

**PIRAEUS BANK**



**PIRAEUS BANK S.A.**

## **Interim Condensed Financial Information**

**31 March 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 May 30th, 2014 and it is available on the web site of Piraeus Bank at [www.piraeusbankgroup.com](http://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	
		31 March 2014	31 March 2013
Interest and similar income		748,403	610,935
Interest expense and similar charges		(361,249)	(394,832)
<b>NET INTEREST INCOME</b>		<b>387,154</b>	<b>216,103</b>
Fee and commission income		54,346	36,508
Fee and commission expense		(5,223)	(4,132)
<b>NET FEE AND COMMISSION INCOME</b>		<b>49,123</b>	<b>32,376</b>
Dividend income		25	68
Net income from financial instruments designated at fair value through profit or loss		(1,881)	32,691
Results from investment securities		5,311	6,183
Other operating income		2,750	8,490
Negative goodwill due to acquisitions		-	3,413,691
<b>TOTAL NET INCOME</b>		<b>442,482</b>	<b>3,709,603</b>
Staff costs		(142,000)	(97,181)
Administrative expenses		(93,493)	(55,254)
Depreciation and amortisation		(32,939)	(14,754)
<b>TOTAL OPERATING EXPENSES BEFORE PROVISIONS</b>		<b>(268,433)</b>	<b>(167,189)</b>
<b>PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX</b>		<b>174,050</b>	<b>3,542,414</b>
Impairment losses on loans and other receivables	10	(455,462)	(425,772)
Other provisions and impairment		(929)	(8)
<b>PROFIT/ (LOSS) BEFORE INCOME TAX</b>		<b>(282,342)</b>	<b>3,116,634</b>
Income tax	6	73,317	544,422
<b>PROFIT/ (LOSS) AFTER TAX</b>		<b>(209,024)</b>	<b>3,661,056</b>
<b>Earnings/ (losses) per share (in euros):</b>			
- Basic and Diluted	7	(0.0400)	30.9212

**INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME**

	Note	Period from 1 January to	
		31 March 2014	31 March 2013
<b>Profit/ (loss) after tax for the period (A)</b>		<b>(209,024)</b>	<b>3,661,056</b>
<b>Other comprehensive income, net of tax:</b>			
<b>Amounts that can be reclassified in the Income Statement</b>			
Net change in available for sale reserve	8, 20	26,703	(1,002)
<b>Other comprehensive income, net of tax (B)</b>	8, 20	<b>26,703</b>	<b>(1,002)</b>
<b>Total comprehensive income, net of tax (A)+(B)</b>		<b>(182,321)</b>	<b>3,660,054</b>

## INTERIM STATEMENT OF FINANCIAL POSITION

	Note	31 March 2014	31 December 2013
<b>ASSETS</b>			
Cash and balances with Central Bank	9	2,232,841	1,912,478
Loans and advances to credit institutions		1,122,797	1,163,172
Financial instruments at fair value through profit or loss		72,748	44,875
Derivative financial instruments - assets		391,771	321,307
Reverse repos with customers		110,400	6,353
Loans and advances to customers (net of provisions)	10	54,522,281	57,399,117
Available for sale securities	11	621,715	888,538
Debt securities - receivables	12	15,541,554	15,569,474
Assets held for sale		10,307	10,307
Inventories property		374,849	351,498
Investment property		291,665	291,057
Investments in subsidiaries		1,732,353	1,707,317
Investments in associated undertakings		292,101	291,901
Property, plant and equipment		772,675	785,813
Intangible assets		218,387	222,427
Deferred tax assets		2,773,514	2,706,304
Other assets		2,068,193	2,105,932
<b>TOTAL ASSETS</b>		<b>83,150,150</b>	<b>85,777,870</b>
<b>LIABILITIES</b>			
Due to credit institutions	14	24,243,355	27,251,988
Due to customers	15	48,578,605	48,498,391
Liabilities at fair value through profit or loss		-	549
Derivative financial instruments - liabilities		401,293	325,996
Debt securities in issue	16	784,842	305,263
Current income tax liabilities		21,106	17,583
Retirement benefit obligations		148,300	145,844
Other provisions		21,729	20,879
Other liabilities		608,128	686,283
Hybrid capital and other borrowed funds	17	256,026	256,004
<b>TOTAL LIABILITIES</b>		<b>75,063,383</b>	<b>77,508,781</b>
<b>EQUITY</b>			
Share capital	19	2,271,770	2,271,770
Share premium	19	10,008,734	10,008,734
Other reserves	20	210,435	183,732
Retained earnings	20	(4,404,172)	(4,195,148)
<b>TOTAL EQUITY</b>		<b>8,086,768</b>	<b>8,269,089</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>83,150,150</b>	<b>85,777,870</b>

## INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital	Share Premium	Other reserves	Retained earnings	TOTAL
<b>Opening balance as at 1 January 2013</b>		<b>1,092,998</b>	<b>2,953,356</b>	<b>130,271</b>	<b>(6,920,981)</b>	<b>(2,744,356)</b>
Other comprehensive income, net of tax	8, 20			(1,002)		(1,002)
Results after tax for the period 1/1/2013 - 31/3/2013	20				3,661,056	3,661,056
<b>Total recognised income for the period 1/1/2013 - 31/3/2013</b>		<b>0</b>	<b>0</b>	<b>(1,002)</b>	<b>3,661,056</b>	<b>3,660,054</b>
<b>Balance as at 31 March 2013</b>		<b>1,092,998</b>	<b>2,953,356</b>	<b>129,269</b>	<b>(3,259,925)</b>	<b>915,698</b>
<b>Opening balance as at 1 April 2013</b>		<b>1,092,998</b>	<b>2,953,356</b>	<b>129,269</b>	<b>(3,259,925)</b>	<b>915,698</b>
Other comprehensive income, net of tax	20			54,463		54,463
Results after tax for the period 1/4/2013 - 31/12/2013	20				(1,154,729)	(1,154,729)
<b>Total recognised income for the period 1/4/2013 - 31/12/2013</b>		<b>0</b>	<b>0</b>	<b>54,463</b>	<b>(1,154,729)</b>	<b>(1,100,266)</b>
Increase of share capital	19	1,487,471	6,746,680			8,234,151
Decrease of the nominal value of ordinary shares	19	(308,698)	308,698			0
Absorbtion of Millennium Bank	20				219,506	219,506
<b>Balance as at 31 December 2013</b>		<b>2,271,770</b>	<b>10,008,734</b>	<b>183,732</b>	<b>(4,195,148)</b>	<b>8,269,089</b>
<b>Opening balance as at 1 January 2014</b>		<b>2,271,770</b>	<b>10,008,734</b>	<b>183,732</b>	<b>(4,195,148)</b>	<b>8,269,089</b>
Other comprehensive income, net of tax	8, 20			26,703		26,703
Results after tax for the period 1/1/2014 - 31/3/2014	20				(209,024)	(209,024)
<b>Total recognised income for the period 1/1/2014 - 31/3/2014</b>		<b>0</b>	<b>0</b>	<b>26,703</b>	<b>(209,024)</b>	<b>(182,321)</b>
<b>Balance as at 31 March 2014</b>		<b>2,271,770</b>	<b>10,008,734</b>	<b>210,435</b>	<b>(4,404,172)</b>	<b>8,086,768</b>

**INTERIM CASH FLOW STATEMENT**

	Period from 1 January to	
	31 March 2014	31 March 2013
<i>Cash flows from operating activities</i>		
Profit / (loss) before tax	(282,342)	3,116,634
Adjustments to profit/ loss before tax:		
Add: provisions and impairment	456,391	425,780
Add: depreciation and amortisation charge	32,939	14,754
Add: retirement benefits	2,919	2,939
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss	15,343	(5,189)
(Gains)/ losses from investing activities	(5,338)	(6,249)
Deduct: negative goodwill due to acquisitions	-	(3,413,691)
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>	219,912	134,978
<i>Changes in operating assets and liabilities:</i>		
Net (increase)/ decrease in cash and balances with Central Bank	2,189	24,734
Net (increase)/ decrease in financial instruments at fair value through profit or loss	(32,782)	36,140
Net (increase)/ decrease in loans and advances to credit Institutions	16,347	1,415,068
Net (increase)/ decrease in loans and advances to customers	2,435,214	456,669
Net (increase)/ decrease in debt securities - receivables	(1,261)	(827,330)
Net (increase)/ decrease in reverse repos with customers	(104,048)	(279)
Net (increase)/ decrease in other assets	(64,302)	421,048
Net increase/ (decrease) in amounts due to credit institutions	(3,008,634)	(4,001,151)
Net increase/ (decrease) in liabilities at fair value through profit or loss	(549)	(21,349)
Net increase/ (decrease) in amounts due to customers	80,214	1,528,753
Net increase/ (decrease) in other liabilities	(3,324)	(48,932)
<i>Net cash flow from operating activities before income tax payment</i>	(461,023)	(881,648)
Income tax paid	-	(292)
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>(461,023)</b>	<b>(881,940)</b>
<i>Cash flows from investing activities</i>		
Purchases of property, plant and equipment	(13,222)	(10,323)
Sales of property, plant and equipment	16,537	4
Purchases of intangible assets	(3,167)	(3,915)
Purchases of assets held for sale	-	(172,057)
Purchases of investment securities	(1,798,514)	(1,384,215)
Disposals/ maturity of investment securities	2,106,532	2,722,011
Acquisition of subsidiaries and participation in share capital increases	-	(11,935)
Acquisition of associates and participation in share capital increases	(200)	(94)
Dividends receipts from available for sale securities	-	66
<b>Net cash inflow/ (outflow) from investing activities</b>	<b>307,967</b>	<b>1,139,542</b>
<i>Cash flows from financing activities</i>		
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds	470,617	(37,289)
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>470,617</b>	<b>(37,289)</b>
Effect of exchange rate changes on cash and cash equivalents	1,839	(10,247)
<b>Net increase/ (decrease) in cash and cash equivalents of the period (A)</b>	<b>319,400</b>	<b>210,066</b>
<b>Cash and cash equivalents at the beginning of the period (B)</b>	<b>1,040,989</b>	<b>1,389,560</b>
Cash and cash equivalents at the acquisition date of assets and liabilities of Cypriot banks' network in Greece (C)	-	11,696
<b>Cash and cash equivalents at the end of the period (A)+(B)+(C)</b>	<b>1,360,389</b>	<b>1,611,322</b>

## 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 sociétés 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 14,133 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 Small Cap, RAFI, Med 100), MSCI (Emerging Markets, EM EMEA, Greece, ESG), Euro Stoxx (TMI, TMI Banks, Greece TM) and S&P (Global BMI, Developed BMI).

## 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. The assessment of control, under the new control criteria of the aforementioned standard, did not change the consolidated entities of the Group.
- **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. The adoption of the aforementioned standard did not affect the financial statements of the Bank.
- **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, as well as 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 significant 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 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 2013.

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 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 first quarter of 2014 are not comparable with the relevant figures for the first quarter of 2013 as Piraeus Bank a) acquired the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/03/2013 and b) incorporated Millennium Bank S.A. on 19/12/2013.

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 consists an additional risk factor for the Greek banking system.

On 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.

On 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.

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 recapitalisation programme of systemic banks in 2013 and the share capital increase that took place in spring 2014 for these 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 has been already provided to the HFSF for the support of the Greek banking system is € 50 billion, while € 39 billion have already been provided).
- 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. 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 have been prepared on a going concern basis.

#### 4 Fair values of assets and liabilities

##### A) Assets and liabilities not held 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.

	Carrying value		Fair value	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<b>Assets</b>				
Loans and advances to credit Institutions	1,122,797	1,163,172	1,122,797	1,163,172
Loans and advances to customers (net of provisions)	54,522,281	57,399,117	54,103,376	57,368,509
Debt securities - receivables	15,541,554	15,569,474	15,826,114	15,801,787
Reverse repos with customers	110,400	6,353	110,400	6,353
	Carrying value		Fair value	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<b>Liabilities</b>				
Due to credit institutions	24,243,355	27,251,988	24,243,355	27,251,988
Due to customers	48,578,605	48,498,391	48,578,605	48,498,391
Debt securities in issue	784,842	305,263	666,646	175,728
Hybrid capital and other borrowed funds	256,026	256,004	137,580	137,559

The fair values as at 31/3/2014 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 held to maturity investments securities and debt securities – receivables is estimated using quoted market prices. Where this information is not available, fair value has been estimated using the prices of securities with similar credit, maturity and yield characteristics, or by discounting cash flows.

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

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

##### B) 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 shares 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 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 estimated fair value of the shares in level 3 is only taken into account for impairment test purposes, else these participations are recorded at cost.

This fair value 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 as mentioned above, reconciliation of level 3 items for the first quarter of 2014 and sensitivity analysis:

<b>Assets &amp; Liabilities measured at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Derivative financial instruments - assets	-	391,771	-	<b>391,771</b>
Financial Assets at FV through PL				
- Trading Bonds	45,956	-	-	<b>45,956</b>
- Trading Treasury bills	11,001	-	-	<b>11,001</b>
- Shares at FV through PL	15,792	-	-	<b>15,792</b>
Available for Sale Securities				
- Bonds	36,644	475	-	<b>37,119</b>
- Treasury bills	112,114	-	-	<b>112,114</b>
- Shares & Other variable income securities	298,293	-	174,189	<b>472,482</b>
<b>Liabilities</b>				
Derivative financial instruments - liabilities	-	401,293	-	<b>401,293</b>
<b>Reconciliation of level 3 items</b>				<b>Shares &amp; Other variable Income securities</b>
Opening Balance				173,621
Share purchases				35
Transfer to level 3				-
Transfer from level 3				-
Foreign exchange differences				533
<b>Total</b>				<b>174,189</b>

During the first quarter 2014, no transfer from level 2 to level 1 occurred and vice versa.

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 available for sale securities:

<b>Sensitivity Analysis of level 3 measurements to alternative assumptions, in million euro reflected in:</b>	<b>Favourable changes</b>	<b>Unfavourable changes</b>
<b>Income Statement</b>		
Available for sale securities	-	(19)
<b>Equity Statement</b>		
Available for sale securities	16	-

## 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** – 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 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:

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Asset Management &amp; Treasury</b>	<b>Other business segments</b>	<b>Total</b>
<b>1/1 -31/3/2014</b>						
Net interest income	232,114	162,280	-	18,682	(25,923)	<b>387,154</b>
Net fee and commission income	33,689	13,100	1,872	436	26	<b>49,123</b>
Other income	2,588	330	(15)	1,313	1,988	<b>6,205</b>
<b>Net income</b>	<b>268,391</b>	<b>175,710</b>	<b>1,858</b>	<b>20,431</b>	<b>(23,908)</b>	<b>442,482</b>
Depreciation and amortisation	(21,494)	(20)	-	(55)	(11,370)	<b>(32,939)</b>
Impairment losses on loans and other receivables	(349,618)	(89,221)	-	-	(16,623)	<b>(455,462)</b>
Other provisions and impairment	(440)	(160)	-	-	(329)	<b>(929)</b>
<b>Results before tax</b>	<b>(309,921)</b>	<b>69,360</b>	<b>1,416</b>	<b>9,034</b>	<b>(52,230)</b>	<b>(282,341)</b>
Income tax						73,317
<b>Results after tax</b>						<b>(209,024)</b>
<b>At 31 March 2014</b>						
Segment assets	39,635,071	15,854,133	10,956	18,915,221	8,734,770	<b>83,150,150</b>
Segment liabilities	45,053,824	1,561,861	821,378	25,451,801	2,174,520	<b>75,063,383</b>
Capital expenditure	5,260	111	33	443	10,542	<b>16,388</b>
<b>1/1 -31/3/2013</b>						
Net interest income	165,046	77,521	-	27,143	(53,606)	<b>216,103</b>
Net fee and commission income	21,998	6,836	128	(274)	3,688	<b>32,376</b>
Other income	2,097	4,779	(7)	41,571	3,412,684	<b>3,461,123</b>
<b>Net income</b>	<b>189,141</b>	<b>89,136</b>	<b>121</b>	<b>68,440</b>	<b>3,362,766</b>	<b>3,709,603</b>
Depreciation and amortisation	(4,935)	(417)	(2)	(198)	(9,201)	<b>(14,754)</b>
Impairment losses on loans and other receivables	(388,739)	(37,033)	-	-	-	<b>(425,772)</b>
Other provisions and impairment	-	-	-	-	(7)	<b>(7)</b>
<b>Results before tax</b>	<b>(389,150)</b>	<b>46,268</b>	<b>(419)</b>	<b>63,402</b>	<b>3,396,533</b>	<b>3,116,635</b>
Income tax						544,422
<b>Results after tax</b>						<b>3,661,057</b>
<b>At 31 December 2013</b>						
Segment assets	41,160,630	17,496,443	11,767	19,766,258	7,342,772	<b>85,777,870</b>
Segment liabilities	44,036,391	1,758,769	880,495	28,574,053	2,259,073	<b>77,508,781</b>
<b>At 31 March 2013</b>						
Capital expenditure	2,920	87	17	214	11,000	<b>14,239</b>

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.

At the 1st quarter 2013 negative goodwill due to the acquisition of the Greek banking operations of the three Cypriot banks is included in lines, "Other income", "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%.

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

## 6 Income tax

	1/1 - 31/3/2014	1/1 - 31/3/2013
Current tax	(3,285)	-
Deferred tax	76,602	544,422
	<b>73,317</b>	<b>544,422</b>

As provided for by Article 9 of the Greek Tax Law 4110/23.1.2013, the income tax rate for Greek legal entities increased from 20% to 26% from 01/01/2013 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.

From the 2011 financial year and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an "Annual Tax Certificate" as provided for by paragraph 5 of Article 82 of L.2238/1994. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days of the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance in accordance with Law regulations will select a sample of companies for tax audit by the relevant auditors from the Ministry of Finance. The audit by the Ministry of Finance must be completed within a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance.

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

For the fiscal years 2011 and 2012, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non qualified Tax Compliance Report has been issued. It is noted that, for tax audit purposes the fiscal year 2011 has been finalized, since on 31/12/2013 a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance has been completed.

For the fiscal year 2013, the tax audit by PricewaterhouseCoopers S.A is still in progress and no material findings are expected.

## 7 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.

	1/1 - 31/3/2014	1/1 - 31/3/2013
<b>Basic and diluted earnings/ (losses) per share</b>		
Profit/ (loss) attributable to ordinary shareholders	(209,024)	3,661,056
Weighted average number of ordinary shares in issue	5,223,223,219	118,399,388
Basic and diluted earnings/ (losses) per share (in euros)	(0.0400)	30.9212

According to the requirements of IAS 33, the weighted average number of shares for the comparative period from 1/1/2013 - 31/3/2013 has been adjusted by 1.0297 and 1.0057 factors, in order to adjust earnings per share for the discount price of the rights issue of the share capital increase that took place in April 2014 and in June 2013 respectively. Comparative period has been also adjusted by a factor 1/10 in order to adjust earnings per share for the reverse split performed in June 2013.

## 8 Analysis of other comprehensive income

	Before-Tax amount	Tax	Net-of-Tax amount
<b>1/1 - 31/3/2014</b>			
<b>Amounts that can be reclassified in the Income Statement</b>			
Net change in available for sale reserve (note 20)	36,085	(9,382)	26,703
<b>Other comprehensive income</b>	<b>36,085</b>	<b>(9,382)</b>	<b>26,703</b>
<b>1/1 - 31/3/2013</b>			
<b>Amounts that can be reclassified in the Income Statement</b>			
Net change in available for sale reserve	4,546	(5,548)	(1,002)
<b>Other comprehensive income</b>	<b>4,546</b>	<b>(5,548)</b>	<b>(1,002)</b>

## 9 Cash and balances with Central Bank

	31 March 2014	31 December 2013
Cash in hand	413,308	526,106
Nostros and sight accounts with other banks	156,288	221,231
Balances with Central Bank	645,856	110,514
Cheques clearing system - Central Bank	128,288	163,338
Blocked deposits	874,471	873,743
Mandatory reserves with Central Bank	14,629	17,547
	<b>2,232,841</b>	<b>1,912,478</b>

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

## 10 Loans and advances to customers

	31 March 2014	31 December 2013
Mortgages	16,162,489	16,307,914
Consumer/ personal and other retail loans	3,800,590	3,870,733
Credit cards	1,082,225	1,113,243
<b>Loans to individuals</b>	<b>21,045,304</b>	<b>21,291,889</b>
<b>Loans to corporate entities and Public sector</b>	<b>38,375,048</b>	<b>40,625,386</b>
<b>Total loans and advances to customers</b>	<b>59,420,352</b>	<b>61,917,276</b>
Less: Allowance for impairment on loans and advances to customers	(4,898,071)	(4,518,159)
<b>Total loans and advances to customers (net of provisions)</b>	<b>54,522,281</b>	<b>57,399,117</b>

### 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
<b>Opening balance at 1/1/2013</b>	<b>144,756</b>	<b>430,636</b>	<b>168,254</b>	<b>743,645</b>	<b>2,127,780</b>	<b>2,871,426</b>
Charge for the period	22,484	57,373	(208)	79,649	343,186	422,835
Loans written-off	(446)	(10,026)	(5,184)	(15,656)	(56,419)	(72,074)
Foreign exchange differences	21	40	31	91	2,166	2,258
<b>Balance at 31/3/2013</b>	<b>166,815</b>	<b>478,023</b>	<b>162,893</b>	<b>807,731</b>	<b>2,416,714</b>	<b>3,224,444</b>

	Mortgages	Consumer/ personal and other retail loans	Credit Cards	Total Loans to individuals	Loans to corporate entities and Public sector	Total
<b>Opening balance at 1/4/2013</b>	<b>166,815</b>	<b>478,023</b>	<b>162,893</b>	<b>807,731</b>	<b>2,416,714</b>	<b>3,224,444</b>
Charge for the period	111,008	192,945	112,882	416,835	1,046,577	1,463,412
Loans written-off	249	(38,852)	(32,499)	(71,101)	(60,467)	(131,568)
Foreign exchange differences and other movements	(350)	(7,275)	(1,057)	(8,682)	(29,448)	(38,130)
<b>Balance at 31/12/2013</b>	<b>277,721</b>	<b>624,842</b>	<b>242,219</b>	<b>1,144,782</b>	<b>3,373,376</b>	<b>4,518,158</b>

	Mortgages	Consumer/ personal and other retail loans	Credit Cards	Total Loans to individuals	Loans to corporate entities and Public sector	Total
<b>Opening balance at 1/1/2014</b>	<b>277,721</b>	<b>624,842</b>	<b>242,219</b>	<b>1,144,782</b>	<b>3,373,376</b>	<b>4,518,158</b>
Charge for the period	20,452	32,016	31,637	84,105	354,734	438,839
Loans written-off	(334)	(8,928)	(12,259)	(21,521)	(6,966)	(28,488)
Foreign exchange differences and other movements	(640)	513	(426)	(553)	(29,885)	(30,438)
<b>Balance at 31/3/2014</b>	<b>297,199</b>	<b>648,442</b>	<b>261,172</b>	<b>1,206,813</b>	<b>3,691,259</b>	<b>4,898,072</b>

Impairment losses on loans and other receivables' in the Interim Income Statement for the period 1/1-31/3/2014 includes an amount of € 16.6 million that relates to impairment losses on other receivables.

It should be 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 SA, 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:

	31 March 2014	31 December 2013
<b>Loans and advances to customers</b>		
<b>Loans to individuals</b>	<b>(1,312,377)</b>	<b>(1,312,377)</b>
Mortgages	(207,917)	(207,917)
Consumer/ personal loans	(919,529)	(919,529)
Credit cards	(184,931)	(184,931)
<b>Corporate loans and Public sector</b>	<b>(5,335,653)</b>	<b>(5,335,652)</b>
<b>Total adjustment</b>	<b>(6,648,029)</b>	<b>(6,648,029)</b>

## 11 Available for sale securities

	31 March 2014	31 December 2013
<b>Bonds and other fixed income securities</b>		
Greek Government bonds	36,644	38,573
Greek Government treasury bills	112,114	381,825
Corporate entities bonds	-	25,611
Bank bonds	475	457
<b>Total (A)</b>	<b>149,233</b>	<b>446,466</b>
<b>Shares and other variable income securities</b>		
Listed shares	221,574	196,413
Unlisted shares	140,467	140,429
Mutual funds	52,154	54,638
Other Variable Income Securities	58,287	50,592
<b>Total (B)</b>	<b>472,482</b>	<b>442,072</b>
<b>Total available for sale securities (A) + (B)</b>	<b>621,715</b>	<b>888,538</b>

## 12 Debt securities - receivables

	31 March 2014	31 December 2013
Corporate entities debt securities - receivables	4,425	4,535
Bank debt securities - receivables	23,846	23,846
Greek Government bonds debt securities - receivables	1,216,658	1,272,203
Foreign Government bonds debt securities - receivables and EFSF bonds	14,320,470	14,292,736
<b>Total debt securities - receivables</b>	<b>15,565,399</b>	<b>15,593,320</b>
Less: Allowance for impairment of debt securities - receivables	(23,846)	(23,846)
<b>Total debt securities - receivables (less allowances for losses)</b>	<b>15,541,554</b>	<b>15,569,474</b>

Debt securities - receivables as at 31/3/2014 include Greek Government Bonds of nominal value € 1,245 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 nominal value € 463 million 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 € 1,217 million as at 31/3/2014.

Foreign Government Debt securities include 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 € 14,320 million as at 31/3/2014.

## 13 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	98.30%	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

**Piraeus Bank - 31 March 2014**  
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.	New Evolution S.A.	Property, tourism & development company	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.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	100.00%	Greece
48.	Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
49.	Piraeus Insurance Agency S.A.	Insurance agency	95.00%	Greece
50.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
51.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
52.	Axia III APC LTD	SPE for securitization of corporate loans	-	United Kingdom
53.	Praxis II APC LTD	SPE for securitization of consumer loans	-	United Kingdom
54.	R.E. Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus
55.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus
56.	Achaia Clauss Estate S.A.	Property management	74.76%	Greece
57.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece
58.	Pleiades Estate S.A.	Property management	14.76%	Greece
59.	Exus Software Ltd.	IT products Retailer	50.10%	United Kingdom
60.	Piraeus Real Estate Egypt LLC	Property management	99.90%	Egypt
61.	ATE Insurance S.A.	Insurance	100.00%	Greece
62.	Centre of Sustainable Entrepreneurship Excelixi S.A. (former Atexcelixi S.A.)	Consulting Services - Hotel - Training & Seminars	100.00%	Greece
63.	Piraeus Asset Management Europe S.A.	Mutual funds management	99.94%	Luxemburg
64.	R.E. Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus
65.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece
66.	Geniki Asset Management A.E.D.A.K. (former Millennium A.E.D.A.K.)	Mutual funds management	100.00%	Greece
67.	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom
68.	Tellurion Ltd	Holding company	100.00%	Cyprus

Companies numbered 30, 42, 46, 48, 50-53 and 67 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 32, 33, 45, and 58, 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 31/3/2014. Company numbered 61 has been classified in line "Assets held for sale" as the classification criteria IFRS 5 are met.

**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

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s/n	Name of Company	Activity	% holding	Country
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.	Exus S.A.	Information technology & software	49.90%	Greece
16.	Piraeus - TANE0 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.

The entity numbered 22 was established as at 29/1/2014 and has not started business operation as at 31/3/2014.

#### 14 Due to credit institutions

"Due to credit institutions" includes refinancing operations through repo transactions within the eurosystem amounting to € 10.3 billion (31/12/2013: € 17.8 billion). The decrease in the refinancing raised from the eurosystem during the first quarter of 2014 is mainly due to interbank repo transactions, the repayment of loans to OPEKEPE (€ 1.9 billion) and the issue of a senior bond (€ 500 million).

#### 15 Due to customers

	31 March 2014	31 December 2013
<b>Corporate</b>		
Current and sight deposits	6,287,552	6,098,036
Term deposits	4,734,858	4,663,162
Blocked deposits, guarantee deposits and other accounts	172,908	190,007
Repurchase agreements	1,460	855
<b>Total (A)</b>	<b>11,196,778</b>	<b>10,952,060</b>
<b>Retail</b>		
Current and sight deposits	1,933,794	1,994,802
Savings account	11,490,513	12,082,282
Term deposits	23,796,249	23,364,750
Blocked deposits, guarantee deposits and other accounts	11,697	11,370
Repurchase agreements	-	42
<b>Total (B)</b>	<b>37,232,253</b>	<b>37,453,247</b>
<b>Cheques payable and remittances (C)</b>	<b>149,575</b>	<b>93,084</b>
<b>Total Due to Customers (A)+(B)+(C)</b>	<b>48,578,605</b>	<b>48,498,391</b>

#### 16 Debt securities in issue

	31 March 2014	31 December 2013
<b>Euro Medium Term Note</b>		
€ 60 m. floating rate notes due 2015	60,000	60,000
€ 500 m. fixed rate notes due 2017	497,840	-
Accrued interest and other expenses	1,480	1,203
<b>Total (A)</b>	<b>559,320</b>	<b>61,203</b>
<b>Securitisation of mortgage loans</b>		
€ 750 m. floating rate notes due 2040	53,911	56,665
€ 1,250 m. floating rate notes due 2054	103,271	116,098
€ 600 m. floating rate notes due 2051	68,340	71,297
<b>Total (B)</b>	<b>225,522</b>	<b>244,060</b>
<b>Total debt securities in issue (A)+(B)</b>	<b>784,842</b>	<b>305,263</b>

It should be noted that, apart from the debt securities in the table above, as at 31/3/2014 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 through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group bearing the guarantee of Piraeus Bank, or directly through 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 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 1/1/2014 – 31/3/2014, proceeded to the buy back of bonds of securitised loans of total amount after amortization € 10.4 million.

## 17 Hybrid capital and other borrowed funds

	31 March 2014	31 December 2013
<b>Hybrid Capital (Tier I)</b>		
€ 200 m. floating rate notes due 2034	18,500	18,500
	<b>18,500</b>	<b>18,500</b>
<b>Subordinated debt (Tier II)</b>		
€ 400 m. floating rate notes due 2016	236,490	236,490
Accrued interest and other expenses	1,036	1,014
	<b>237,526</b>	<b>237,504</b>
	<b>256,026</b>	<b>256,004</b>

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.

## 18 Contingent liabilities and commitments

### A) Legal procedures

The legal proceedings outstanding against the Bank as at 31/3/2014, 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. It is noted that the Bank as at 31/3/2014 has raised a provision for outstanding litigations of amount € 6.1 million.

### B) Credit commitments

As at 31/3/2014 the Bank had the following capital commitments:

	31 March 2014	31 December 2013
Letters of guarantee	3,151,028	3,108,064
Letters of credit	51,076	46,647
Commitments to extent credit	1,248,180	1,279,749
	<b>4,450,284</b>	<b>4,434,461</b>

### C) Assets pledged

	31 March 2014	31 December 2013
Cash and balances with Central Bank	874,471	873,743
Financial instruments at fair value through profit or loss	55,640	25,345
Investment securities	142,136	321,784
Loans and advances to customers	2,388,790	2,361,371
Debt securities - receivables	3,479,023	8,005,582
	<b>6,940,061</b>	<b>11,587,825</b>

Apart from the above mentioned assets, the Bank pledges debt securities own issue amounting to € 16,397 million as at 31/3/2014 (31/12/2013 - € 16,419 million). The amount of € 16,397 million includes € 10,004 million which refer to securities that had been issued with the unconditional guarantee of the Hellenic Republic, € 5,142 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. The aforementioned securities are not included in Group's assets.

### D) Operating lease commitments

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

	31 March 2014	31 December 2013
Up to 1 year	70,665	83,368
From 1 to 5 years	288,932	339,773
More than 5 years	540,272	636,881
	<b>899,870</b>	<b>1,060,022</b>

## 19 Share capital

	Share Capital	Share premium	Total
<b>Opening balance at 1 January 2013</b>	<b>1,092,998</b>	<b>2,953,357</b>	<b>4,046,354</b>
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
<b>Balance at 31 December 2013</b>	<b>2,271,770</b>	<b>10,008,736</b>	<b>12,280,506</b>
<b>Balance at 31 March 2014</b>	<b>2,271,770</b>	<b>10,008,736</b>	<b>12,280,506</b>

	Number of shares
<b>Opening balance at 1 January 2013</b>	<b>2,487,561,364</b>
Adjustment (decrease) in the number of ordinary shares due to reverse split (10:1)	(1,028,993,907)
<b>Adjusted opening balance at 1 January 2013</b>	<b>1,458,567,457</b>
Increase of share capital	4,958,235,294
<b>Balance at 31 December 2013</b>	<b>6,416,802,751</b>
<b>Balance at 31 March 2014</b>	<b>6,416,802,751</b>

On 31/3/2014, the Bank's share capital amounts to € 2,271,770,384.28 divided to (a) 5,072,567,951 ordinary voting registered shares, each with a nominal value of € 0.30 (b) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (c) 1,266,666,666 preferred 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.

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 (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.

## 20 Other reserves and retained earnings

	31 March 2014	31 December 2013
Legal reserve	69,442	69,442
Available for sale reserve	134,742	108,039
Reserve of defined benefit obligations	6,252	6,252
<b>Total other reserves</b>	<b>210,435</b>	<b>183,732</b>

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

	31 March 2014	31 December 2013
<b>Available for sale reserve</b>		
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	14,732	58,655
Gains/ (losses) from the valuation of shares and mutual funds	26,665	60,150
Recycling to income statement of shares and mutual funds impairment	-	2,100
Deferred income taxes	(9,382)	(22,985)
Recycling of the accumulated fair value adjustment of disposed securities	(5,311)	(49,152)
<b>Closing balance for the period</b>	<b>134,742</b>	<b>108,039</b>

	31 March 2014	31 December 2013
<b>Retained earnings movement</b>		
Opening balance for the period	(4,195,148)	(6,920,981)
Absorption of Millennium Bank	-	219,506
Profit/ (loss) after tax for the period	(209,024)	2,506,328
<b>Closing balance for the period</b>	<b>(4,404,172)</b>	<b>(4,195,148)</b>

## 21 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, 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. Piraeus Bank uses the exemption given by paragraph 25b of IAS 24 relating to the range of disclosures of related parties and does not include the transactions with Eurobank Group in the balances with related parties, as Piraeus Bank and Eurobank Group are related parties controlled by the same Greek government related entity (HFSF). It is noted that on 31/3/2014, Piraeus Bank did not have transactions with Eurobank Group. The transactions with related parties are analysed as follows:

**Piraeus Bank - 31 March 2014**  
Amounts in thousand euros (Unless otherwise stated)

	31 March 2014	31 December 2013
Loans	141,795	141,747
Deposits	24,881	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 31/3/2014 are € 3.3 million (31/12/2013: € 3.3 million). Letters of guarantee to subsidiaries as at 31/3/2014 are € 431.4 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 1/1-31/3/2014 is € 0.8 million (1/1-31/3/2013: € 0.6 million). The total expense that relates to the prementioned related parties for the period 1/1-31/3/2014 is € 0.1 million (1/1-31/3/2013: € 0.1 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.

	1/1 - 31/3/2014	1/1 - 31/3/2013
<b>Directors' remuneration</b>		
Wages, salaries, employers' share of social contributions and charges	2,371	1,381
Provisions for compensation and retirement programs	236	94

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel remain at the same level as at 31/12/2013 (€ 27 million approximately). 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**

	31 March 2014	31 December 2013
<b>Assets</b>		
Cash and balances with Central Bank	3,001	7,107
Loans and advances to credit institutions	1,111,820	1,154,480
Loans and advances to customers	1,947,201	2,072,783
Other assets	461,335	455,165
<b>Total</b>	<b>3,523,358</b>	<b>3,689,535</b>

	31 March 2014	31 December 2013
<b>Liabilities</b>		
Due to credit institutions	1,467,459	1,383,911
Due to customers	837,813	828,544
Debt securities in issue	958,472	458,190
Hybrid capital and other borrowed funds	256,026	256,004
Other liabilities	16,833	23,012
<b>Total</b>	<b>3,536,604</b>	<b>2,949,662</b>

	1/1 - 31/3/2014	1/1 - 31/3/2013
<b>Revenues</b>		
Interest and similar income	18,757	17,359
Fee and commission income	3,231	2,327
Other operating income	353	968
<b>Total</b>	<b>22,342</b>	<b>20,655</b>

	1/1 - 31/3/2014	1/1 - 31/3/2013
<b>Expenses</b>		
Interest expense and similar charges	(21,829)	(19,467)
Fee and commission expense	(1,145)	(1,440)
Operating expenses	(7,879)	(6,122)
<b>Total</b>	<b>(30,853)</b>	<b>(27,030)</b>

	31 March 2014	31 December 2013
<b>II. Associates</b>		
Deposits and other liabilities	47,608	32,924
Loans and other receivables	233,036	230,646
	<b>1/1 - 31/3/2014</b>	<b>1/1 - 31/3/2013</b>
Total expense and capital expenditure	(2,606)	(2,564)
Total income	1,978	1,467

## 22 Changes in presentation of financial information for the comparative period

In the interim statement of financial position as at 31/3/2014, "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 1st quarter 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 1st quarter 2013, the presentation of the "Net trading income" of amount € 28.2 million has been changed and it has been included in the "Net income from financial instruments designated at fair value through profit or loss".

## 23 Events subsequent to the end of the interim period

- On 10/4/2014, Piraeus Bank's share capital increase of amount € 1.75 billion was completed. In particular, the 28/3/2014 Extraordinary General Meeting of the ordinary shareholders of Piraeus Bank (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, 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.

The new shares were offered through a public offering to investors in Greece and through a book-building process, to institutional and other special investors internationally.

- On 21/5/2014, Piraeus Bank 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. The redemption of the preference shares to the Hellenic Republic significantly improves the quality of the Bank's capital position and constitutes a necessary first step to regain flexibility for future dividend payments.

- After the completion of the above, the share capital of the Bank amounted to € 1,830,593,914.50 divided in 6,101,979,715 ordinary registered shares with a nominal value of € 0.30 each.

- On 30/5/2014, the Board of Directors of Piraeus Bank S.A. during its session resolved to initiate the necessary procedures for a merger with GENIKI Bank S.A. through its absorption by Piraeus Bank S.A., in accordance with the provisions of article 68 and following articles of CL 2190/1920 in conjunction with article 16 par. 5 of Law 2515/1997, and the provisions of Law 2166/1993 as in force, with a common (for both merging credit institutions) transformation balance sheet date set on 31/12/2013.

Athens, May 30th, 2014

CHAIRMAN  
OF THE BOARD OF DIRECTORS

MICHALIS G. SALLAS

MANAGING DIRECTOR  
& C.E.O

STAVROS M. LEKKAKOS

CHIEF FINANCIAL  
OFFICER

GEORGE I. POULOPOULOS

DEPUTY  
CHIEF FINANCIAL  
OFFICER

KONSTANTINOS S. PASCHALIS