**	**61,113**	**48,309**
Dividend income		15,480	15,958	26	8,616
Net income from financial instruments designated at fair value through profit or loss	6	(43,866)	92,242	(17,219)	33,296
Results from investment securities	7	72,789	14,649	(3,189)	778
Other operating income	8	190,471	30,729	7,447	14,046
Negative goodwill due to acquisitions		-	3,498,037	-	-
TOTAL NET INCOME		**1,587,993**	**4,696,826**	**451,708**	**463,983**
Staff costs		(402,327)	(403,113)	(130,294)	(155,345)
Administrative expenses		(338,241)	(279,555)	(123,784)	(111,749)
Depreciation and amortisation		(89,863)	(53,590)	(22,778)	(18,794)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(830,430)**	**(736,258)**	**(276,856)**	**(285,887)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**757,563**	**3,960,568**	**174,852**	**178,096**
Impairment losses on loans and other receivables	13	(3,258,496)	(1,323,893)	(2,187,668)	(365,080)
Impairment on participations and investment securities	14, 16	(135,383)	(257,231)	(5,037)	(876)
Other provisions		(7,828)	-	(521)	-
PROFIT/ (LOSS) BEFORE INCOME TAX		**(2,644,143)**	**2,379,443**	**(2,018,373)**	**(187,860)**
Income tax	9	820,997	589,554	467,009	34,467
PROFIT/ (LOSS) AFTER TAX		**(1,823,146)**	**2,968,998**	**(1,551,364)**	**(153,393)**
Earnings/ (losses) per share (in euros):					
- Basic and Diluted	10	(0.3161)	1.4786	(0.2542)	(0.0294)

Amounts in thousand euros (Unless otherwise stated)

INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME	Note	Period from 1 January to 30 September 2014	Period from 1 January to 30 September 2013	Period from 1 July to 30 September 2014	Period from 1 July to 30 September 2013
Profit/ (loss) after tax for the period (A)		**(1,823,146)**	**2,968,998**	**(1,551,364)**	**(153,393)**
Other comprehensive income, net of tax:					
Amounts that can be reclassified in the Income Statement					
Change in available for sale reserve	11, 23	(88,954)	50,159	(45,778)	28,542
Amounts that can not be reclassified in the Income Statement					
Change in reserve of defined benefit obligations	11, 23	32	-	32	-
Other comprehensive income, net of tax (B)	11, 23	**(88,922)**	**50,159**	**(45,746)**	**28,542**
Total comprehensive income, net of tax (A)+(B)		**(1,912,069)**	**3,019,157**	**(1,597,110)**	**(124,852)**

Amounts in thousand euros (Unless otherwise stated)

INTERIM STATEMENT OF FINANCIAL POSITION	Note	30 September 2014	31 December 2013
ASSETS			
Cash and balances with Central Bank	12	2,296,811	1,912,478
Loans and advances to credit institutions		1,065,326	1,163,172
Financial instruments at fair value through profit or loss		80,540	44,875
Derivative financial instruments - assets		477,018	321,307
Reverse repos with customers		204,037	6,353
Loans and advances to customers (net of provisions)	13	51,417,541	57,399,117
Available for sale securities	14	931,767	888,538
Debt securities - receivables	15	14,319,054	15,569,474
Assets held for sale		10,307	10,307
Inventories property		425,649	351,498
Investment property		303,564	291,057
Investments in subsidiaries		1,658,666	1,707,317
Investments in associated undertakings		292,212	291,901
Property, plant and equipment		776,631	785,813
Intangible assets		217,133	222,427
Deferred tax assets		3,590,487	2,706,304
Other assets		2,021,807	2,105,932
TOTAL ASSETS		**80,088,549**	**85,777,870**
LIABILITIES			
Due to credit institutions	17	21,680,626	27,251,988
Due to customers	18	48,545,783	48,498,391
Liabilities at fair value through profit or loss		-	549
Derivative financial instruments - liabilities		489,874	325,996
Debt securities in issue	19	748,274	305,263
Current income tax liabilities		26,924	17,583
Retirement benefit obligations		153,896	145,844
Other provisions		28,659	20,879
Other liabilities		873,923	686,283
Hybrid capital and other borrowed funds	20	243,769	256,004
TOTAL LIABILITIES		**72,791,727**	**77,508,781**
EQUITY			
Share capital	22	1,830,594	2,271,770
Share premium	22	11,393,315	10,008,734
Other reserves	23	94,810	183,732
Retained earnings	23	(6,021,897)	(4,195,148)
TOTAL EQUITY		**7,296,821**	**8,269,089**
TOTAL LIABILITIES AND EQUITY		**80,088,549**	**85,777,870**

Amounts in thousand euros (Unless otherwise stated)

INTERIM STATEMENT OF CHANGES IN EQUITY	Note	Share Capital	Share Premium	Other reserves	Retained earnings	TOTAL
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, 23			50,159		50,159
Results after tax for the period 1/1/2013 - 30/9/2013	23				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	22	1,487,471	6,746,680			8,234,151
Decrease of the nominal value of ordinary shares	22	(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**
Opening balance as at 1 October 2013		**2,271,770**	**10,008,734**	**180,431**	**(3,951,983)**	**8,508,952**
Other comprehensive income, net of tax	23			3,302		3,302
Results after tax for the period 1/10/2013 - 31/12/2013	23				(462,670)	(462,670)
Total recognised income for the period 1/10/2013 - 31/12/2013		**0**	**0**	**3,302**	**(462,670)**	**(459,368)**
Absorbtion of Millennium Bank	23				219,506	219,506
Balance as at 31 December 2013		**2,271,770**	**10,008,734**	**183,732**	**(4,195,148)**	**8,269,089**
Opening balance as at 1 January 2014		**2,271,770**	**10,008,734**	**183,732**	**(4,195,148)**	**8,269,089**
Other comprehensive income, net of tax	11, 23			(88,922)		(88,922)
Results after tax for the period 1/1/2014 - 30/9/2014	23				(1,823,146)	(1,823,146)
Total recognised income for the period 1/1/2014 - 30/9/2014		**0**	**0**	**(88,922)**	**(1,823,146)**	**(1,912,069)**
Increase of share capital	22	308,824	1,384,581			1,693,404
Repurchase of preferred shares	22	(750,000)				(750,000)
Absorption of company					(3,603)	(3,603)
Balance as at 30 September 2014		**1,830,594**	**11,393,315**	**94,810**	**(6,021,897)**	**7,296,821**

Amounts in thousand euros (Unless otherwise stated)

INTERIM CASH FLOW STATEMENT	Note	Period from 1 January to	
		30 September 2014	30 September 2013
Cash flows from operating activities			
Profit / (loss) before tax		(2,644,143)	2,379,443
Adjustments to profit/ loss before tax:			
Add: provisions and impairment		3,401,706	1,581,124
Add: depreciation and amortisation charge		89,863	53,590
Add: retirement benefits		10,557	22,535
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		(127,545)	(34,546)
(Gains)/ losses from investing activities		(83,303)	(30,767)
Deduct: negative goodwill due to acquisitions		-	(3,498,036)
Cash flows from operating activities before changes in operating assets and liabilities		647,134	473,344
Changes in operating assets and liabilities:			
Net (increase)/ decrease in cash and balances with Central Bank		(115,840)	(32,752)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		(47,949)	57,553
Net (increase)/ decrease in loans and advances to credit Institutions		64,901	467,292
Net (increase)/ decrease in loans and advances to customers		2,898,888	2,011,402
Net (increase)/ decrease in debt securities - receivables		1,250,421	(860,953)
Net (increase)/ decrease in reverse repos with customers		(197,684)	12,023
Net (increase)/ decrease in other assets		(241,038)	422,223
Net increase/ (decrease) in amounts due to credit institutions		(5,571,362)	(6,244,734)
Net increase/ (decrease) in liabilities at fair value through profit or loss		(549)	(21,953)
Net increase/ (decrease) in amounts due to customers		47,392	459,266
Net increase/ (decrease) in other liabilities		349,079	(105,211)
Net cash flow from operating activities before income tax payment		(916,606)	(3,362,500)
Income tax paid		(616)	(4,844)
Net cash inflow/ (outflow) from operating activities		**(917,222)**	**(3,367,344)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(72,834)	(48,110)
Sales of property, plant and equipment		30,570	1,615
Purchases of intangible assets		(16,612)	(22,557)
Purchases of assets held for sale		-	(352)
Increase of share capital of company held for sale		-	(172,057)
Purchases of investment securities		(4,378,835)	(5,501,959)
Disposals/ maturity of investment securities		4,306,533	8,559,806
Acquisition of subsidiaries and participation in share capital increases		(45,552)	(39,238)
Sales of subsidiaries		2,136	-
Acquisition of associates and participation in share capital increases		(311)	(9,444)
Sales of associates		-	4
Dividends receipts from associates		1,694	2,718
Dividends receipts from available for sale securities		9,994	13,236
Net cash inflow/ (outflow) from investing activities		**(163,216)**	**2,783,663**
Cash flows from financing activities			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		404,839	(303,450)
Increase of share capital		1,673,519	1,180,322
Repurchase of preferred shares	22	(750,000)	-
Net cash inflow/ (outflow) from financing activities		**1,328,358**	**876,872**
Effect of exchange rate changes on cash and cash equivalents		33,359	(19,230)
Net increase/ (decrease) in cash and cash equivalents of the period (A)		**281,280**	**273,961**
Cash and cash equivalents at the beginning of the period (B)		**1,040,989**	**1,389,560**
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 from absorption of company (D)		**43**	**-**
Cash and cash equivalents at the end of the period (A)+(B)+(C)+(D)		**1,322,312**	**1,675,216**

1 General Information about the Bank

Piraeus Bank S.A. is a banking institute operating in accordance with the provisions of Laws 2190/1920 on societés anonymes, 3601/2007 on credit institutions, and other relevant laws. According to article 2 of its Statute, the scope of the company is to execute, on its behalf or on behalf of third parties, any and every operation acknowledged or delegated by law to banks.

Piraeus Bank is incorporated and domiciled in Greece. The address of the registered office is 4 Amerikis st., Athens. Piraeus Bank operates in Greece and in London (U.K.). The Bank employs in total 14,072 people.

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

2 General accounting policies, critical accounting estimates and judgements

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 2013 have been followed.

The following new IFRSs and amendments have been issued by the International Accounting Standards Board, have been endorsed by the E.U and they are effective from 1/1/2014.

- **IAS 27 (Amendment), "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).** Following the issue of IFRS 10 that replaced all the guidance on control and consolidation in IAS 27, IAS 27 was renamed "Separate Financial Statements" and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

- **IAS 28 (Amendment), "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2014).** IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

- **IFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).** IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities.

- **IFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2014).** IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. Joint arrangements are either classified as joint operations or joint ventures. Equity accounting is mandatory for participants in joint ventures.

- **IFRS 12, "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014).** IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 requires entities to disclose information that enables users of financial statements to evaluate the nature and risks associated with the entity's interests in other entities and the effects of those interests in the entity's financial statements.

- **IFRS 10, IFRS 11 and IFRS 12 (Amendment), "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" (effective for annual periods beginning on or after 1 January 2014).** The amendment in IFRS 10, 11 and 12 clarifies the transition guidance in IFRS 10 and provides relief from the presentation or adjustment of comparative periods prior to the immediately preceding period.

- **IFRS 10, IFRS 12 and IAS 27 (Amendments), "Investment Entities" (effective for annual periods beginning on or after 1 January 2014).** The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities which are accounted for as investments in fair value through profit or loss, despite the existence of control. They also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The above group of standards and amendments has no significant impact in the financial statements of the Bank.

- **IAS 32 (Amendment), "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).** The amendment was issued in December 2011 to provide application guidance in IAS 32 to clarify the meaning of the criterion "currently has a legally enforceable right to set off". The amendment is applied retrospectively. This amendment has no significant impact in the financial statements of the Bank.

- **IAS 36 (Amendment), "Impairment of non Financial Assets" (effective for annual periods beginning on or after 1 January 2014).** The amendment requires the disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognised or reversed. This amendment has no significant impact in the financial statements of the Bank.

- **IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 January 2014).** The amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations. This amendment has no impact in the financial statements of the Bank.

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.

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.

Changes of management's estimates regarding the level of impairment of the Bank's loan portfolio

During the 3rd quarter of 2014, the management of the Bank taking into account new information and available evidence, revised some of its estimates regarding the determination of future cash flows of its loan portfolio, which are used as inputs in both the collective and the individual impairment assessment models. According to management, these revised estimates, reflect better the current market conditions, as they encompass more recent information for the macroeconomic environment, recent legislature, as well as the initiation of the management of the non performing loans by the newly formed Recovery Banking Unit (RBU).

The main information that management took into account when revising its estimates over certain inputs of the methodology applied for measuring the recoverability of its loan portfolio, are presented below:

Macroeconomic environment and real estate values

The macroeconomic environment and especially the ongoing decline in the real estate values in Greece, as well as in some other countries where the Bank operates, coupled with the expected continuance of the moratorium in auctions, have led the Bank's management to revise its estimates regarding the value of tangible collateral held and the estimated loss upon liquidation.

According to the recent estimates of the Bank of Greece (BoG), the prices of residential real estate properties have declined by 7% in the third quarter of 2014 on an annual basis (source Bank of Greece: Residential Property Price Index), as opposed to previous estimates made in early 2014. In addition to this, the foreseen extension of the auction moratorium contributes to the extension of the liquidation period for the properties and therefore to the decline in the present value of expected cash flows. Lastly, there is a continuing declining trend in the commercial real estate market in certain Eastern European countries where the Bank operates, for which the Group's strategy entails gradual reduction of credit risk exposure, in accordance with the restructuring plan that was approved in July 2014 by DGComp.

Recent legislature changes

Law 4307/2014 sets out the legal framework under which certain past due business loans will be restructured. This framework will, inter alia, provide incentives to both lenders and borrowers to work out solutions entailing restructuring and / or partial write off of past due capital and interest. Borrowers with past due corporate loans for more than 90 days as of 30 June 2014, will be eligible for consideration under the new law.

It is expected that the above mentioned law will have a significant impact on the estimated future cash flows of SBLs and of a significant number of the SMEs. The relevant banking units have assessed the provisions of this law and have made an initial estimate of the eligible borrowers and have adjusted the relevant inputs of the collective assessment model. In addition, management has evaluated the possible effects of the aforementioned law on the rest of the portfolio.

The management has taken into account the above mentioned developments and changed its estimate regarding the expected loss from restructured loans, mainly to small businesses and professionals and has adjusted the relevant parameter of the collective impairment assessment model.

Organizational changes to optimize the management of non - performing loans

During 2014, the special Recovery Banking Unit was formed with main responsibility the management of non performing loans. This specialized internal unit has been developed in order to manage non-performing loans efficiently and effectively, by using a specific framework of actions that includes client - specific solutions, either through restructuring and / or partial debt relief.

The Management of the Bank, in the third quarter of 2014, evaluated evidence produced from the management of non-performing loans by the RBU. The assessment of these portfolios based on the past experience of the above mentioned unit, resulted to the revision of the Management's estimate regarding the financial ability of specific corporate clients to wholly or partially recover and therefore to meet their debt obligations.

More specifically, the revised estimates for the future cash flows have been based on enriched information and more detailed data processing, relating to cases for which the Bank will be required to proceed with collateral liquidation or borrowers where the successful restructuring of their debt obligation requires even the partial write off of loan balances. Finally and based on the updated information, the management of the Bank proceeded with the adjustment of the credit risk collective measurement methodologies, thus resulting to the change of the probability of default and the loss given default rate used in the context of the collective assessment of loans managed by the RBU.

The management of the Bank, evaluating the above data, estimates that this change qualifies as a "change in accounting estimates" under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as the measurement basis of loans has not changed but the Management's estimates regarding parameters which are part of the measurement methodology of the recoverable amount, have been updated based on new facts and events that took place during 2014. Consequently, the result of the above re - evaluation, only affects the financial statements of the current period, as defined by paragraph 5 of IAS 8.

Impact on impairment losses on loans and advances to customers

The above information has led to the change of the Bank's Management estimate in relation to the parameters of estimated collectability and the probability of default of the collective and individual impairment assessment models and as a result the impairment loss:

- on mortgage loans has increased to € 323 million in the third quarter of 2014 compared to € 107 million in the second quarter of 2014. As a result, the stock of provisions and adjustments for mortgage loans as at September 2014 has increased to € 936 million.
- on corporate loans has increased to € 1,762 million in the third quarter of 2014, compared to € 418 million in the second quarter of 2014. As a result, the stock of provisions and adjustments for corporate loans as at September 2014 has increased to € 10,981 million.

The change in management's estimates regarding the loan book has resulted to total loan loss provisions of € 2,178 million in the third quarter of 2014, compared to € 589 million in the second quarter of 2014 and stock of provisions and adjustments of € 14,020 million, of which the provisions amount to € 7.4 billion, while the adjustments amount to € 6.6 billion. The movement of the impairment losses on loans and advances to customers is presented in note 13.

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 and associate companies

- **Available for sale portfolio**

The available for sale portfolio is recorded at fair value and any changes in fair value are recorded in the available for sale reserve. Impairment of available for sale investments in shares and bonds is accounted for when the decline in the fair value below cost is significant or prolonged in the case of shares or there are reasonable grounds for the issuer's inability to meet its future obligations in the case of bonds. Then, the available for sale reserve is recycled to the income statement of the period.

Significant or prolonged decline of the fair value is defined as: (a) the decline in fair value below the cost of the investment for more than 40% or (b) the twelve month period decline in fair value for more than 25% of acquisition cost.

Judgement is required for the estimation of the fair value of investments that are not traded in an active market. For these investments, the fair value computation through financial models takes also into account evidence of deterioration in the financial performance of the investee, as well as industry and sector economical performance and changes in technology.

- **Associate companies**

The Bank tests for impairment the investments in associate companies, comparing the recoverable amount of the investment (the higher of the value in use and the fair value less cost to sell) with its carrying amount.

In these cases, a similar methodology is used with that described above, for the shares of the available for sale portfolio, while taking into account the present value of the estimated future cash flows expected to be generated by the associate company. The amount of the permanent impairment of the investment, which may arise from the assessment, is recorded to the income statement.

b.4. Investment property

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

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

For investment property of a value that is not considered as individually significant, the fair value may be determined by internal valuers, by applying the aforementioned valuation methods or by extrapolating the results of the independent valuations, to groups of investment property, with similar characteristics.

b.5. Income taxes

The Bank recognizes deferred tax on temporary tax differences in accordance with the regulations of tax law which distinguishes revenues on those subject to tax and non-taxable, assessing future benefits as well as tax liabilities.

For the calculation and evaluation of the deferred tax asset recoverability, management considers the best estimates for the evolution of the Bank´s tax results in the foreseeable future.

The Management's estimates, according to the enacted business plan, for the future tax results of the Bank are based on the assumptions related to the greek economy prospect, as well as on other actions or amendments already implemented, improving the evolution of the future profitability.

Moreover, the Bank examines the nature of temporary differences and tax losses, the ability for their recovery in accordance with the tax regulations related to their offsetting with profits generated in future periods (e.g. five years), or other specific tax regulations. For example, an extended period has been set by the Greek tax legislation allowing the recoverability of deferred tax related to the amortized loss from the participation of the Greek entities in Private Sector Involvement (PSI).

b.6. Goodwill/ negative goodwill

The acquisition method is used by the Bank to account for the acquisition of subsidiaries. The Bank, for the estimation of the fair values of identifiable assets and liabilities and contingent liabilities of the newly acquired subsidiaries, 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.

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 2013.

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.

The financial statements of Piraeus Bank are prepared in euro. The amounts of the attached financial statements are expressed in thousand euros (unless otherwise stated) and roundings are performed in the nearest thousand. It shall be noted that, the figures of the income statement for the period 1/1-30/9/2014 are not comparable with the relevant figures for the period 1/1-30/9/2013 as Piraeus Bank a) acquired the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/3/2013 and b) incorporated Millennium Bank S.A. on 9/12/2013.

Piraeus Bank is affected by the economic variability and the volatility of the global markets and is exposed to risks that could potentially arise mainly in peripheral Eurozone countries.

The economic situation in Greece, though improving significantly fiscally, in combination with the political developments, still remains the main risk factor for the Greek banking sector. In case of negative developments in these areas, the Bank's liquidity, the quality of its loan portfolio, its profitability, and ultimately, its capital adequacy may significantly be affected. Furthermore, Greece's public debt sustainability constitutes an additional risk factor for the Greek banking system.

In March 2014, Bank of Greece published the capital needs for each of the Greek banks. Namely to Piraeus Bank, the capital requirement has been assessed at € 425 million in the baseline scenario (binding) and € 757 million in the adverse scenario.

In April 2014, the Bank´s share capital increase of amount € 1.75 billion was completed, with the aim to: a) meet the capital needs as determined by the Bank of Greece, b) acquire in full the preference shares of total nominal amount € 750 million and c) further strengthen the capital adequacy ratios of the Bank.

In May 2014, Piraeus Bank fully redeemed to the Hellenic Republic the total amount of preference shares (Pillar I Law 3723/2008) of € 750 million, issued to the latter by the Bank. The redemption of the preference shares to the Hellenic Republic significantly improved the quality of the Bank´s capital position and constitutes a necessary first step to regain flexibility for future dividend payments.

Piraeus Bank participated -as one of the 128 systemically important European banks- in the Comprehensive Assessment conducted by ECB, within the framework for the creation of the Single Supervisory Mechanism (SSM) for European Union banks. The assessment began in November 2013 and the announcement of the results took place on 26th October 2014. Relevant to the results of the Comprehensive Assessment is the note 27 of the interim condensed financial information for the period of 1/1-30/9/2014.

Based on the results of the Comprehensive Assessment conducted by ECB, no additional capital needs arise for Piraeus Bank.

In addition, the following factors provide support to the economy and the Greek banking sector and shall therefore be taken into consideration:

- The recapitalisation programme of systemic banks in 2013 and the share capital increase that took place in spring 2014 for these banks.
- The financial support from the International Monetary Fund as well as from the European Union, in the context of the second economic adjustment programme for Greece.
- The capability to raise liquidity through the Eurosystem and through the markets.
- The application of the economic adjustment programme and the observed recovery of the Greek economy (i.e. 1.4% increase of GDP in the 3rd quarter of 2014 in an annual base, 25.9% decrease of unemployment in August 2014, primary fiscal surplus and current account surplus for 2013).

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.

Amounts in thousand euros (Unless otherwise stated)

4 Fair values of assets and liabilities

a) Assets and liabilities not measured at fair value

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

Assets	Carrying value		Fair value	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Loans and advances to credit Institutions	1,065,326	1,163,172	1,065,326	1,163,172
Loans and advances to customers (net of provisions)	51,417,541	57,399,117	51,387,789	57,368,509
Debt securities - receivables	14,319,054	15,569,474	14,781,766	15,801,787
Reverse repos with customers	204,037	6,353	204,037	6,353

Liabilities	Carrying value		Fair value	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Due to credit institutions	21,680,626	27,251,988	21,680,626	27,251,988
Due to customers	48,545,783	48,498,391	48,545,783	48,498,391
Debt securities in issue	748,274	305,263	650,051	175,728
Hybrid capital and other borrowed funds	243,769	256,004	219,162	137,559

The fair values as at 30/9/2014 of loans and advances to credit institutions, reverse repos with customers, due to credit institutions and due to customers which are measured at amortized cost, are not materially different from the respective carrying values since they are very short term in duration and priced at current market rates. These rates are often repriced and due to their short duration they are discounted with the risk free rate.

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

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

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

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

b) Assets and liabilities measured at fair value

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

• Level 1 – 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.

Amounts in thousand euros (Unless otherwise stated)

• 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 – Level 3 includes shares categorized in the available for sale portfolio and derivative financial instruments. Shares and derivative financial instruments within level 3 are not traded in an active market or for which there are not available prices from external traders in order to determine their fair value. Therefore, variables for the valuation of the asset or liability are not based on observable market data (unobservable inputs). For the determination of the fair value of the aforementioned shares, the Bank uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The Bank, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions. The fair value of the shares in level 3 is only taken into account in case that there is evidence of impairment, else these shares are recorded at cost.

The following table presents financial assets and liabilities measured at fair value, categorized in the three levels as mentioned above:

Assets & Liabilities measured at fair value	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	448,980	28,038	**477,018**
Financial Assets at FV through PL				
- Trading Bonds	79,642	-	-	**79,642**
- Trading Treasury bills	899	-	-	**899**
Available for Sale Securities				
- Bonds	344,276	513	-	**344,788**
- Treasury bills	212,775	-	-	**212,775**
- Shares & Other variable income securities	207,048	-	167,156	**374,204**
Liabilities				
Derivative financial instruments - liabilities	-	489,874	-	**489,874**

During the period 1/1-30/9/2014, no transfer from level 2 to level 1 occurred and vice versa.

The embedded derivative, of the convertible bond issued by Marfin Investment Group ("MIG") and acquired by the Bank in the 2nd quarter of 2014, has been included in level 3 of derivative financial assets. The aforementioned derivative has been separated from the host contract (bond) according to the applicable IAS 39 rules and is being accounted for as a standalone derivative at fair value. The embedded derivative’s fair value as at 30/9/2014 was determined according to the Black & Scholes valuation model, the main variables of which were a) the historical volatility of the MIG stock price and b) the variation of the MIG stock price as at 30/9/2014. The number of bonds of the Convertible Bond Loan (which originally were 251,835,900) is reduced, during 3rd quarter 2014, due to the exercise of 90 million convertible bonds as at 16/9/2014, under the original agreement between Piraeus Bank and MIG. The shares acquired correspond to 17.8% of MIG share capital.

The following table presents the movement of derivative financial instruments-assets and shares of the available for sale portfolio within level 3:

Reconciliation of level 3 items	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening Balance 1/1/2014	0	173,621
Purchases	35,000	128
Profit/ (loss) for the period	11,998	-
Impairment	-	(6,996)
Disposals	(18,960)	-
Other income	-	(360)
Transfer to level 3	-	404
Transfer from level 3	-	-
Foreign exchange differences	-	360
Total 30/9/2014	**28,038**	**167,156**

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

In million euro:	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(26)
Derivative financial instruments - assets	33	(25)
Equity Statement		
Available for sale shares & other variable income securities	8	-

In case that the historical volatility in the MIG stock price is between 20% and 60% and if also, in combination, the MIG stock price as at 30/9/2014 is changed by -/+ 10%, then the change in the fair value of the embedded derivative as compared to its fair value as at 30/9/2014, will range between -90% and + 117% approximately.

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.

5 Business segments

Piraeus Bank has defined the following business segments:

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

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

Investment Banking - This segment includes activities related to investment banking 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 Segments – Other segments include other facilities of the Bank that are not included in the above segments (Bank's administration, etc.).

According to IFRS 8, the identification of the business segments results from the internal reports that are regularly reviewed by the Executive Board in order to monitor each segment's performance. Significant elements are the evolution of figures and results per segment.

An analysis of income and other financial figures per business segment of the Bank is presented below:

Amounts in thousand euros (Unless otherwise stated)

1/1 - 30/9/2014	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
Net interest income	764,096	486,929	-	79,784	(139,508)	**1,191,301**
Net fee and commission income	120,988	33,856	883	4,412	1,679	**161,817**
Other income	5,994	185,150	(11)	(50,606)	94,348	**234,874**
Net income	**891,078**	**705,934**	**872**	**33,590**	**(43,481)**	**1,587,992**
Depreciation and amortisation	(45,877)	(56)	-	(354)	(43,576)	**(89,863)**
Impairment losses on loans and other receivables	(2,661,183)	(544,174)	-	-	(53,139)	**(3,258,496)**
Impairment on participations and investment securities	-	-	-	-	(135,383)	**(135,383)**
Other provisions	(1,070)	(389)	-	-	(6,369)	**(7,828)**
Results before tax	**(2,468,403)**	**112,645**	**(658)**	**(5,779)**	**(281,948)**	**(2,644,143)**
Income tax						820,997
Results after tax						**(1,823,146)**
At 30 September 2014						
Total assets	38,529,286	13,794,208	600	18,499,072	9,265,383	**80,088,549**
Total liabilities	44,749,910	1,742,160	266	24,103,507	2,195,884	**72,791,727**
Capital expenditure	33,851	630	97	6,328	48,541	**89,447**

Amounts in thousand euros (Unless otherwise stated)

1/1 - 30/9/2013	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Total
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**
Other income	9,219	1,156	2	48,293	3,592,945	**3,651,615**
Net income	**606,129**	**488,295**	**625**	**154,356**	**3,447,421**	**4,696,826**
Depreciation and amortisation	(14,990)	(361)	-	(696)	(37,542)	**(53,590)**
Impairment losses on loans and other receivables	(981,884)	(340,806)	-	-	(1,203)	**(1,323,893)**
Impairment on participations and investment securities	-	-	-	(81)	(257,150)	**(257,231)**
Other provisions	-	-	-	-	-	**0**
Results before tax	**(1,075,126)**	**105,116**	**(1,102)**	**119,019**	**3,231,535**	**2,379,444**
Income tax						589,554
Results after tax						**2,968,998**
At 31 December 2013						
Total assets	41,160,630	17,496,443	11,767	19,766,258	7,342,772	**85,777,870**
Total liabilities	44,036,391	1,758,769	880,495	28,574,053	2,259,073	**77,508,781**
At 30 September 2013						
Capital expenditure	25,247	227	35	513	44,645	**70,668**

Amounts in thousand euros (Unless otherwise stated)

In the tables above, interest income is analyzed into business segments net of interest expense, as the Bank's management relies primarily on net interest revenue to assess the performance of the segment.

During the period 1/1-30/9/2013, negative goodwill due to the acquisition of the Greek banking operations of the three Cypriot banks and of the selected assets and liabilities of former ATEbank, is included in lines "Other Income", "Net Income" and "Results before tax" of other business segments.

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

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

Net income from financial instruments designated at fair value through profit or loss amounts to a loss of € 43.9 million for the period 1/1-30/9/2014, mainly due to the loss from derivatives and foreign exchange losses.

7 Results from investment securities

Results from investment securities amount to a gain of € 72.8 million for the period 1/1-30/9/2014, mainly due to the sale of listed shares of the available for sale portfolio.

8 Other operating income

During the period 1/1-30/9/2014, "Other operating income" was affected mainly by: a) the gain of €144 million resulting from the replacement of one of the two acquired loans of MIG companies, for a total consideration of € 165 million, with a convertible bond issued by MIG and b) the amount of € 39 million approximately, resulting from the recognition of an additional value on acquired loans due to additional collateral.

9 Income tax

	1/1-30/9/2014	1/1-30/9/2013
Current tax	(9,066)	-
Deferred tax	832,896	592,165
Provisions for tax differences	(2,833)	(2,610)
	820,997	**589,554**

In accordance with the provisions of the enacted Greek Tax Law (L.4172/2013), the income tax rate for Greek legal entities is set at 26% for the years from 1/1/2014 and thereon and at 10% for dividends distribution, which will be approved from 1/1/2014 and thereon.

The income tax revenue as at 30/9/2014 amounts to € 821 million and was mainly affected from the additional provisions for loan impairments (€ 638 million) recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes, as well as, from the partial recognition of deferred tax asset (€ 232 million) on the Bank's negative tax reserve in accordance with the provisions of article 72 of Law 4172/2013.

Deferred tax on the Bank's tax losses is based on the best possible estimates of the Management for the future evolution of the Bank's tax results and on its approved Restructuring plan.

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2010 have been finalized.

Amounts in thousand euros (Unless otherwise stated)

For the fiscal years 2011, 2012 and 2013, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non qualified Tax Compliance Report has been issued. For the fiscal year 2013, Piraeus Bank has received a Tax Compliance report with an emphasis of matters on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other countries members of the European Union, according to which the abovementioned transactions are not subject to tax. It is noted that, for tax audit purposes, the fiscal year 2011 has been finalized.

According to Law 4303/2014 Ratification of the Legislative Act “Emergency legislation to replenish the General Secretary of Revenue upon early termination of office” (A 136) and other provisions, deferred tax assets, on specific temporary differences, can be converted into directly enforceable claims against the Greek State, under certain conditions and terms.

As at 30/9/2014, deferred tax assets of the Bank meeting the provisions of Law, rise up to € 3.4 bn approximately, of which € 1.3 bn approximately regards the remaining unamortized amount of debit difference from the participation on the Private Sector Involvement program PSI and € 2.1 bn approximately regards accumulated provisions for loan impairments.

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 year by the weighted average number of ordinary shares in issue during the year. There is no potential dilution on basic earnings/ (losses) per share.

Basic and diluted earnings/ (losses) per share	1/1-30/9/2014	1/1-30/9/2013	1/7-30/9/2014	1/7-30/9/2013
Profit/ (loss) attributable to ordinary shareholders	(1,823,146)	2,968,998	(1,551,364)	(153,393)
Weighted average number of ordinary shares in issue	5,768,334,201	2,008,030,309	6,101,979,715	5,223,223,219
Basic and diluted earnings/ (losses) per share (in euros)	(0.3161)	1.4786	(0.2542)	(0.0294)

According to the requirements of IAS 33, the weighted average number of shares for the comparative period from 1/1/2013 - 30/9/2013 has been adjusted by 1.0297 factor, in order to adjust earnings/ (losses) per share for the discount price of the rights issue of the share capital increase that took place in April 2014.

11 Analysis of other comprehensive income

1/1 - 30/9/2014	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve (note 23)	(120,209)	31,254	(88,954)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	32	-	32
Other comprehensive income	**(120,176)**	**31,254**	**(88,922)**

1/1 - 30/9/2013	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	73,634	(23,474)	50,159
Other comprehensive income	**73,634**	**(23,474)**	**50,159**

Amounts in thousand euros (Unless otherwise stated)

12 Cash and balances with Central Bank

	30 September 2014	31 December 2013
Cash in hand	461,203	526,106
Nostros and sight accounts with other banks	197,454	221,231
Balances with Central Bank	472,128	110,514
Cheques clearing system - Central Bank	158,896	163,338
Blocked deposits	993,997	873,743
Mandatory reserves with Central Bank	13,132	17,547
	2,296,811	**1,912,478**

Mandatory reserves with the Central Bank and blocked deposits are not available for everyday use by the Bank. The amount of blocked deposits mainly contains guarantees granted to credit institutions.

13 Loans and advances to customers

	30 September 2014	31 December 2013
Mortgages	15,931,505	16,307,914
Consumer/ personal and other loans	3,712,086	3,870,733
Credit cards	1,060,549	1,113,243
Loans to individuals	**20,704,141**	**21,291,889**
Loans to corporate entities and Public sector	**38,115,134**	**40,625,386**
Total loans and advances to customers	**58,819,275**	**61,917,276**
Less: Allowance for impairment on loans and advances to customers	(7,401,734)	(4,518,159)
Total loans and advances to customers (net of provisions)	**51,417,541**	**57,399,117**

Amounts in thousand euros (Unless otherwise stated)

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 and 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 and other movements	209	378	11	**597**	(20,411)	**(19,814)**
Balance at 30/9/2013	**206,228**	**521,984**	**146,181**	**874,393**	**3,166,107**	**4,040,500**
Opening balance at 1/10/2013	**206,228**	**521,984**	**146,181**	**874,393**	**3,166,107**	**4,040,500**
Charge for the period	72,032	149,352	107,061	**328,445**	272,855	**601,300**
Loans written-off	-	(38,882)	(9,985)	**(48,868)**	(58,716)	**(107,583)**
Foreign exchange differences and other movements	(538)	(7,612)	(1,037)	**(9,187)**	(6,871)	**(16,058)**
Balance at 31/12/2013	**277,721**	**624,842**	**242,219**	**1,144,782**	**3,373,376**	**4,518,158**
Opening balance at 1/1/2014	**277,721**	**624,842**	**242,219**	**1,144,782**	**3,373,376**	**4,518,158**
Charge for the period	451,313	162,525	56,532	**670,369**	2,534,987	**3,205,357**
Loans written-off	(429)	(62,811)	(24,297)	**(87,537)**	(143,827)	**(231,364)**
Foreign exchange differences and other movements	(640)	513	(426)	**(553)**	(89,864)	**(90,417)**
Balance at 30/9/2014	**727,966**	**725,068**	**274,028**	**1,727,062**	**5,674,672**	**7,401,734**

Amounts in thousand euros (Unless otherwise stated)

Impairment losses on loans and other receivables in the Interim Income Statement for the period 1/1-30/9/2014 includes an amount of € 53.1 million that relates to impairment losses on other receivables.

It is noted that the allowance for impairment of loans of the Group of former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank) and Millennium Bank S.A., at their acquisition date by Piraeus Bank, has decreased the gross balance of loans in the tables above, as under IFRS 3 it has been included in the adjustment of loans to fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the provision. The analysis of the adjustment that has taken place as at the acquisition date per loan category follows:

Loans and advances to customers	
Mortgages	(207,917)
Consumer/ personal loans	(919,529)
Credit cards	(184,931)
Loans to individuals	**(1,312,377)**
Corporate loans and Public sector	**(5,335,652)**
Total adjustment	**(6,648,029)**

14 Available for sale securities

	30 September 2014	31 December 2013
Greek Government bonds	343,441	38,573
Greek Government treasury bills	212,775	381,825
Corporate entities bonds	835	25,611
Bank bonds	513	457
Total bonds and other fixed income securities (A)	**557,564**	**446,466**
Listed shares	114,371	196,413
Unlisted shares	153,975	140,429
Mutual funds	48,003	54,638
Other Variable Income Securities	57,856	50,592
Total shares and other variable income securities (B)	**374,204**	**442,072**
Total available for sale securities (A) + (B)	**931,767**	**888,538**

During the period 1/1-30/9/2014 the Bank' s AFS portfolio was impaired by € 7 million. This impairment is included in line “Impairment on participations and investment securities”.

15 Debt securities - receivables

	30 September 2014	31 December 2013
Corporate entities debt securities - receivables	4,858	4,535
Bank debt securities - receivables	23,846	23,846
Greek Government bonds debt securities - receivables	-	1,272,203
Foreign Government bonds debt securities - receivables and EFSF bonds	14,314,195	14,292,736
Total debt securities - receivables	**14,342,899**	**15,593,320**
Less: Allowance for impairment of debt securities - receivables	(23,846)	(23,846)
Total debt securities - receivables (less allowances for losses)	**14,319,054**	**15,569,474**

Amounts in thousand euros (Unless otherwise stated)

The decrease of the debt securities - receivables issued by the Hellenic Republic during the 3rd quarter of 2014, is mainly due: (a) to the full redemption by the Bank of the total preference shares (Pillar I L.3723/2008) in the amount of amount € 750 million, issued to the Hellenic Republic by the Bank, in exchange for the debt securities of the Hellenic Republic, which were initially transferred to Piraeus Bank in order to cover the issuance of the preference shares, and (b) due to the expiration of a bond of the Hellenic Republic with a nominal value of € 462 million.

Line "Foreign Government bonds debt securities - receivables and EFSF bonds" includes bonds issued by the European Financial Stability Fund (EFSF) of nominal value € 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 nominal value € 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 € 14,314 million as at 30/9/2014.

16 Investments in subsidiaries and associate companies

The investments of Piraeus Bank in subsidiaries and associates are:

A) Subsidiary companies

s/n	Name of Company	Activity	% holding	Country
1.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania
2.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania
3.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia
4.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria
5.	Piraeus Bank Egypt S.A.E.	Banking activities	98.49%	Egypt
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus
8.	Geniki Bank S.A.	Banking activities	99.94%	Greece
9.	Piraeus Leases S.A.	Finance leases	100.00%	Greece
10.	Piraeus Leasing Romania S.R.L.	Finance leases	99.85%	Romania
11.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece
12.	Tirana Leasing S.A.	Finance leases	100.00%	Albania
13.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece
14.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom
15.	Piraeus Leasing Bulgaria EAD	Finance leases	94.83%	Bulgaria
16.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom
17.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece
18.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece
19.	Picar S.A.	City Link areas management	100.00%	Greece
20.	Bulfina S.A.	Property management	100.00%	Bulgaria
21.	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece
22.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
23.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece
24.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece
25.	ND Development S.A.	Property management	100.00%	Greece
26.	Property Horizon S.A.	Property management	100.00%	Greece
27.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece
28.	Piraeus Development S.A.	Property management	100.00%	Greece
29.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece
30.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
31.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.85%	Cyprus
32.	Lakkos Mikelli Real Estate LTD	Property management	40.00%	Cyprus
33.	Philoktimatiki Public LTD	Land and property development	6.39%	Cyprus
34.	IMITHEA S.A. (former New Evolution S.A.)	Organization, operation and management of hospital units	100.00%	Greece
35.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece
36.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia
37.	Vitria Investments S.A.	Investment company	100.00%	Panama
38.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands
39.	Piraeus Insurance - Reinsurance Broker Romania S.R.L.	Insurance and reinsurance Brokerage	95.00%	Romania
40.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases - rent-a-car and long term rental of vehicles	94.00%	Greece
41.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia
42.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom
43.	Piraeus Leasing Doo Beograd	Financial leasing	51.00%	Serbia
44.	Piraeus Capital Management S.A.	Venture Capital Fund	100.00%	Greece
45.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	5.67%	Greece
46.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
47.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
48.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
49.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
50.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
51.	Axia III APC LTD	SPE for securitization of corporate loans	-	United Kingdom
52.	Praxis II APC LTD	SPE for securitization of consumer loans	-	United Kingdom
53.	R.E. Anodus LTD	Consultancy services for real estate development and investments	100.00%	Cyprus
54.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus
55.	Achaia Clauss Estate S.A.	Property management	74.76%	Greece

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
56.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece
57.	Pleiades Estate S.A.	Property management	14.76%	Greece
58.	Exus Software Ltd.	IT products Retailer	50.10%	United Kingdom
59.	Piraeus Real Estate Egypt LLC	Property management	99.90%	Egypt
60.	ATE Insurance S.A.	Insurance	100.00%	Greece
61.	Centre of Sustainable Entrepreneurship Excelixi S.A. (former ATExcelixi S.A.)	Consulting Services - Hotel - Training & Seminars	100.00%	Greece
62.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
63.	R.E. Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus
64.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece
65.	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom
66.	Tellurion Ltd	Holding company	100.00%	Cyprus

Companies numbered 30, 42, 46, 47, 49-52 and 65 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 32, 33, 45, and 57, are included in the Bank's subsidiaries portfolio due to the existence of control in Group level. In addition, the companies numbered 17 and 36-37 are under liquidation as at 30/9/2014. Company numbered 60 has been classified in line "Assets held for sale" as the classification criteria IFRS 5 are met.

During the period 1/1-30/9/2014, the Bank' s investment in subsidiary companies was impaired by € 128 million, due to the unfavourable developments in specific countries and sectors of the Greek economy, where subsidiaries operate. The aforementioned impairment is included in line “Impairment on participations and investment securities”. The most material amounts relate to companies that operate in Ukraine (€ 57 million) and companies that operate in the “property management” sector (€ 66 million).

B) Associate companies

s/n	Name of Company	Activity	% holding	Country
1.	Crete Scient. &Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece
2.	"Evros" Development Company S.A.	European community programs management	30.00%	Greece
3.	Project on Line S.A.	Information technology & software	40.00%	Greece
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

Amounts in thousand euros (Unless otherwise stated)

s/n	Name of Company	Activity	% holding	Country
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.	Exus S.A.	Information technology & software	49.90%	Greece
16.	Piraeus - TANEO 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	22.30%	Greece
19.	Pyrrichos S.A.	Property management	34.65%	Greece
20.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	23.42%	Greece
21.	Euroak S.A. Real Estate	Real Estate Investment	32.81%	Greece
22.	Olganos Real Estate S.A.	Property management/Electricity Production from Hydropower Stations	32.27%	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.

17 Due to credit institutions

"Due to credit institutions" includes refinancing operations through repo transactions within the eurosystem amounting to € 9.9 billion (31/12/2013: € 17.8 billion). The decrease in the refinancing raised from the eurosystem during the period 1/1-30/9/2014 is mainly due to the improvement of liquidity due to the share capital increase (€ 1.75 billion), interbank repo transactions, the repayment of loans to OPEKEPE (€ 1.9 billion) and the issue of a senior bond (€ 500 million).

18 Due to customers

	30 September 2014	31 December 2013
Corporate		
Current and sight deposits	5,860,559	6,098,036
Term deposits	5,051,880	4,663,162
Blocked deposits, guarantee deposits and other accounts	89,164	190,007
Repurchase agreements	1,562	855
Total (A)	**11,003,165**	**10,952,060**
Retail		
Current and sight deposits	2,068,132	1,994,802
Savings account	11,443,939	12,082,282
Term deposits	23,860,195	23,364,750
Blocked deposits, guarantee deposits and other accounts	11,438	11,370
Repurchase agreements	-	42
Total (B)	**37,383,704**	**37,453,247**
Cheques payable and remittances (C)	**158,914**	**93,084**
Total Due to Customers (A)+(B)+(C)	**48,545,783**	**48,498,391**

Amounts in thousand euros (Unless otherwise stated)

19 Debt securities in issue

	30 September 2014	31 December 2013
Euro Medium Term Note		
€ 60 m. floating rate notes due 2015	60,000	60,000
€ 500 m. fixed rate notes due 2017	496,036	-
Accrued interest and other expenses	13,342	1,203
Total (A)	**569,378**	**61,203**
Securitisation of mortgage loans		
€ 750 m. floating rate notes due 2040	48,929	56,665
€ 1,250 m. floating rate notes due 2054	94,880	116,098
€ 600 m. floating rate notes due 2051	35,087	71,297
Total (B)	**178,896**	**244,060**
Total debt securities in issue (A)+(B)	**748,274**	**305,263**

It should be noted that, apart from the debt securities in the table above, as at 30/9/2014 liabilities arising from securitisations of loans are retained by Piraeus Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively.

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

In February 2014, Piraeus Bank issued a € 1,750 million senior bond, due March 2015, with the unconditional and irrevocable guarantee of the Hellenic Republic, under Art. 2 of Law 3723/2008, through Piraeus Bank's EMTN programme. The bond pays a floating rate coupon of 3M Euribor plus 1200 bps and is retained by Piraeus Bank.In May 2014 and June 2014, bonds of € 2,370 million and € 2,206.5 million respectively,issued in 2013 by Piraeus Bank with the unconditional and irrevocable guarantee of the Hellenic Republic (art. 2 of Law 3723/2008) and were retained by Piraeus Bank, matured and have not been renewed.

In March 2014, Piraeus Bank issued a 3-year fixed rate senior bond in the amount of € 500 million through its subsidiary Piraeus Group Finance PLC under the EMTN programme in order to raise medium term funds. The new 3-year bond pays a 5.00% fixed coupon and is listed on the Luxembourg Stock Exchange.

Piraeus Bank, during the period 1/7/2014 – 30/9/2014, proceeded to the buy back of bonds of securitised loans of total amount after amortization of € 6.6 million.

20 Hybrid capital and other borrowed funds

	30 September 2014	31 December 2013
Hybrid Capital (Tier I)		
€ 200 m. floating rate notes due 2034	18,459	18,500
	18,459	**18,500**
Subordinated debt (Tier II)		
€ 400 m. floating rate notes due 2016	224,356	236,490
Accrued interest and other expenses	954	1,014
	225,310	**237,504**
Total hybrid capital and other borrowed funds	**243,769**	**256,004**

Amounts in thousand euros (Unless otherwise stated)

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.

Piraeus Bank, during the period 1/7/2014 – 30/9/2014, proceeded to the buy back of hybrid securities and subordinated securities of total amount € 2.9 million.

21 Contingent liabilities and commitments

A) Legal procedures

The legal proceedings outstanding against the Bank as at 30/9/2014, are not expected to have any significant impact on the financial statements of the Bank. It is noted that the Bank as at 30/9/2014 has raised a provision for outstanding litigations of amount € 7 million.

B) Credit commitments

As at 30/9/2014 the Bank had the following capital commitments:

	30 September 2014	31 December 2013
Letters of guarantee	3,139,920	3,108,064
Letters of credit	35,527	46,647
Commitments to extent credit	1,380,782	1,279,749
	4,556,229	**4,434,461**

C) Assets pledged

	30 September 2014	31 December 2013
Cash and balances with Central Bank	993,997	873,743
Financial instruments at fair value through profit or loss	65,451	25,345
Investment securities	554,270	321,784
Loans and advances to customers	4,002,251	2,361,371
Debt securities - receivables	5,463,544	8,005,582
	11,079,514	**11,587,825**

The above mentioned assets pledged are used for liquidity purposes. Apart from the aforementioned assets, the Group also pledges debt securities of own issue amounting to € 5,358 million as at 30/9/2014 (31/12/2013: € 16,419 million). The amount of € 5,358 million includes securities of equal amount that had been issued with the unconditional and irrecoverable guarantee of the Hellenic Republic. The aforementioned securities are not included in Bank's assets. Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities amounting to € 8,851 million (31/12/2013: € 7,559 million) are also used for liquidity purposes.

It is also noted that the "Loans and advances to customers" include loans of € 3,199 million (31/12/2013: € 1,426 million) which have been pledged under Pillar III (L.3723 / 2008) for liquidity purposes.

D) Operating lease commitments

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

	30 September 2014	31 December 2013
Up to 1 year	70,804	83,368
From 1 to 5 years	289,758	339,773
More than 5 years	539,223	636,881
	899,785	**1,060,022**

Amounts in thousand euros (Unless otherwise stated)

22 Share capital

	Share Capital	Share premium	Total
Opening balance at 1 January 2013	**1,092,998**	**2,953,356**	**4,046,353**
Increase of share capital	1,487,471	6,746,680	8,234,151
Decrease of the nominal value of common shares	(308,698)	308,698	0
Balance at 31 December 2013	**2,271,770**	**10,008,734**	**12,280,505**
Opening balance at 1 January 2014	**2,271,770**	**10,008,734**	**12,280,505**
Increase of share capital	308,824	1,384,581	1,693,404
Repurchase of preferred shares	(750,000)	-	(750,000)
Balance at 30 September 2014	**1,830,594**	**11,393,315**	**13,223,910**

	Number of shares
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 31 December 2013	**6,416,802,751**
Opening balance at 1 January 2014	**6,416,802,751**
Increase of share capital	1,029,411,764
Preferred shares repurchase	(1,344,234,800)
Balance at 30 September 2014	**6,101,979,715**

On 1/1/2014, the Bank’s share capital amounted 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 preference non-voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preference non-voting shares, each with a nominal value of € 0.30.

The Extraordinary General Meeting of the ordinary shareholders of the Bank which took place on 28/3/2014 (the decision of which was approved by the 28/3/2014 decision of the Extraordinary General Meeting of the preference shareholder of the Bank), decided the Bank’s share capital increase in order to raise capital up to € 1.75 billion, through contribution in cash and the issuance of ordinary registered shares and the cancellation of the pre-emption rights of the existing shareholders. Specifically, it was decided a € 308,823,529.20 share capital increase of the Bank with the cancellation of the pre-emption rights of the existing shareholders and the issuance of 1,029,411,764 new ordinary registered voting shares with a nominal value of € 0.30 each and an offer price of € 1.70 per share. Further to the said increase, the Bank’s share capital amounted to € 2,580,593,913.48 divided into 6,101,979,715 ordinary registered voting shares of a nominal value of € 0.30 each and 77,568,134 preference non-voting shares of a nominal value of € 4.77 each, and 1,266,666,666 preference non-voting shares of a nominal value of € 0.30 each.

The Share premium reserve increased by € 1,384,580,554.64 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 30/9/2014 amounted to € 76,480,966.17 before tax and € 56,595,914.97 after tax.

On 21 May 2014, Piraeus Bank S.A. fully redeemed to the Hellenic Republic the total amount of preference shares (Pillar I Law 3723/2008) in the amount of € 750 million, issued to the latter by the Bank. Following the redemption of preference shares, the share capital of the Bank on 30/9/2014 amounts to € 1,830,593,914.50 divided to 6,101,979,715 ordinary registered shares, with a nominal value of € 0.30 each. Relevant amendment to the articles of association of the Bank has been resolved by the Bank's Extraordinary General Meeting of Shareholders dated 30/10/2014.

Amounts in thousand euros (Unless otherwise stated)

The Annual Ordinary General Meeting of Shareholders, held on 16/5/2014, decided not to distribute dividend for the fiscal year 2013, according to the established provisions of article 1 of Law 3723/2008, as amended is in force, for the credit institutions participating in the Economy reinforcement plan, combined with article 44a of C. Law 2190/1920.

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.

23 Other reserves and retained earnings

	30 September 2014	31 December 2013
Legal reserve	69,442	69,442
Available for sale reserve	19,084	108,039
Reserve of defined benefit obligations	6,284	6,252
Total other reserves	**94,810**	**183,732**

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

Available for sale reserve	30 September 2014	31 December 2013
Opening balance for the period	108,039	60,830
Opening balance of acquired banking activities	-	(1,558)
Gains/ (losses) from the valuation of bonds and Greek government treasury bills	(2,783)	58,655
Gains/ (losses) from the valuation of shares and mutual funds	(18,993)	60,150
Recycling to income statement of shares and mutual funds impairment	-	2,100
Recycling of the accumulated fair value adjustment of disposed securities	(98,433)	(49,152)
Deferred income taxes	31,254	(22,985)
Closing balance for the period	**19,084**	**108,039**

Retained earnings movement	30 September 2014	31 December 2013
Opening balance for the period	(4,195,148)	(6,920,981)
Profit/ (loss) after tax for the period	(1,823,146)	2,506,328
Absorbtion of Millennium Bank	-	219,506
Absorbtion of company	(3,603)	-
Closing balance for the period	**(6,021,897)**	**(4,195,148)**

24 Related parties transactions

Related parties include: a) Members of the Bank Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel, c) Companies having transactions with Piraeus Bank, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20% and in any case companies on which the above mentioned persons have significant influence and d) HFSF, which in accordance with IAS 24 is related party of Piraeus Bank, after the recapitalization in the context of the law 3864/2010. There are no material transactions with companies related to HFSF.

Amounts in thousand euros (Unless otherwise stated)

Transactions with related parties are the following:

	30 September 2014	31 December 2013
Loans	141,465	141,747
Deposits	24,380	25,401

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 30/9/2014 are € 3.4 million (31/12/2013: € 3.3 million). Letters of guarantee to subsidiaries of the Group as at 30/9/2014 are € 379.8 million (31/12/2013: € 302.3 million). The total income that relates to members of the Board of Directors and the key management personnel for the period 1/1-30/9/2014 is € 2.6 million (1/1-30/9/2013: € 2.3 million). The total expense that relates to the prementioned related parties for the period 1/1-30/9/2014 is € 0.2 million (1/1-30/9/2013: € 0.4 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 have been issued to related parties 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.

Directors' remuneration	1/1 - 30/9/2014	1/1 - 30/9/2013
Wages, salaries, employers' share of social contributions and charges	7,032	5,667
Provisions for compensation and retirement programs	707	583

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 27.5 million, from € 26.6 million at 31/12/2013. 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 2014	31 December 2013
Assets		
Cash and balances with Central Bank	12,401	7,107
Loans and advances to credit institutions	1,012,674	1,154,480
Loans and advances to customers	2,119,341	2,072,783
Other assets	432,784	455,165
Total	**3,577,200**	**3,689,535**
Liabilities		
Due to credit institutions	1,932,456	1,383,911
Due to customers	854,483	828,544
Debt securities in issue	915,992	458,190
Hybrid capital and other borrowed funds	243,769	256,004
Other liabilities	16,941	23,012
Total	**3,963,641**	**2,949,662**

Amounts in thousand euros (Unless otherwise stated)

	1/1 - 30/9/2014	1/1 - 30/9/2013
Revenues		
Interest and similar income	57,140	63,478
Fee and commission income	8,484	7,802
Other income	1,256	2,043
Total	**66,880**	**73,323**
Expenses		
Interest expense and similar charges	(99,248)	(62,109)
Fee and commission expense	(3,428)	(4,668)
Operating expenses	(29,060)	(27,280)
Total	**(131,737)**	**(94,057)**

II. Associates

	30 September 2014	31 December 2013
Deposits and other liabilities	45,324	32,924
Loans and other receivables	255,528	230,646

	1/1 - 30/9/2014	1/1 - 30/9/2013
Total expense and capital expenditure	(7,851)	(7,113)
Total income	6,314	5,607

25 Capital adequacy

Piraeus Bank has been compliant from January 2014 with the new regulatory framework of Capital adequacy of credit institutions, under the standards of Basel III which came into force with the Directive 2013/36/EU and Regulation 575/2013.

Bank of Greece requires from each Banking Institution to maintain a minimum level of regulatory capital related to the undertaken risks.

The minimum Capital Adequacy Ratios that Banking Institutions are required to keep from 1/1/2014 according to the new regulatory framework are:

- Common Equity Tier 1 Ratio (CET1): 4.5%
- Tier 1 Ratio (T1): 6%
- Total Capital Ratio (TC): 8%

The main Piraeus Bank objectives related to the capital adequacy management are the following:

- To comply with the regulatory requirements against the undertaken risks according to the regulatory framework.
- Preserve the Group's ability to continue unhindered its operations, thus to continue providing returns and benefits to its shareholders, and ensure the confidence of its customers.
- To retain a sound and stable capital base in order to support the Bank's management business plans.

For the calculation of regulatory capital there have been applied the regulatory adjustments as defined in the scheme of the transitional period in Regulation 575/2013.

Amounts in thousand euros (Unless otherwise stated)

Capital adequacy ratios as of 31/12/2013, according to the Basel II rules and as of 30/9/2014, based on the new rules of Basel III, are the following:

	30 September 2014	31 December 2013
Common Equity Tier 1 Capital (CET1)	6,993,104	7,998,488
Tier 2 Capital (T2)	90,124	100,952
Total Capital (TC)	7,083,228	8,099,440
Total risk weighted assets (on and off-balance sheet items)	49,894,976	52,503,489
Common Equity Tier 1 ratio	14.0%	15.2%
Tier 1 ratio	14.0%	15.2%
Total Capital ratio	14.2%	15.4%

As of 30th September 2014, the abovementioned ratios are fully complying with the regulatory demands showing the strong capital base of the Bank.

26 Changes in presentation of financial information for the comparative period

In the interim statement of financial position as at 30/9/2014, “Trading securities” are included in the “Financial instruments at fair value through profit or loss”. Therefore, in the interim statement of financial position of 31/12/2013, the presentation of the “Trading securities” of amount € 27.7 million has been changed and it has been included in the “Financial instruments at fair value through profit or loss”.

In the interim income statement of the period 1/1-30/9/2014, “Net trading income” is included in the “Net income from financial instruments designated at fair value through profit or loss”. Therefore, in the interim income statement of the period 1/1-30/9/2013, the presentation of the “Net trading income” of amount € 86 million has been changed and it has been included in the "Net income from financial instruments designated at fair value through profit or loss”.

Amounts in thousand euros (Unless otherwise stated)

27 Events subsequent to the end of the interim period

- On October 26, 2014, ECB announced the results of the Comprehensive Assessment which was conducted by the European Central Bank ("ECB") in cooperation with the European Banking Authority ("EBA") and the Central Bank of Greece.

The assessment was conducted by reference to a balance sheet as of 31 December 2013 ("Static Balance Sheet"), and Piraeus' restructuring plan ("Dynamic Balance Sheet"). Both balance sheets were stressed under a "baseline" and "adverse" scenario.

In the Dynamic Balance Sheet approach, Piraeus Bank resulted with a Common Equity Tier 1 capital ratio (“CET1 ratio”) of 11.4% under the “baseline” scenario and 6.7% under the "adverse" scenario, against minimum threshold requirements of 8.0% and 5.5% respectively.

The Static Balance Sheet approach, combined with the impact of the Euro 1.75 billion capital increase that took place in April 2014 and the Euro 750 million repayment of the State preference shares in May 2014, leads to a CET1 ratio of the Bank of 10.7% and 6.1% in the "baseline" and "adverse" scenarios respectively. These ratios do not take into account the benefit of the potential conversion of deferred tax assets to deferred tax credit (L.4302/2014 as amended on 16 October 2014).

- Following the October 7, 2014 decision of the Board of Directors, an Extraordinary General Meeting of Shareholders (EGM) was held on October 30, 2014, which approved the merger of the Bank with its subsidiary "GENIKI BANK S.A." according to the provisions of the article 79 of Codified Law 2190/1920, articles 1-5 of Law 2166/1993 and article 16 of Law 2515/1997, as currently in force and authorized the appropriate members of the Board to carry out any action, in order to complete the merger.

Furthermore the EGM also approved the redemption and cancellation of the Greek State preference shares of Law 3723/2008 issued by the Bank in favour of the Greek State. Additionally, it approved the reduction of the Bank’s share capital by the amount corresponding to the redeemed preference shares of Law N. 3723/2008, which were owned by the Greek State, and will be cancelled, i.e. by the amount of € 749,999,998.98.

- On November 4, 2014 the European Central Bank (ECB) assumed responsibility for the supervision of euro area banks. The ECB will directly supervise 120 significant banking groups, including Piraeus Bank Group, which represent 82% (by assets) of the euro area banking sector. The Single Supervisory Mechanism (SSM) is a new system of banking supervision, comprising the ECB and the national competent authorities of the participating countries. Its main aims are to contribute to the safety and soundness of credit institutions and the stability of the European financial system and to ensure consistent supervision.

- On November 20, 2014, the General Electronic Commercial Registry (G.E.MI) registered the decision No. 61164/20-11-2014 of the Ministry of Development & Competitiveness regarding the approval of the merger of Piraeus Bank and Geniki Bank S.A., by acquisition of the latter by the former. Furthermore, on November 23, 2014, Piraeus Bank completed successfully the systemic integration of Geniki Bank in the IT systems unified environment.

Athens, November 25th, 2014

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