

**PIRAEUS BANK**



## **PIRAEUS BANK GROUP**

### **Consolidated Interim Condensed Financial Information**

30 September 2016

In accordance with the International  
Financial Reporting Standards

The attached consolidated interim condensed financial information has been approved by the Piraeus Bank S.A. Board of Directors on November 15<sup>th</sup> 2016 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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<b>CONSOLIDATED INTERIM INCOME STATEMENT</b>	Note	Period from 1 January to		Period from 1 July to	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
Interest and similar income		2,011,681	2,260,302	655,768	740,541
Interest expense and similar charges		(561,592)	(846,441)	(168,064)	(277,664)
<b>NET INTEREST INCOME</b>		<b>1,450,089</b>	<b>1,413,861</b>	<b>487,704</b>	<b>462,877</b>
Fee and commission income		267,744	256,362	94,277	82,379
Fee and commission expense		(33,041)	(29,417)	(12,368)	(11,082)
<b>NET FEE AND COMMISSION INCOME</b>		<b>234,702</b>	<b>226,945</b>	<b>81,909</b>	<b>71,298</b>
Dividend income		6,384	6,748	688	720
Net income from financial instruments designated at fair value through profit or loss		2,671	68,181	(10,627)	53,270
Results from investment securities	6	124,022	(4,986)	20,807	1,221
Other results		59,020	77,468	26,131	50,998
<b>TOTAL NET INCOME</b>		<b>1,876,889</b>	<b>1,788,216</b>	<b>606,613</b>	<b>640,384</b>
Staff costs		(470,964)	(494,007)	(151,361)	(161,608)
Administrative expenses		(413,524)	(403,038)	(142,814)	(128,654)
Depreciation and amortisation		(82,766)	(82,568)	(27,536)	(28,064)
<b>TOTAL OPERATING EXPENSES BEFORE PROVISIONS</b>		<b>(967,254)</b>	<b>(979,612)</b>	<b>(321,711)</b>	<b>(318,326)</b>
<b>PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX</b>		<b>909,635</b>	<b>808,604</b>	<b>284,902</b>	<b>322,058</b>
Impairment losses on loans	12	(796,804)	(2,102,777)	(242,090)	(243,531)
Impairment losses on other receivables		(39,575)	(73,509)	(16,019)	(16,397)
Impairment losses on other debt securities - receivables		(5,118)	-	(5)	-
Other provisions and impairment		(19,113)	(19,096)	(2,872)	(3,702)
Share of profit of associates and joint ventures		(7,928)	(13,490)	16,435	5,746
<b>PROFIT/ (LOSS) BEFORE INCOME TAX</b>		<b>41,096</b>	<b>(1,400,269)</b>	<b>40,350</b>	<b>64,174</b>
Income tax	8	(28,890)	778,655	(10,782)	438,485
<b>PROFIT/ (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>12,206</b>	<b>(621,614)</b>	<b>29,568</b>	<b>502,659</b>
Profit/ (loss) after income tax from discontinued operations	7	(34,507)	(3,685)	(11,406)	(2,975)
<b>PROFIT/ (LOSS) AFTER TAX</b>		<b>(22,301)</b>	<b>(625,298)</b>	<b>18,162</b>	<b>499,684</b>
<b>From continuing operations</b>					
Profit/ (loss) attributable to equity holders of the parent entity		14,031	(620,554)	30,644	502,344
Non controlling interest		(1,825)	(1,060)	(1,076)	315
<b>From discontinued operations</b>					
Profit/ (loss) attributable to equity holders of the parent entity		(34,505)	(3,701)	(11,405)	(2,940)
Non controlling interest		(2)	17	(1)	(34)
<b>Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):</b>					
From continuing operations					
- Basic and Diluted	9	0.0016	(0.3682)	0.0035	0.2981
From discontinued operations					
- Basic and Diluted	9	(0.0040)	(0.0022)	(0.0013)	(0.0017)

CONSOLIDATED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME	Note	Period from 1 January to		Period from 1 July to	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
<b>CONTINUING OPERATIONS</b>					
Profit/ (loss) after tax (A)		12,206	(621,614)	29,568	502,659
<b>Other comprehensive income, net of tax:</b>					
<b>Amounts that can be reclassified in the Income Statement</b>					
Change in available for sale reserve	10	(53,183)	15,539	8,482	94,465
Change in currency translation reserve	10	(7,933)	(9,316)	(1,400)	1,724
<b>Amounts that can not be reclassified in the Income Statement</b>					
Change in reserve of defined benefit obligations	10	38	8,459	219	96
<b>Other comprehensive income, net of tax (B)</b>	10	<b>(61,078)</b>	<b>14,682</b>	<b>7,301</b>	<b>96,285</b>
<b>Total comprehensive income, net of tax (A+B)</b>		<b>(48,871)</b>	<b>(606,932)</b>	<b>36,869</b>	<b>598,944</b>
- Attributable to equity holders of the parent entity		(47,099)	(605,928)	37,933	598,624
- Non controlling interest		(1,773)	(1,004)	(1,064)	319
<b>DISCONTINUED OPERATIONS</b>					
Profit/ (loss) after tax (C)		(34,507)	(3,685)	(11,406)	(2,975)
<b>Other comprehensive income, net of tax:</b>					
<b>Amounts that can be reclassified in the Income Statement</b>					
Change in available for sale reserve	10	(21,417)	27	(21,594)	(2,819)
Change in currency translation reserve	10	73	8,834	67	225
<b>Amounts that can not be reclassified in the Income Statement</b>					
Change in reserve of defined benefit obligations	10	67	(282)	67	(713)
<b>Other comprehensive income, net of tax (D)</b>	10	<b>(21,276)</b>	<b>8,580</b>	<b>(21,459)</b>	<b>(3,307)</b>
<b>Total comprehensive income, net of tax (C+D)</b>		<b>(55,784)</b>	<b>4,895</b>	<b>(32,865)</b>	<b>(6,281)</b>
- Attributable to equity holders of the parent entity		(55,782)	4,743	(32,865)	(6,228)
- Non controlling interest		(2)	152	0	(54)

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION	Note	30 September 2016	31 December 2015
<b>ASSETS</b>			
Cash and balances with Central Banks		3,262,402	3,644,821
Loans and advances to credit institutions		171,398	179,523
Financial assets at fair value through profit or loss	11	254,830	240,398
Derivative financial instruments - assets		467,643	437,678
Reverse repos with customers		28,948	641
Loans and advances to customers (net of provisions)	12	48,278,308	50,591,193
Available for sale securities	13	2,712,093	2,739,687
Debt securities - receivables	14	14,560,760	16,985,336
Held to maturity		321	182
Assets held for sale		10,129	34,089
Inventories property		942,883	847,386
Investment property		1,217,765	1,035,911
Investments in associated undertakings and joint ventures		251,824	297,738
Property, plant and equipment		1,507,587	1,474,160
Intangible assets		263,585	274,159
Deferred tax assets	8	5,085,183	5,074,769
Other assets		2,027,100	2,076,129
Assets from discontinued operations	7	1,182,876	1,594,414
<b>TOTAL ASSETS</b>		<b>82,225,636</b>	<b>87,528,216</b>
<b>LIABILITIES</b>			
Due to credit institutions	16	29,303,129	34,490,583
Due to customers	17	39,281,005	38,951,880
Financial liabilities at fair value through profit or loss		-	2,499
Derivative financial instruments - liabilities		489,859	445,819
Debt securities in issue	18	70,821	102,314
Current income tax liabilities		55,164	51,737
Deferred tax liabilities		53,824	31,499
Retirement benefit obligations		195,225	192,780
Other provisions	19	94,980	182,500
Other liabilities		1,531,170	1,571,196
Liabilities from discontinued operations	7	1,186,298	1,484,883
<b>TOTAL LIABILITIES</b>		<b>72,261,477</b>	<b>77,507,690</b>
<b>EQUITY</b>			
Share capital	21	2,619,955	2,619,955
Share premium	21	13,074,688	13,074,688
Contingent convertible securities	21	2,040,000	2,040,000
Less: Treasury shares	21	(1)	(460)
Other reserves	22	(55,946)	(7,766)
Amounts recognized directly in equity relating to non-current assets			
from discontinued operations	22	586	21,863
Retained earnings	22	(7,878,440)	(7,840,635)
<b>Capital and reserves attributable to equity holders of the parent entity</b>		<b>9,800,842</b>	<b>9,907,644</b>
Non controlling interest		163,317	112,882
<b>TOTAL EQUITY</b>		<b>9,964,159</b>	<b>10,020,526</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>82,225,636</b>	<b>87,528,216</b>

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	Note	Attributable to owners of the parent						Non controlling interest	TOTAL
		Share Capital	Share Premium	Contingent Convertible securities	Treasury shares	Other reserves	Retained earnings		
<b>Opening balance as at 1 January 2015</b>		<b>1,830,594</b>	<b>11,393,314</b>	<b>0</b>	<b>0</b>	<b>(92,453)</b>	<b>(5,921,295)</b>	<b>112,082</b>	<b>7,322,242</b>
Other comprehensive income, net of tax	10					23,070		192	23,262
Results after tax for the period 1/1/2015 - 30/9/2015	22						(624,255)	(1,043)	(625,298)
<b>Total recognized income for the period 1/1/2015 - 30/9/2015</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,070</b>	<b>(624,255)</b>	<b>(851)</b>	<b>(602,036)</b>
(Purchases)/ sales of treasury shares	21, 22				(595)		1,131		535
Transfer between other reserves and retained earnings	22					541	(541)		0
Acquisitions, disposals and movements in participating interest	22					(7,834)	5,478	5,306	2,949
<b>Balance as at 30 September 2015</b>		<b>1,830,594</b>	<b>11,393,314</b>	<b>0</b>	<b>(595)</b>	<b>(76,677)</b>	<b>(6,539,482)</b>	<b>116,537</b>	<b>6,723,691</b>
<b>Opening balance as at 1 October 2015</b>		<b>1,830,594</b>	<b>11,393,314</b>	<b>0</b>	<b>(595)</b>	<b>(76,677)</b>	<b>(6,539,482)</b>	<b>116,537</b>	<b>6,723,691</b>
Other comprehensive income, net of tax						63,775		(81)	63,693
Results after tax for the period 1/10/2015-31/12/2015	22						(1,268,593)	(2,105)	(1,270,698)
<b>Total recognized income for the period 1/10/2015 - 31/12/2015</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63,775</b>	<b>(1,268,593)</b>	<b>(2,186)</b>	<b>(1,207,005)</b>
Increase of share capital		2,601,649		2,040,000					4,641,649
Share capital increase expenses	21		(130,915)						(130,915)
Decrease of the nominal value of ordinary shares	21	(1,812,288)	1,812,288						0
Prior year dividends								(95)	(95)
(Purchases)/ sales of treasury shares	21, 22				135		(2,543)		(2,408)
Transfer between other reserves and retained earnings	22					27,806	(27,806)		0
Acquisitions, disposals and movement in participating interest	22					(808)	(2,210)	(1,374)	(4,391)
<b>Balance as at 31 December 2015</b>		<b>2,619,955</b>	<b>13,074,687</b>	<b>2,040,000</b>	<b>(460)</b>	<b>14,096</b>	<b>(7,840,635)</b>	<b>112,882</b>	<b>10,020,526</b>
<b>Opening balance as at 1 January 2016</b>		<b>2,619,955</b>	<b>13,074,687</b>	<b>2,040,000</b>	<b>(460)</b>	<b>14,096</b>	<b>(7,840,635)</b>	<b>112,882</b>	<b>10,020,526</b>
Other comprehensive income, net of tax	10					(82,407)		53	(82,354)
Results after tax for the period 1/1/2016 - 30/9/2016	22						(20,474)	(1,827)	(22,301)
<b>Total recognized income for the period 1/1/2016-30/9/2016</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(82,407)</b>	<b>(20,474)</b>	<b>(1,774)</b>	<b>(104,655)</b>
(Purchases)/ sales of treasury shares	21, 22				459		(24)		435
Transfer between other reserves and retained earnings	22					13,130	(13,130)		0
Disposals, liquidations and movement in participating interest	22					(179)	(4,176)	52,210	47,854
<b>Balance as at 30 September 2016</b>		<b>2,619,955</b>	<b>13,074,687</b>	<b>2,040,000</b>	<b>(1)</b>	<b>(55,361)</b>	<b>(7,878,439)</b>	<b>163,318</b>	<b>9,964,160</b>

CONSOLIDATED INTERIM CASH FLOW STATEMENT	Note	Period from 1 January to	
		30 September 2016	30 September 2015
<i>Cash flows from operating activities from continuing operations</i>			
Profit/ (Loss) before tax		41,096	(1,400,269)
<i>Adjustments to profit/ loss before tax:</i>			
Add: provisions and impairment		860,610	2,195,383
Add: depreciation and amortisation charge		82,766	82,568
Add: retirement benefits		11,282	10,800
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		29,478	(46,948)
(Gains)/ losses from investing activities		(113,008)	16,967
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>912,225</b>	<b>858,501</b>
<i>Changes in operating assets and liabilities:</i>			
Net (increase)/ decrease in cash and balances with Central Banks		295,799	(298,005)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		(15,273)	13,458
Net (increase)/ decrease in debt securities - receivables		2,419,358	(5,208)
Net (increase)/ decrease in loans and advances to credit institutions		(1,258)	(6,595)
Net (increase)/ decrease in loans and advances to customers		1,547,017	2,640,187
Net (increase)/ decrease in reverse repos with customers		(28,307)	62,889
Net (increase)/ decrease in other assets		(96,671)	(343,674)
Net increase/ (decrease) in amounts due to credit institutions		(5,187,454)	12,729,806
Net increase/ (decrease) in liabilities at fair value through profit or loss		(2,514)	(1,853)
Net increase/ (decrease) in amounts due to customers		329,126	(16,042,623)
Net increase/ (decrease) in other liabilities		(139,539)	329,256
<b>Net cash flow from operating activities before income tax payment</b>		<b>32,510</b>	<b>(63,860)</b>
Income tax paid		(8,270)	(14,623)
<b>Net cash inflow/ (outflow) from continuing operating activities</b>		<b>24,240</b>	<b>(78,483)</b>
<i>Cash flows from investing activities of continuing operations</i>			
Purchases of property, plant and equipment		(213,927)	(173,960)
Sales of property, plant and equipment		28,381	23,615
Purchases of intangible assets		(20,599)	(40,832)
Purchases of assets held for sale		(5,154)	(10,162)
Sales of assets held for sale		25,589	9,023
Purchases of investment securities		(5,140,943)	(6,479,406)
Disposals/ maturity of investment securities		5,158,122	6,119,683
Acquisition of subsidiaries excluding cash & cash equivalents acquired		(1)	(44,893)
Sales of subsidiaries excluding cash and balances sold		101,713	-
Establishments, acquisition and participation in share capital increases of associates and joint ventures	24	(14,802)	(58,528)
Sales of associates		11,436	32,563
Dividends received		6,381	6,744
<b>Net cash inflow/ (outflow) from continuing investing activities</b>		<b>(63,804)</b>	<b>(616,153)</b>
<i>Cash flows from financing activities of continuing operations</i>			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(40,855)	(191,302)
Purchases/ sales of treasury shares and preemption rights		435	535
Other cash flows from financing activities		-	16,755
<b>Net cash inflow/ (outflow) from continuing financing activities</b>		<b>(40,421)</b>	<b>(174,012)</b>
Effect of exchange rate changes on cash and cash equivalents		(10,835)	10,958
<b>Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)</b>		<b>(90,820)</b>	<b>(857,690)</b>
Net cash flows from discontinued operating activities		165,676	294,879
Net cash flows from discontinued investing activities		(22,079)	(65,437)
Net cash flows from discontinued financing activities		-	-
Exchange difference of cash and cash equivalents		48	(2,153)
<b>Net increase/ (decrease) in cash and cash equivalents from discontinued activities (B)</b>		<b>143,646</b>	<b>227,289</b>
<b>Cash and cash equivalents at the beginning of the period (C)</b>		<b>2,276,758</b>	<b>2,664,133</b>
<b>Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank (D)</b>		<b>0</b>	<b>3,291</b>
<b>Cash and cash equivalents at the end of the period (A)+(B)+ (C)+ (D)</b>		<b>2,329,585</b>	<b>2,037,022</b>



## 1 General information about the Group

Piraeus Bank S.A. is a banking institute operating in accordance with the provisions of Law 2190/1920 on sociétés anonymes, Law 4261/2014 on credit institutions, and other relevant laws. According to its statute, the scope of the Bank is to execute any operation acknowledged or delegated by law to banks.

Piraeus Bank (parent company) is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis st., Athens. Piraeus Bank and its subsidiaries (hereinafter "the Group") provide services in the Southeastern and Western Europe. The Group employs in total 19,619 people of which 375 people, refer to discontinued operations (Piraeus Bank Cyprus Ltd group of companies and ATE Insurance Romania S.A.).

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

## 2 General accounting policies, critical accounting estimates and judgements

### a. General accounting policies

The same accounting principles and calculation methods have been used as in the annual financial statements of the Group as of 31<sup>st</sup> December 2015.

The following amendments and improvements in IFRSs have been issued by the IASB, have been endorsed by the European Union and they are effective from 1/1/2016.

- **IFRS 11 (Amendment), "Accounting for Acquisitions of Interest in Joint Operations" (effective for annual periods beginning on or after 1 January 2016).** The amendment provides guidance on the accounting for acquisition of an interest in a joint operation, in which the activity constitutes "business".
  - **IAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2016).** The aforementioned amendment provides clarifications concerning the structure of financial statements and the disclosures of accounting policies, as well as the presentation of items of other comprehensive income arising from equity accounted investments. Also, the amendment clarifies that the minimum required disclosures by any I.F.R.S. may not be provided in the financial statements, if they are considered immaterial.
  - **IAS 16 (Amendment) and IAS 38 (Amendment), «Clarification of Acceptable Methods of Depreciation and Amortization" (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies acceptable methods of depreciation and amortization.
  - **IAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 February 2015).** The amendment allows an entity to recognize contributions as a reduction in the service cost in the period in which the related service is rendered, if the amount of such contributions is independent of the number of years of service.
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- **IAS 27 (Amendment), “Separate Financial Statements” effective for annual periods beginning on or after 1 January 2016).** The amendment allows to an entity to use the equity method to account for investments in subsidiaries, associates and joint ventures in its separate financial statements.
- **IFRS 10, IFRS 12 and IAS 28 (Amendment) “Investment entities: Applying the consolidation exception” (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies the application by investment entities of the consolidation exception of their subsidiaries.

#### **Annual Improvements to IFRSs 2010 - 2012 Cycle (December 2013)**

- **IFRS 2 (Amendment), “Share-based Payment” (effective for annual periods beginning on or after 1 February 2015).** The amendment clarifies the definition of vesting conditions in cases of share based payments.
- **IFRS 3 (Amendment), “Business Combinations” (effective for annual periods beginning on or after 1 February 2015).** The objective of this amendment is to clarify the accounting treatment of contingent consideration in a business combination.
- **IFRS 8 (Amendment), “Operating Segments” (effective for annual periods beginning on or after 1 February 2015).** The amendment requires entities to disclose the judgments made by Management when aggregating the entity’s segments.
- **IFRS 13 (Amendment), “Fair Value Measurement” (effective for annual periods beginning on or after 1 February 2015).** The amendment clarifies that short-term receivables and payables with no stated interest rates can be accounted for at the amount of the asset/ liability, when the effect of discounting is immaterial.
- **IAS 16 (Amendment), “Property, Plant and Equipment” and IAS 38 (Amendment), “Intangible assets” (effective for annual periods beginning on or after 1 February 2015).** The objective of these amendments is to clarify the requirements for the revaluation method.
- **IAS 24 (Amendment), “Related Party Disclosures” (effective for annual periods beginning on or after 1 February 2015).** The amendment clarifies that an entity providing Key Management Personnel services to the reporting entity is a related party of the reporting entity.

#### **Annual Improvements to IFRSs 2012-2014 (September 2014)**

- **IFRS 5 (Amendment) “Non-current assets held for sale and discontinued operations” (effective for annual periods beginning on or after 1 January 2016).** Assets are disposed of either through sale or through distribution to owners. This amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal and therefore it is not accounted for as such.
  - **IFRS 7 “Financial instruments: Disclosures” (effective for annual periods beginning on or after 1 January 2016).** The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, ‘Disclosure – Offsetting financial assets and financial liabilities’ is not specifically required for all interim periods, unless required by IAS 34.
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- **IAS 19 “Employee benefits” (effective for annual periods beginning on or after 1 January 2016).** The amendment clarifies that the determination of the discount rate for post-employment benefit obligations depends on the currency that the liabilities are denominated rather than the country where these arise.
- **IAS 34 (Amendment) “Interim financial reporting” (effective for annual periods beginning on or after 1 January 2016).** The relevant amendment clarifies that the required information according to IAS 34 shall be disclosed in the interim financial information. In case such information is presented in sections of the interim financial information other than disclosures, cross-references shall be used.

These improvements and amendments do not significantly affect the interim condensed financial information for the period 1/1-30/9/2016.

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

The preparation of interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most important areas where the Group uses accounting estimates and judgements, in applying its accounting policies, are as follows:

##### **b.1. Impairment losses on loans and other receivables**

The Group 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 losses.

##### **b.2. Fair value of over the counter derivative instruments**

The fair value of derivative financial instruments that are traded over the counter (OTC), with banking counterparties, is determined by using commonly accepted valuation models. These valuation models use observable data. Where this is not possible, estimates and assumptions are required by Management concerning the parameters that affect the fair value of derivatives. These assumptions and estimates are assessed regularly and when market conditions change significantly.

The fair value for derivative financial instruments includes adjustments for the credit risk in a bilateral derivative transaction (CVA/DVA). The calculation of credit adjustments takes into account the future expected credit exposure, which is estimated using simulation techniques for the derivatives' future fair values, in combination with the currently in force netting agreements and collateral held (as per the ISDA-CSA contracts in force).

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

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

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

### **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 consolidated income statement.

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

Judgement is required for the estimation of the fair value of investments that are not traded in an active market. For these investments, the fair value computation through financial models 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 Group 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. Estimation of property fair value**

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

Own-use properties are tested for impairment, when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value-in-use.

Inventories are measured at the lower of cost and net realizable value. The net realizable value is the estimated selling price less any expenses necessary to conclude the sale.

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

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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 applying the aforementioned valuation methods or by extrapolating the results of the valuations, to groups of investment property, with similar characteristics.

On 31/12 of each financial year, for the fair value measurement of the Bank's properties, a sample of investment properties, own-use and inventory properties, is selected. The valuation of these properties is assigned to independent valuers. The results of the valuations are extrapolated to the remaining property population depending on the category, the type and the location of the property. In addition, the subsidiary companies of the Group apply the procedures of the Bank regarding the valuation of their real estate property, adjusted to the specific conditions of every company.

In case that, there is evidence for significant changes of the conditions of the real estate market in the interim reporting periods, the Bank reassesses the fair value of certain properties.

#### **b.5. Defined benefits obligation**

The determination of the present value of defined benefits obligation is based on actuarial analysis conducted by independent actuaries at the end of each year. The basic estimates and assumptions made in the context of the actuarial analysis are the discount rate, the pay increase rate as well as the inflation rate. The determination of the appropriate discount rate takes into account the rates of high quality corporate bonds, of the same currency and of similar maturities to that of the defined benefits obligation.

#### **b.6. Provisions and contingent liabilities**

The Group recognises provisions when there is a present legal or constructive obligation which has been caused by events that took place in the past, and it is almost certain that an outflow of resources which can be measured reliably would be required for its settlement. On the contrary, in case that the probability for settling the obligation through an outflow of resources is remote or the amount of the outflow cannot be measured reliably, no provision is recognised but the relevant event is disclosed in the financial statements.

At each reporting date, the Group proceeds to significant estimates and assumptions concerning the assessment of the probability for the settlement of the obligation, the ability to estimate reliably the amount of the outflow required for the settlement of the aforementioned obligation as well as the timing of such settlement.

Specifically, for the material cases where the settlement of the obligation is estimated to take place at a significantly later time as compared to the reporting date, so that the effect from the time value of money is material, the relevant provision is calculated as the present value of the outflows that are expected to be required for the settlement of the obligations. The estimation of the discount rate takes into account the current market conditions for the time value of money, as well as the risks associated with the obligation. Also, the discount rate used does not take into account any taxes.

Furthermore, in case of pending litigations, the Group has adopted an analytical assessment at each reporting date, by taking into consideration the best estimates of the Legal Division of the Bank and its subsidiaries or even independent legal advisors where the amount under assessment is material.

#### **b.7. Recoverability of Deferred Tax Assets**

The Group 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 appropriate estimates for the evolution of the Group's tax results in the foreseeable future.

The Management's estimates for the future tax results of the Group, taking into account the revised Restructuring Plan approved as of 29 November 2015, by the European Commission, are based on the assumptions related to the Greek economy prospect, as well as on other actions or amendments already implemented, improving the evolution of the future profitability.

Moreover, the Group examines the nature of the temporary differences and tax losses, as well as the ability for their recovery, in accordance with the tax regulations related to their offsetting with profits generated in future periods (e.g. five years), or with other specific tax regulations, as for example the regulations set by the Greek tax legislation which allow the optional conversion of deferred tax assets on specific temporary differences, into final and settled claims against the Greek Government, under certain terms and conditions.

#### **b.8. Assets from discontinued operations**

In "Assets from discontinued operations", the Group includes the assets of the subsidiary companies that meet the classification requirements as discontinued operations in accordance with the relevant provisions of I.F.R.S. 5. For these subsidiary companies, the Management of the Bank makes estimates regarding the potential completion of the transaction, namely the sale of the subsidiary company, within a year of initial the classification, in accordance with I.F.R.S. 5.

#### **b.9. Greek public sector**

Piraeus Bank's management makes significant estimates and assumptions regarding the progress of the Greek economy. The economic situation in Greece creates uncertainties that may affect the creditworthiness of the Greek public sector. Reference to the Management's estimates concerning the economic developments is made in note 3.

As at 30 September 2016, the total carrying value of the Group's receivables from Greek Public Sector is as follows:

	30/9/2016	31/12/2015
Derivative financial instruments - assets	380,805	347,370
Bonds and treasury bills at fair value through profit or loss	11,491	50,351
Loans to corporate entities/ Public sector	371,666	1,373,825
Bonds, treasury bills and other variable income securities of investment portfolio	2,098,773	2,034,992
Other Assets	749,118	741,828
<b>Total</b>	<b>3,611,853</b>	<b>4,548,366</b>

The line "Other assets" as at 31/12/2015 was restated for comparison purposes.

### 3. Basis of preparation of the consolidated interim condensed financial information

The consolidated interim condensed financial information of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as adopted by the European Union and in particular with those IFRS standards and IFRIC interpretations issued and effective as at the time of preparing the consolidated interim condensed financial information.

The consolidated interim condensed financial information of Piraeus Bank Group is prepared in euro. The amounts of the attached consolidated interim condensed financial information are expressed in thousand euros (unless otherwise stated) and roundings are performed in the nearest thousand.

#### Going concern basis

The consolidated interim condensed financial information has been prepared on a going concern basis. Piraeus Bank's Management assessing the macroeconomic and financial environment in Greece, the Group's capital adequacy and the liquidity, estimates that the Group will continue in operational existence for the foreseeable future, as described below:

#### Macroeconomic environment

In the middle of 2016, the completion of the 1<sup>st</sup> evaluation of the 3<sup>rd</sup> economic adjustment program, which was concluded in August 2015, was a positive development to the Greek economic environment, which is now at a turning point for the transition from the prolonged recession to sustainable growth.

In August 2015, in an intensely volatile macroeconomic and financial environment, the government proceeded in signing a Financial Assistance Facility Agreement with the ESM in the context of the 3<sup>rd</sup> economic adjustment program. The total amount of the loans from the ESM for the period August 2015 – August 2018 will be up to € 86 billion. The disbursement of funds is linked to progress in delivery of policy conditions, in accordance with the MoU. In total by the end of 2015, Greece through ESM had received € 21.4 billion, of which € 16 billion related to funds in order to cover financing needs and € 5.4 billion to the recapitalisation of the banking system (against an initial estimation of € 25 billion), which was completed on December 2015, following the announcement of the results of the Comprehensive Assessment conducted by ECB on 31/10/2015.

In 2015, the real GDP, according to seasonally adjusted data, decreased by -0.3% (2014: + 0.7%) registering a recession significantly lower than the expected according to the economic adjustment program (-2.3%). Simultaneously, in 2015 it is estimated that a primary surplus was reached based on the terms of the program close to 0.2% of GDP against a deficit target of -0.25% of GDP.

In 2016, the real GDP, according to the draft data for the 2<sup>nd</sup> quarter, increased by +0.2% on a quarterly basis, indicating for this quarter a decrease by -0.9% on an annual basis, which combined with the revised reduction by -1.0% in the 1<sup>st</sup> quarter of the year, shows a reduction of -1.0% on an annual basis for the 1<sup>st</sup> semester of 2016 (1<sup>st</sup> semester of 2015: 0.6%). At the same time, the unemployment rate, in the 1<sup>st</sup> semester of 2016, according to non-seasonally adjusted data, reached 24.0% versus 25.6% in the corresponding semester of 2015. During the period of August – September 2016, the travel receipts reduced by -7.1% compared to the corresponding period of 2015. However, the reduction of travel receipts is due to the reduction in average expenditure per travel by 9.0%, when the arrivals increased by 1.3%. In October 2016, according to a European Commission research and based on seasonally adjusted data, the economic sentiment indicator was improved and amounted to 93.8 units (September 2016: 91.4 units).

After the completion of two critical meetings of Eurogroup in May 2016 for the determination of the prerequisites measures and actions, the Greek side voted the legislation and implemented a series of measures and reforms leading to the successful completion of the first evaluation. The disbursement tranche of ESM program of amount € 10.3 billion in individual sub-payments was approved on 17/6/2016. The first sub-tranche of € 7.5 billion was paid on 21<sup>st</sup> June 2016, in order to cover the financing needs and clearing overdue liabilities of the Greek government. In September 2016, the Greek Parliament voted the law for the prerequisites for the tranche of € 2.8 billion, while on 25<sup>th</sup> October 2016 ESM approved the disbursement of the second sub-tranche of € 2.8 billion. The disbursement of the sub-tranche of € 2.8 billion by ESM took place on 26<sup>th</sup> October 2016, of which € 1.1 billion will be used for the service of the financing needs and € 1.7 billion for the further clearance of overdue liabilities of the Greek government.

The completion of the evaluation, in combination with the expected debt relief measures over time, is expected to lead to a gradual improvement in the economic environment, alongside with the implementation of privatizations, the further liberalization of capital movements, the return to positive rates of GDP growth, and the participation of Greek bonds in ECB's quantitative easing program.

Piraeus Bank's management closely monitors the developments and assesses periodically the negative impact that might have in its operations.

#### Capital adequacy

According to the Eurogroup statement on the ESM program for Greece on August 14, 2015, the total € 86 billion envelope of the 3<sup>rd</sup> economic adjustment program includes a buffer of up to € 25 billion for the banking sector, in order to address capital needs and resolution costs. The first sub-tranche of € 10 billion was made available in a segregated account at the ESM, as part of the € 23 billion instalment of the program paid on 20<sup>th</sup> of August 2015. The MoU required the Comprehensive Assessment ("CA" i.e. Asset Quality Review and Stress Tests) which was carried out by ECB/ Single Supervisory Mechanism (SSM) to quantify the capital shortfalls, which were included in the above mentioned buffer, after the legal framework is applied (i.e. transposition of the Bank Recovery and Resolution Directive).

The announcement of the outcome of the CA by the relevant European regulatory authorities (ECB/ SSM), was made on October 31, 2015.



In response to the results of the Comprehensive Assessment, the Bank completed its share capital increase of € 4.6 billion in December 2015, aiming at:

- the cover of its capital needs, as determined by the Comprehensive Assessment conducted by the ECB,
- the significant strengthening of its capital base,
- the enhancement of the Bank's position, thus contributing towards the expected recovery for a part of outflow of deposits in Greece during the first half of 2015 and the reduction of the funding from Eurosystem and more specifically from the ELA.

The SSM inspection regarding the accuracy of the capital adequacy ratios calculation is close to be completed. The Bank's Management estimation is that the above mentioned inspection shall be insignificant on the Group's capital adequacy ratios.

#### Liquidity

During the first nine months of 2016, domestic market deposits (private and public sector) increased marginally (+0.1%) and amounted to € 133.9 billion. The exposure of all Greek banks in the Eurosystem reduced from € 108 billion at the end of December 2015 to € 75 billion at the end of September 2016, of which about € 48 billion (from € 69 billion respectively), was covered by the Emergency Liquidity Assistance "ELA" (the provision of liquidity support by the ELA is granted to adequately capitalized credit institutions that have acceptable assets as collateral, and is assessed on a regular basis by the ECB).

During the first nine months of 2016, Piraeus Bank's Group exposure to the Eurosystem reduced by € 8.9 billion to € 23.8 billion, mainly assisted by the further improvement of access to international repo markets, following the stabilization of the Greek banking sector since the end of 2015, the further deleveraging of the loan portfolio, as well as the Bank's participation in the ECB's program of Quantitative Easing ("QE") with the sale of EFSF bonds of amount € 2.4 billion during the period of 1/1-30/9/2016. Piraeus Bank's financing through the ELA was reduced by € 4 billion in the period of 1/1-30/9/2016 to € 12.7 billion at the end of September 2016. It is noted that during the period of the first nine months of 2016, the deposits of Piraeus Bank Group increased by € 0.3 billion or 0.8%.

On 28 April 2016, the last guarantees of the Hellenic Republic (Pillar II), used by Piraeus Bank for liquidity purposes under the framework of L.3723/2008 "The strengthening of the liquidity of the Economy for offsetting the impact of the international financial crisis," were redeemed and therefore Piraeus Bank is no longer subject to the restrictions of the support program. It is noted that Piraeus Bank has fully repaid all the Pillars of L.3723/2008, without any loss to the Greek State as to the guarantees and capital it offered, while the Greek State has received approximately € 675 million fees from Pillars II and III.

At the same time, the EFSF allowed Greek banks that had received EFSF notes in previous years, within the framework of their recapitalisation and the consolidation of the banking sector, to sell the respective notes to the members of the Eurosystem, in accordance with the conditions applicable to the QE program established by the European Central Bank. Up to June 30, 2016 Piraeus Bank has sold EFSF bonds with a nominal value of € 2.4 billion in the context of the QE program.

On 22 June 2016, the Governing Council of the ECB decided to reinstate the waiver affecting the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic as collateral for the supply of liquidity, subject to special "haircuts". The reinstatement of the waiver excluded, already as of 2 March 2015, uncovered guaranteed bank bonds that have been issued

by the counterparty itself or an entity closely linked to that counterparty, such as the government guaranteed bonds under the Second Pillar of the Greek Law 3723/2008, pursuant to the ECB Decisions ECB/2012/12 and ECB/2013/6. The waiver came into force on June 29, 2016 and for Piraeus Bank, has reduced ELA use by approximately € 0.9 billion.

Furthermore, Greek banks can participate in the ECB's Targeted Longer-Term Refinancing Operations ("TLTRO"), getting the benefit associated with the new TLTRO II programme announced on 10 March 2016 by the ECB, subject to sufficient eligible collateral. The duration of the new TLTRO is four years, with four windows of participation, beginning from June 2016 until March 2017. Piraeus Bank participated in the first auction on June 23, 2016 with € 4 billion, shifting at the same time the € 2.7 billion of TLTRO I to TLTRO II.

Piraeus Bank's management, after taking into account the introduction of the economic adjustment program, the uninterrupted liquidity provided by the Eurosystem to the Greek banking system, the completion of the share capital increase in 2015, the current high level of capital adequacy, as well as the gradual relax of capital controls imposed one year ago, expects to be able to fully cover its short-term and middle-term financing needs.

#### 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 in the consolidated balance sheet at fair value.

Assets	Carrying Value		Fair Value	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Loans and advances to credit institutions	171,398	179,523	171,398	179,523
Loans and advances to customers (net of provisions)	48,278,308	50,591,193	47,758,139	48,749,756
Debt securities - receivables	14,560,760	16,985,336	14,817,767	17,286,346
Reverse repos with customers	28,948	641	28,948	641
Held to maturity securities	321	182	321	182

Liabilities	Carrying Value		Fair Value	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Due to credit institutions	29,303,129	34,490,583	29,303,129	34,490,583
Due to customers	39,281,005	38,951,880	39,281,005	38,951,880
Debt securities in issue	70,821	102,314	57,405	75,354
Obligations under finance leases	354,000	347,702	354,000	347,702

The fair values as at 30/9/2016 of loans and advances to credit institutions, reverse repos with customers, due to credit institutions, due to customers and obligations under finance leases which are measured at amortized cost, are not materially different from the respective carrying values since they are very short term in duration and priced at current market rates. These rates are often repriced and due to their short duration they are discounted with the risk free rate.

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

Fair value for debt securities – receivables and held to maturity securities 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.

##### 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 Group considers relevant and observable market prices in its valuations where possible. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect the Group's market assumptions.

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

Level 1

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

Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This level includes OTC derivatives and bonds. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).

Level 3

The valuation of assets and liabilities is carried out by introducing variables that are not based on observable market data. Level 3 includes shares categorized in the available for sale portfolio and derivative financial instruments.

Shares and derivative financial instruments within level 3 are not traded in an active market or there are no available prices from external traders in order to determine their fair value.

Shares categorized in the available for sale portfolio

The valuation is carried out with variables that are not based on observable market data (unobservable inputs). For the determination of the fair value of the aforementioned shares, the Bank uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The Group, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions. The fair value of the Group's shares in level 3 is only taken into account in case that there is evidence of impairment, else these shares are recorded at cost.

Derivative financial instruments

The embedded derivatives of the convertible bonds, are included in level 3 of derivative financial assets.

The aforementioned derivatives are accounted at fair value. The fair value of the embedded derivatives are determined according to valuation techniques following basic parameters: a) the relevant share price, b) the volatility of the relevant share price, c) the interest rates and d) the credit spreads.

The following tables present financial assets and liabilities measured at fair value, categorized in the three levels mentioned above:

Assets & Liabilities measured at fair value as at 30/9/2016	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivative financial instruments - assets	-	464,353	3,290	<b>467,643</b>
Financial instruments at fair value through profit or loss				
- Bonds	11,491	208,424	-	<b>219,915</b>
- Treasury bills	30,563	-	-	<b>30,563</b>
- Shares & other variable income securities	4,351	1	-	<b>4,352</b>
Available for Sale Securities				
- Bonds	416,955	244,503	-	<b>661,457</b>
- Treasury bills	1,747,665	38,011	-	<b>1,785,676</b>
- Shares & other variable income securities	82,238	2,927	179,794	<b>264,959</b>
<b>Liabilities</b>				
Derivative financial instruments - liabilities	-	489,859	-	<b>489,859</b>

Assets & Liabilities measured at fair value as at 31/12/2015	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivative financial instruments - assets	2	435,480	2,197	<b>437,678</b>
Financial instruments at fair value through profit or loss				
- Bonds	50,462	159,278	-	<b>209,740</b>
- Treasury bills	24,611	-	-	<b>24,611</b>
- Shares & other variable income securities	6,046	1	-	<b>6,047</b>
Available for Sale Securities				
- Bonds	468,420	224,960	-	<b>693,380</b>
- Treasury bills	1,621,695	47,754	-	<b>1,669,449</b>
- Shares & other variable income securities	142,863	3,044	230,951	<b>376,857</b>
<b>Liabilities</b>				
Derivative financial instruments - liabilities	-	445,819	-	<b>445,819</b>
Financial liabilities at fair value through profit or loss	2,499	-	-	<b>2,499</b>

The Group examines transfers between fair value hierarchy levels at the end of each reporting period.

For assets and liabilities valued at fair value on 30/9/2016, no transfer from level 1 to level 2 and vice versa occurred in the period 1/1-30/9/2016.

The following tables present the movement of derivative financial instruments-assets and shares of the available for sale portfolio within level 3 in the period 1/1 - 30/9/2016 and in 2015:

Reconciliation of level 3 items (for the period 1/1-30/9/2016)	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening balance 1/1/2016	2,197	230,950
Profit/ (loss) for the period	1,093	-
Other comprehensive income	-	2,738
Purchases	-	23,142
Transfer to the subsidiaries' portfolio	-	(5,000)
Impairment	-	(1,176)
Disposals	-	(70,755)
FX differences and other movements	-	(106)
<b>Closing balance 30/9/2016</b>	<b>3,290</b>	<b>179,794</b>

The line "Disposals" mainly comprises of the sale of the shares of Visa Europe, which is referenced in Note 6.

Reconciliation of level 3 items (year 2015)	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening balance 1/1/2015	18,488	184,772
Opening balance of new companies	-	311
Opening balance of discontinued companies	-	(16,370)
Profit/ (loss) for the year	(17,549)	-
Other comprehensive income	-	69,452
Purchases	1,258	5,107
Impairment	-	(12,062)
Disposals	-	(16)
FX differences and other movements	-	(244)
<b>Closing balance 31/12/2015</b>	<b>2,197</b>	<b>230,950</b>

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

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	30/09/2016	
	Favourable changes	Unfavourable changes
<b>Income Statement</b>		
Available for sale shares & other variable income securities	-	(16)
Derivative financial instruments - assets	5	(5)
<b>Equity Statement</b>		
Available for sale shares & other variable income securities	17	-

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	31/12/2015	
	Favourable changes	Unfavourable changes
<b>Income Statement</b>		
Available for sale shares & other variable income securities	-	(22)
Derivative financial instruments - assets	5	(5)
<b>Equity Statement</b>		
Available for sale shares & other variable income securities	16	(1)

Considering changes in the underlying share price by +/- 5%, in the volatility of the share price by +/- 10%, in interest rates by +/- 10 basis points and in credit spreads by +/- 100 basis points, the change in the fair value of the embedded derivative as compared to its fair value as at 30/9/2016, will range between about +149% in the scenarios of favourable changes and - 162% in the scenarios of unfavourable changes.

The estimation of the change in the value of the shares of available-for-sale portfolio within level 3 has been approached by various methods, such as:

- the net asset value (NAV),
- the discounted future dividends taking into account estimates of the issuer and the relevant cost of capital,
- the closing prices of similar listed shares or the indices of similar listed companies,
- the adjusted equity position taking into account the fair value of the assets (i.e. tangible assets) and the relevant qualifications from the certified auditors' report.

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 Group based on prior experience, adjusts further where necessary, these values so as to assess the possible changes.

## 5 Business segments

Piraeus Bank Group has defined the following business segments:

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

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

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

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

**Other business segments** – Other business segments include other facilities of the Bank and its subsidiaries that are not included in the above segments (Bank's administration, real estate activities, IT activities etc.).

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

An analysis of the results and other financial figures per business segment of the Group is presented below:

1/1-30/9/2016	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	1,147,236	436,225	249	33,515	(167,135)	<b>1,450,089</b>
Net fee and commission income	200,584	19,400	2,742	8,708	3,268	<b>234,702</b>
Other income	116,798	2,985	2,675	46,084	23,556	<b>192,098</b>
<b>Net Income</b>	<b>1,464,618</b>	<b>458,610</b>	<b>5,665</b>	<b>88,306</b>	<b>(140,311)</b>	<b>1,876,889</b>
Depreciation and amortisation	(25,415)	(1,985)	(237)	(1,943)	(53,186)	<b>(82,766)</b>
Other operating expenses	(707,822)	(68,668)	(8,745)	(41,950)	(57,303)	<b>(884,488)</b>
<b>Results before provisions, impairment and income tax</b>	<b>731,381</b>	<b>387,957</b>	<b>(3,316)</b>	<b>44,413</b>	<b>(250,801)</b>	<b>909,635</b>
Impairment losses on loans	(602,547)	(194,257)	-	-	-	<b>(796,804)</b>
Impairment losses on other receivables	(4,599)	(45)	-	-	(34,931)	<b>(39,575)</b>
Impairment losses on other debt securities - receivables	-	-	-	-	(5,118)	<b>(5,118)</b>
Other provisions and impairment	(10,037)	(1,100)	-	-	(7,976)	<b>(19,113)</b>
Share of profit of associates and joint ventures	-	-	-	-	(7,928)	<b>(7,928)</b>
<b>Results before tax</b>	<b>114,199</b>	<b>192,554</b>	<b>(3,316)</b>	<b>44,413</b>	<b>(306,754)</b>	<b>41,096</b>
Income tax						(28,890)
<b>Results after tax from continuing operations</b>						<b>12,206</b>
Results after income tax from discontinued operations						(34,507)
<b>Results after tax for the period</b>						<b>(22,301)</b>
<b>As at 30 September 2016</b>						
Total assets	40,302,689	12,504,731	43,985	18,423,121	10,951,110	<b>82,225,636</b>
Total liabilities	38,715,187	1,536,260	44,535	30,449,345	1,516,150	<b>72,261,477</b>
Capital expenditure	133,191	6,177	3	1,707	95,105	<b>236,183</b>



1/1-30/9/2015	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	1,098,800	477,950	294	96,042	(259,225)	<b>1,413,861</b>
Net fee and commission income	187,004	26,892	2,587	8,402	2,062	<b>226,945</b>
Other income	48,187	973	1,015	64,349	32,886	<b>147,410</b>
<b>Net Income</b>	<b>1,333,990</b>	<b>505,815</b>	<b>3,895</b>	<b>168,793</b>	<b>(224,277)</b>	<b>1,788,216</b>
Depreciation and amortisation	(27,227)	(2,226)	(261)	(2,093)	(50,761)	<b>(82,568)</b>
Other operating expenses	(724,078)	(68,113)	(7,693)	(43,183)	(53,977)	<b>(897,045)</b>
<b>Results before provisions, impairment and income tax</b>	<b>582,685</b>	<b>435,475</b>	<b>(4,059)</b>	<b>123,517</b>	<b>(329,015)</b>	<b>808,604</b>
Impairment losses on loans	(1,391,553)	(711,191)	(33)	-	-	<b>(2,102,777)</b>
Impairment losses on other receivables	(15,700)	(556)	-	-	(57,253)	<b>(73,509)</b>
Other provisions and impairment	(9,519)	(2,659)	(28)	-	(6,890)	<b>(19,096)</b>
Share of profit of associates	-	-	-	-	(13,490)	<b>(13,490)</b>
<b>Results before tax</b>	<b>(834,088)</b>	<b>(278,930)</b>	<b>(4,120)</b>	<b>123,517</b>	<b>(406,647)</b>	<b>(1,400,269)</b>
Income tax						778,655
<b>Results after tax from continuing operations</b>						<b>(621,614)</b>
Results after income tax from discontinued operations						(3,685)
<b>Results after tax for the period</b>						<b>(625,298)</b>
<b>As at 31 December 2015</b>						
Total assets	42,188,993	12,780,445	62,519	21,168,524	11,327,734	<b>87,528,216</b>
Total liabilities	38,280,576	1,613,651	36,393	35,642,757	1,934,313	<b>77,507,690</b>
<b>As at 30 September 2015</b>						
Capital expenditure	115,678	7,561	213	1,300	93,255	<b>218,007</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 revenues to assess the performance of each segment.

Capital expenditure includes additions of intangible and tangible assets that took place during the periods by each business segment. The intercompany transactions among the business segments are realised under normal commercial terms.

Assets of business segments «Retail Banking» and «Corporate Banking» include the following loans, that are managed by the Bank's Recovery Banking Unit (RBU) that was established during 2014.

30/09/2016	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	20,182,711	(10,071,804)	10,110,907
Mortgages	4,523,118	(1,487,758)	3,035,360
Consumer	3,141,700	(1,974,659)	1,167,041
<b>Total</b>	<b>27,847,529</b>	<b>(13,534,221)</b>	<b>14,313,308</b>

31/12/2015	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	19,037,227	(9,853,613)	9,183,614
Mortgages	4,748,082	(1,344,007)	3,404,075
Consumer	3,357,285	(2,161,579)	1,195,706
<b>Total</b>	<b>27,142,594</b>	<b>(13,359,199)</b>	<b>13,783,394</b>

Total liabilities include deposits of customers of RBU of amount € 391,136 thousand (31/12/2015: € 426,154 thousand).

## 6 Results from investment securities

“Results from investment securities” for the period 1/1-30/09/2016, were mainly driven by: a) a gain of € 77 million upon the finalization of the sale of Visa Europe shares to Visa Inc. on 21/6/2016. Part of the aforementioned gain, amount of € 70 million, had been recognized directly to the Group's equity as at 31/12/2015 following the valuation of Visa Europe shares, b) a gain of € 66 million from the sale of EFSF bonds of face value € 2.4 billion within the framework of the ECB's Quantitative Easing (QE) program, c) a gain of approximately € 4 million on the sale of listed in the Athens Stock Exchange shares, in the framework of the Bank's Restructuring Plan and d) a loss of € 13 million on the sale of the total holding in the subsidiary company Piraeus Leasing Bulgaria and the associate company European Reliance General Insurance Co. SA, in the framework of the Bank's Restructuring Plan.

## 7 Profit/ (loss) and balance sheet from discontinued operations

In the period 1/1-30/9/2016 are included the results of ATE Insurance Romania S.A., Piraeus Bank Cyprus LTD group of companies and ATE Insurance S.A. until the day of its disposal (1/8/2016). Additionally, a loss of € 27.6 million from the disposal of the company ATE Insurance S.A. is included, based on the agreed sale price, which is subject to the standard adjustments. In the period 1/1-30/9/2015 are included the results of the aforementioned companies and Piraeus Bank Egypt S.A.E. group of companies until the date of their disposal (10/11/2015).

	1/1-30/9/2016	1/1-30/9/2015
Net interest income	19,541	50,040
Net fee and commission income	5,482	13,412
Dividend Income	752	892
Net income from financial instruments designated at fair value through profit or loss	37,811	2,183
Results from investment securities	(27,583)	512
Other results	13,213	23,878
<b>Total net income</b>	<b>49,217</b>	<b>90,916</b>
Staff costs	(18,963)	(41,823)
Administrative expenses	(8,953)	(21,428)
Depreciation and amortization	(1,153)	(11,322)
<b>Total operating expenses before provisions</b>	<b>(29,068)</b>	<b>(74,573)</b>
Other provisions and impairment	(36,701)	(18,213)
Share of profit of associates	-	(162)
<b>Profit/ (loss) before income tax</b>	<b>(16,552)</b>	<b>(2,032)</b>
Income tax	(17,956)	(1,653)
<b>Profit/ (loss) after income tax from discontinued operations</b>	<b>(34,507)</b>	<b>(3,685)</b>

The following assets and liabilities as at 30/9/2016 relate to the companies ATE Insurance Romania S.A. and Piraeus Bank Cyprus LTD group. Respectively, the following assets and liabilities as at 31/12/2015 relate to the companies ATE Insurance S.A., ATE Insurance Romania S.A. and Piraeus Bank Cyprus LTD group.

	30 September 2016	31 December 2015
<b>ASSETS</b>		
Cash and balances with Central Banks	407,468	211,043
Loans and advances to credit institutions	2,979	10,143
Derivative financial instruments	41	5
Financial instruments at fair value through profit or loss	-	6,589
Loans and advances to customers	578,604	632,547
Available for sale securities	93,566	407,951
Held to maturity	-	23,877
Debt securities - receivables	47,549	36,518
Investment property	21,575	21,199
Property, plant and equipment	25,118	65,497
Intangible assets	315	872
Deferred tax assets	3,948	73,523
Other assets	1,713	104,649
<b>Total Assets</b>	<b>1,182,876</b>	<b>1,594,414</b>
<b>LIABILITIES</b>		
Due to credit institutions	1,922	1,785
Due to customers	1,114,555	950,150
Derivative financial instruments	18	-
Deferred tax liabilities	17	16
Current income tax liabilities	94	6,393
Retirement benefit obligations	-	4,226
Other provisions	54,951	491,691
Other liabilities	14,741	30,622
<b>Total Liabilities</b>	<b>1,186,298</b>	<b>1,484,883</b>

## 8 Income tax

	1/1-30/9/2016	1/1-30/9/2015
Current Tax	(20,173)	(23,774)
Deferred tax	(8,687)	802,439
Provisions for tax differences	(29)	(10)
<b>Total</b>	<b>(28,890)</b>	<b>778,655</b>

In accordance with the provisions of the enacted Greek Tax Law (Law 4172/2013), as amended by Law 4334/2015 (Gazette A'80/16.07.2015) and being in effect today, the income tax rate for Greek legal entities increased from 26% to 29% from the tax year 2015 and thereon. A tax rate of 10% is imposed on dividend income acquired until 31/12/2016, whereas from 1/1/2017 and thereon, the tax rate increases to 15% after the voting of Law 4389/2016.

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the years of 2015 and 2016 (Bulgaria: 10%, Romania: 16%, Egypt: 22.5%, Serbia: 15%, Ukraine: 18%, Cyprus: 12.5%, Albania: 15% and United Kingdom: 21% until 31/3/2015 and 20% from 1/4/2015).

The Extraordinary General Meeting of the Bank's Shareholders, on December 19th 2014, approved the Bank's opting into the special regime enacted by article 27A of the Law 4172/2013, regarding the voluntary conversion of deferred tax assets arising from temporary differences into final and settled claims against the Greek State and authorized the Board of Directors of the Bank to proceed with all actions required for the implementation of the above mentioned Law provisions.

As at 30/09/2016, deferred tax assets of the Group meeting the provisions of Law, rise up to € 4.1 billion, of which € 1.4 billion regards the remaining unamortized amount of debit difference from the participation on the Private Sector Involvement program (PSI) and € 2.7 billion regards on the differences on International Financial Reporting Standards accumulated provisions for loan impairments, and respective tax provisions.

### Audit Tax certificate

For the fiscal years 2011 until 2013, the tax audit for the Bank and all Greek Societe Anonyme Companies conducted by the same statutory auditor that issues the audit opinion on the statutory financial statements, who must issue a "Tax Compliance Report". This report is submitted to the Ministry of Finance. In case of a non qualified Tax Compliance Report, a tax audit is not initially performed, but only if certain criteria defined by the Ministry of Finance, are met.

For fiscal years 2014 and 2015, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must additionally obtain an "Annual Tax Certificate" as provided by article 65A of Law 4174/2013 which was amended after the voting of Law 4410/2016, whereas from 2016 and thereon the issue of the "Annual Tax Certificate" is optional. The Tax Administration retains its right to proceed with a tax audit, within the applicable statute of limitations in accordance with article 36 of Law 4174/2013.

## Unaudited tax years

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

In accordance with the article 82 par.5 of Law 2238/94, the tax audit of the Bank, conducted by PricewaterhouseCoopers S.A. for the fiscal years of 2011 and 2012, has been completed and a non qualified Tax Compliance Report has been issued.

The tax audit for the fiscal year 2013 has been completed and a relevant "Tax Compliance Report" has been issued and submitted to the Ministry of Finance. For the fiscal year 2013, Piraeus Bank has received a Tax Compliance report with an emphasis of 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 above mentioned transactions are not subject to tax.

For the fiscal years 2014 and 2015, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non qualified "Tax Compliance Report" has been issued.

Namely to the subsidiaries, associates and joint ventures of Piraeus Bank Group that are incorporated in Greece and which must be audited according to the applicable law in force, the tax audit of these entities for the year 2015 has been completed and the relevant Tax Compliance Reports have been issued.

The unaudited tax years of the Group's subsidiaries, associates and joint ventures, are included in note 15 of the Consolidated Financial Statements and therefore their tax liabilities for these years have not been finalized.

A provision is booked on a company by company basis to cover possible tax differences that may arise, for the unaudited tax years, upon the completion of the tax audit.

## 9 Earnings/ (losses) per share

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

Basic and diluted earnings/ (losses) per share from continuing operations	1/1-30/9/2016	1/1-30/9/2015	1/7-30/9/2016	1/7-30/9/2015
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	14,031	(620,554)	30,644	502,344
Weighted average number of ordinary shares in issue	8,732,536,637	1,685,486,873	8,732,975,933	1,684,942,236
Basic and diluted earnings/ (losses) per share (in €) from continuing operations	0.0016	(0.3682)	0.0035	0.2981

Basic and diluted earnings/ (losses) per share from discontinued operations	1/1-30/9/2016	1/1-30/9/2015	1/7-30/9/2016	1/7-30/9/2015
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	(34,505)	(3,701)	(11,405)	(2,940)
Weighted average number of ordinary shares in issue	8,732,536,637	1,685,486,873	8,732,975,933	1,684,942,236
Basic and diluted earnings/ (losses) per share (in €) from discontinued operations	(0.0040)	(0.0022)	(0.0013)	(0.0017)

According to the requirements of IAS 33, the weighted average number of shares for the comparative periods 1/1-30/9/2015 and 1/7-30/9/2015 has been adjusted by a 27.6294 factor, in order to adjust earnings/ (losses) per share for the discount price of the share capital increase that took place during the 4<sup>th</sup> quarter of 2015. Comparative periods have been also adjusted by a factor 1/100 in order to adjust earnings/ (losses) per share for the reverse split (note 21).

## 10 Analysis of other comprehensive income

### A. Continuing operations

1/1-30/9/2016	Before-Tax amount	Tax	Net-of-Tax amount
<b>Amounts that can be reclassified in the Income Statement</b>			
Change in available for sale reserve	(74,286)	21,103	(53,183)
Change in currency translation reserve	(7,933)	-	(7,933)
<b>Amounts that cannot be reclassified in the Income Statement</b>			
Change in reserve of defined benefit obligations	38	-	38
<b>Other comprehensive income from continuing operations</b>	<b>(82,180)</b>	<b>21,103</b>	<b>(61,078)</b>

1/1-30/9/2015	Before-Tax amount	Tax	Net-of-Tax amount
<b>Amounts that can be reclassified in the Income Statement</b>			
Change in available for sale reserve	19,605	(4,066)	15,539
Change in currency translation reserve	(9,316)	-	(9,316)
<b>Amounts that cannot be reclassified in the Income Statement</b>			
Change in reserve of defined benefit obligations	110	8,350	8,459
<b>Other comprehensive income from continuing operations</b>	<b>10,398</b>	<b>4,284</b>	<b>14,682</b>

**B. Discontinued operations**

1/1-30/9/2016	Before-Tax amount	Tax	Net-of-Tax amount
<b>Amounts that can be reclassified in the Income Statement</b>			
Change in available for sale reserve	(21,417)	-	(21,417)
Change in currency translation reserve	73	-	73
<b>Amounts that cannot be reclassified in the Income Statement</b>			
Change in reserve of defined benefit obligations	67	-	67
<b>Other comprehensive income from discontinued operations</b>	<b>(21,276)</b>	<b>0</b>	<b>(21,276)</b>

1/1-30/9/2015	Before-Tax amount	Tax	Net-of-Tax amount
<b>Amounts that can be reclassified in the Income Statement</b>			
Change in available for sale reserve	27	-	27
Change in currency translation reserve	8,834	-	8,834
<b>Amounts that cannot be reclassified in the Income Statement</b>			
Change in reserve of defined benefit obligations	(20)	(262)	(282)
<b>Other comprehensive income from discontinued operations</b>	<b>8,842</b>	<b>(262)</b>	<b>8,580</b>

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

	30 September 2016	31 December 2015
Greek government bonds	11,491	50,351
Foreign government bonds	208,424	159,333
Bank bonds	-	56
Foreign government treasury bills	30,563	24,611
<b>Total of bonds and other fixed income securities (A)</b>	<b>250,478</b>	<b>234,351</b>
Athens stock exchange listed shares	4,350	6,034
Foreign stock exchanges listed shares	1	12
Mutual funds	1	1
<b>Total of shares and other variable income securities (B)</b>	<b>4,352</b>	<b>6,047</b>
<b>Total financial assets at fair value through profit or loss (A) + (B)</b>	<b>254,830</b>	<b>240,398</b>

## 12 Loans and advances to customers

	30 September 2016	31 December 2015
Mortgages	15,831,522	16,298,876
Consumer/ personal and other loans	4,037,164	4,266,710
Credit cards	994,594	1,027,000
<b>Loans to individuals</b>	<b>20,863,280</b>	<b>21,592,586</b>
<b>Loans to corporate entities and Public sector</b>	<b>36,414,663</b>	<b>38,357,729</b>
<b>Total loans and advances to customers (before allowances for losses)</b>	<b>57,277,943</b>	<b>59,950,315</b>
Less: Allowance for impairment on loans and advances to customers	(8,999,635)	(9,359,122)
<b>Total loans and advances to customers (net of provisions)</b>	<b>48,278,308</b>	<b>50,591,193</b>

Please note that the amounts of loans have been amended by fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. Specifically, the allowance for impairment of loans of the Group amounting to € 8.1 billion of former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A. at their acquisition date by Piraeus Group, has decreased the gross balance of loans in the table 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.



**Movement in allowance (impairment) on loans and advances to customers**

	Mortgages	Consumer/ personal and other loans	Credit cards	Total loans to individuals	Loans to corporate entities and Public sector	Total
<b>Opening balance at 1/1/2015</b>	<b>744,173</b>	<b>961,718</b>	<b>262,225</b>	<b>1,968,117</b>	<b>5,862,980</b>	<b>7,831,097</b>
Opening balance of discontinued operations	(2)	(11,585)	(111)	(11,699)	(85,286)	(96,984)
<b>Charge for the period</b>	<b>331,418</b>	<b>210,488</b>	<b>57,641</b>	<b>599,547</b>	<b>1,521,171</b>	<b>2,120,719</b>
- From continuing operations	327,638	207,723	57,219	592,580	1,510,197	2,102,778
- From discontinued operations	3,779	2,765	422	6,967	10,974	17,941
<b>Loans written-off</b>	<b>(28,269)</b>	<b>(145,451)</b>	<b>(30,756)</b>	<b>(204,476)</b>	<b>(434,451)</b>	<b>(638,927)</b>
- From continuing operations	(28,242)	(144,960)	(30,678)	(203,879)	(434,437)	(638,317)
- From discontinued operations	(27)	(491)	(79)	(597)	(14)	(611)
<b>Provision of derecognised loans from continuing operations</b>	<b>-</b>	<b>(241)</b>	<b>(42)</b>	<b>(283)</b>	<b>(365,010)</b>	<b>(365,294)</b>
<b>Unwinding from continuing operations</b>	<b>(58,706)</b>	<b>(45,673)</b>	<b>(7,854)</b>	<b>(112,233)</b>	<b>(133,761)</b>	<b>(245,994)</b>
<b>Foreign exchange differences and other movements</b>	<b>17,373</b>	<b>34,326</b>	<b>(3,026)</b>	<b>48,672</b>	<b>74,516</b>	<b>123,188</b>
- From continuing operations	17,015	34,327	(3,026)	48,316	74,295	122,611
- From discontinued operations	358	(2)	-	356	221	577
<b>Balance at 30/9/2015</b>	<b>1,005,987</b>	<b>1,003,582</b>	<b>278,077</b>	<b>2,287,645</b>	<b>6,440,159</b>	<b>8,727,804</b>
<b>Opening balance at 1/10/2015</b>	<b>1,005,987</b>	<b>1,003,582</b>	<b>278,077</b>	<b>2,287,645</b>	<b>6,440,159</b>	<b>8,727,804</b>
Opening balance of discontinued operations	(24,200)	(20,306)	(2,261)	(46,767)	(101,334)	(148,101)
Opening balance of new companies	24	-	-	24	14,106	14,130
Charge for the period from continuing operations	292,925	(14,864)	(31,474)	246,587	1,137,442	1,384,029
Loans written-off from continuing operations	5,678	(39,130)	(5,992)	(39,444)	(202,457)	(241,901)
Provision of derecognised loans from continuing operations	-	(113)	13	(100)	(337,378)	(337,478)
Unwinding from continuing operations	(19,464)	(14,742)	(2,134)	(36,340)	(45,859)	(82,200)
Foreign exchange differences and other movements from continuing operations	1,302	1,253	3,112	5,668	37,171	42,839
<b>Balance at 31/12/2015</b>	<b>1,262,251</b>	<b>915,680</b>	<b>239,342</b>	<b>2,417,273</b>	<b>6,941,849</b>	<b>9,359,122</b>
<b>Opening balance at 1/1/2016</b>	<b>1,262,251</b>	<b>915,680</b>	<b>239,342</b>	<b>2,417,273</b>	<b>6,941,849</b>	<b>9,359,122</b>
Charge for the period	208,148	33,644	(33,673)	208,118	588,686	796,804
Loans written-off	(9,983)	(92,633)	(36,322)	(138,938)	(609,504)	(748,442)
Provision of derecognised loans	(855)	(1,202)	(49)	(2,106)	(34,095)	(36,201)
Unwinding from continuing operations	(54,416)	(48,959)	(6,337)	(109,712)	(152,518)	(262,231)
Provision of disposed companies	-	(1,282)	-	(1,282)	(21,839)	(23,120)
Foreign exchange differences and other movements	(810)	10,042	24	9,256	(95,553)	(86,298)
<b>Balance at 30/9/2016</b>	<b>1,404,335</b>	<b>815,290</b>	<b>162,984</b>	<b>2,382,609</b>	<b>6,617,026</b>	<b>8,999,635</b>

### 13 Available for sale securities

	30 September 2016	31 December 2015
Greek government bonds	358,106	400,776
Foreign government bonds	303,191	287,864
Bank bonds	-	4,740
Corporate entities bonds	160	-
Greek government treasury bills	1,732,032	1,621,695
Foreign government treasury bills	53,644	47,754
<b>Total bonds and other fixed income securities (A)</b>	<b>2,447,133</b>	<b>2,362,830</b>
Athens stock exchange listed shares	6,747	63,639
Foreign stock exchange listed shares	1,467	1,802
Unlisted shares	183,448	233,269
Mutual funds	64,661	65,626
Other variable income securities	8,635	12,521
<b>Total shares and other variable income securities (B)</b>	<b>264,959</b>	<b>376,857</b>
<b>Total available for sale securities (A) + (B)</b>	<b>2,712,093</b>	<b>2,739,687</b>

Relevant reference to the result from the securities' disposal of the available for sale securities is provided in note 6.

### 14 Debt securities - receivables

	30 September 2016	31 December 2015
Corporate entities debt securities - receivables	16,146	16,282
Bank debt securities - receivables	29,158	28,858
Foreign government bonds debt securities - receivables, EFSF bonds and ESM bonds	14,544,486	16,964,042
<b>Total debt securities - receivables</b>	<b>14,589,790</b>	<b>17,009,181</b>
Less: Allowance for impairment on debt securities - receivables	(29,030)	(23,846)
<b>Total debt securities - receivables (less allowances for losses)</b>	<b>14,560,760</b>	<b>16,985,336</b>

The balance of the EFSF bonds has decreased due to sale of securities totaling € 2.4 billion, under the Bank's participation in the ECB's quantitative easing program. The result arised from the sale is mentioned at note 6.

## 15 Investments in consolidated companies

The investments of Piraeus Bank Group in consolidated companies are analysed below:

### A) Subsidiary companies (full consolidation method) from continuing operations

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years <sup>(1)</sup>
1.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania	2014-2015
2.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2015
3.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2013-2015
4.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2015
5.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2015
6.	Piraeus Leasing Romania IFN S.A.	Finance leases	100.00%	Romania	2003-2015
7.	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2012-2015
8.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2010,2013-2015
9.	Piraeus Group Capital Ltd	Debt securities issue	100.00%	United Kingdom	-
10.	Piraeus Group Finance PLC	Debt securities issue	100.00%	United Kingdom	-
11.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010,2013-2015
12.	Picar S.A.	City Link areas management	100.00%	Greece	2010,2013-2015
13.	Bulfina E.A.D.	Property management	100.00%	Bulgaria	2008-2015
14.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece	2010,2013-2015
15.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece	2010,2013-2015
16.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010,2013-2015
17.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2013-2015
18.	ND Development S.A.	Property management	100.00%	Greece	2010,2013-2015
19.	Property Horizon S.A.	Property management	100.00%	Greece	2010,2013-2015
20.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece	2010,2013-2015
21.	Piraeus Development S.A.	Property management	100.00%	Greece	2010,2013-2015
22.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010,2013-2015
23.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2015
24.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
25.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	90.89%	Cyprus	2006-2015
26.	Lakkos Mikelli Real Estate Ltd	Property management	50.66%	Cyprus	2009-2015

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years <sup>(1)</sup>
27.	Philoktimatiki Public Ltd	Land and property development	53.31%	Cyprus	2015
28.	Philoktimatiki Ergoliptiki Ltd	Construction company	53.31%	Cyprus	2015
29.	IMITHEA S.A.	Organization, operation and management of hospital units	100.00%	Greece	2010,2013-2015
30.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2013-2015
31.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2008-2010, 2013-2015
32.	Sunholdings Properties Company Ltd	Land and property development	26.66%	Cyprus	2008-2015
33.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
34.	Vitria Investments S.A.	Investment company	100.00%	Panama	-
35.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2015
36.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
37.	Piraeus Real Estate Consultants SRL	Construction company	100.00%	Romania	2007-2015
38.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2013-2015
39.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2015
40.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases- Rent-a-Car and long term rental of vehicles	94.00%	Greece	2010,2013-2015
41.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2015
42.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
43.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2015
44.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2015
45.	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2007-2015
46.	Piraeus Insurance Agency S.A.	Insurance - agency	100.00%	Greece	2010,2013-2015
47.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010,2013-2015
48.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
49.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
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 LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
53.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
54.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	-
55.	R.E Anodus Ltd	Consultancy services for real estate development and investments	100.00%	Cyprus	2009-2015
56.	Pleiades Estate S.A.	Property management	100.00%	Greece	2010,2013-2015

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years <sup>(1)</sup>
57.	Solum Limited Liability Company	Property management	99.00%	Ukraine	2009-2015
58.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2015
59.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010,2013-2015
60.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus	2011-2015
61.	Piraeus Equity Advisors Ltd	Investment advice	100.00%	Cyprus	2009-2015
62.	Achaia Clauss Estate S.A.	Property management	75.27%	Greece	2010,2013-2015
63.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2015
64.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
65.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
66.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2009-2015
67.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2015
68.	Piraeus Clean Energy Holdings Ltd	Holding Company	100.00%	Cyprus	2010-2015
69.	Kosmopolis A' Shopping Centers S.A.	Shopping center's management	100.00%	Greece	2010,2013-2015
70.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011-2015
71.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2015
72.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	83.00%	Greece	2013-2015
73.	Asset Management Bulgaria EOOD	Travel - rental services and property management	99.98%	Bulgaria	2012-2015
74.	Arigeo Energy Holdings Ltd	Holding company in renewable energy	100.00%	Cyprus	2012-2015
75.	Proiect Season Residence SRL	Real estate development	100.00%	Romania	2012-2015
76.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of venture capital fund	100.00%	Greece	2013-2015
77.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	80.00%	Greece	2013-2015
78.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
79.	Geniki Financial & Consulting Services S.A.	Financial & consulting services	100.00%	Greece	2010-2015
80.	Special Financial Solutions S.A.	Advising, consultancy, organizational and training services	100.00%	Greece	2010-2015
81.	Geniki Information S.A.	Assessment and collection of commercial debts	100.00%	Greece	2010-2015
82.	Solum Enterprise LLC	Property management	99.00%	Ukraine	2012-2015
83.	General Business Management Investitii SRL	Development of building projects	100.00%	Romania	2013-2015
84.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	100.00%	Greece	2010,2013-2015
85.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010,2013-2015
86.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece	2010,2013-2015
87.	Special Business Services S.A.	Advising, consultancy, organizational and training services	100.00%	Greece	2010,2013-2015
88.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years <sup>(1)</sup>
89.	Kion Mortgage Finance No.3 PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
90.	Kion CLO Finance No.1 PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
91.	R.E. Anodus Two Ltd	Holding and investment company	99.09%	Cyprus	2013-2015
92.	Sinitem LLC	Sale and purchase of real estate	98.01%	Ukraine	2013-2015
93.	Beta Asset Management EOOD	Rent and management of real estate	99.98%	Bulgaria	2013-2015
94.	Linklife Food & Entertainment Hall S.A.	Operation of food and entertainment Halls	100.00%	Greece	2014-2015
95.	R.E. Anodus SRL	Real Estate development	99.09%	Romania	2013-2015
96.	Entropia Ktimatiki S.A.	Property management	66.70%	Greece	2010-2015
97.	Tellurion Ltd	Holding company	100.00%	Cyprus	2013-2015
98.	Tellurion Two Ltd	Holding company	99.09%	Cyprus	2013-2015
99.	Akinita Ukraine LLC	Real estate development	99.09%	Ukraine	2014-2015
100.	Daphne Real Estate Consultancy SRL	Real estate development	99.09%	Romania	2014-2015
101.	Rhesus Development Projects SRL	Real estate development	99.09%	Romania	2014-2015
102.	Varna Asset Management EOOD	Real estate development	99.98%	Bulgaria	2014-2015
103.	Piraeus Real Estate Tirana Sh.P.K.	Real estate development	100.00%	Albania	2014-2015
104.	Priam Business Consultancy SRL	Real estate development	99.18%	Romania	2014-2015
105.	Marathon 1 Greenvale Rd LLC	Real estate development	99.95%	U.S.A.	2012-2015
106.	Cielo Conculancy Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2015
107.	Edificio Enterprise Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2015
108.	Tierra Projects Sh.P.K.	Holding and investment company	99.09%	Albania	2014-2015
109.	Trastor Real Estate Investment Company	Real estate investment property	57.91%	Greece	2010,2013-2015
110.	Piraeus ACT Services S.A.	Accounting and tax consulting	100.00%	Greece	2013-2015
111.	A.C.T. B.A.S. S.A.	Counseling services for payroll and labour affairs	100.00%	Greece	2011-2015
112.	ETVA Fund Management S.A.	Management of venture capital mutual funds	65.00%	Greece	-
113.	ETVA Development S.A.	Investment and development activities, in accordance with the principles of sustainable development	65.00%	Greece	-
114.	Rembo S.A.	Real estate investment company	57.91%	Greece	2010,2013-2015
115.	Cyprus Leasing S.A.	Finance leases	100.00%	Greece	2008-2010, 2013-2015
116.	Alecsandri Estates SRL	Real Estate Development	74.32%	Romania	2009-2015
117.	Gama Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	-
118.	Delta Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	2015
119.	Besticar Limited	Holding Company	99.98%	Cyprus	-

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years <sup>(1)</sup>
120.	Besticar Bulgaria EOOD	Collects receivables	99.98%	Bulgaria	2012-2015
121.	Besticar EOOD	Collects receivables from problematic clients	99.98%	Bulgaria	2012-2015
122.	Hellenic Fund for Sustainable Development	Close end Venture capital fund	65.00%	Greece	-
123.	Trieris Two Real Estate LTD	Holding, Investment and Real Estate Portfolio Management	100.00%	Cyprus	2007-2015
124.	Piraeus Renewable Investments Limited	Holding company	100.00%	Cyprus	-
125.	PRI WIND I Limited	Holding company	100.00%	Cyprus	-
126.	PRI WIND II Limited	Holding company	100.00%	Cyprus	-
127.	PRI WIND III Limited	Holding company	100.00%	Cyprus	-
128.	Euroak S.A. Real Estate	Real estate investment	52.99%	Greece	2010-2015
129.	Euroterra S.A.	Property management	62.47%	Greece	2010-2015
130.	Rebikat S.A.	Property management	61.20%	Greece	2010-2015
131.	Abies S.A.	Property management	61.20%	Greece	2010-2015

Note (1): In accordance with Circular 1034/2016 and the cancellation of the 18 months date, in order to define the fiscal years 2011, 2012 & 2013 as tax audited, a tax audit may occur in some of the companies mentioned above, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Law 3842/2010, Article 80.

Companies numbered 24, 42, 48-53 and 88-90 are special purpose vehicles for securitization of loans and issuance of debt securities. Company numbered 32 although presenting less than 50% holding percentage, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of this company.

Also, as at 30/9/2016 the companies numbered 23, 33, 34, 39 and 89-90 were under liquidation. The financial results of the companies numbered 89 and 90 are included in the Financial Statements of the Bank. The financial results of the company numbered 115 are included in the Financial Statements of the Bank for the period 1/1-31/7/2015, whereas for the period 1/8-31/12/2015 the company was consolidated as a subsidiary.

The subsidiaries that are excluded from the consolidation are as follows: a) "ELSYP S.A.", b) "Blue Wings Ltd", c) "The Museum Ltd", d) "Piraeus Bank Group Cultural Foundation", e) "Procas Holding Ltd", f) "Phoebe Investments SRL", g) "Core Investments Project SRL", h) "Amaryllis Investments Consultancy SRL", i) "Torborg Maritime Inc.", j) "Isham Marine Corp.", k) "Cybele Management Company", l) "Alegre Shipping Ltd", m) "Maximus Chartering Co.", n) "Lantana Navigation Corp.", o) "Pallas Shipping S.A.", p) "Zephyros Marine INC", q) "Bayamo Shipping Co.", r) "Sybil Navigation Co.", s) "Axia III Holdings Ltd", t) "Praxis II Holdings Ltd" and u) "Kion Holdings Ltd". The company numbered (a) is fully depreciated, under liquidation status. The company numbered (b) is under idle status. The companies numbered (e)-(h) have not started operating yet. The companies numbered (i)-(j) have been inactivated and will be set under dissolution. The companies numbered (k)-(r) have been dissolved and set under liquidation. The companies numbered (s)-(u) have as exclusive scope the participation in special purpose vehicles for the securitization of loans and the issuance of debt securities, which are consolidated within the Group through the full consolidation method. The consolidation of the above mentioned companies does not have significant effect on the financial position and result of the Group.

## B) Subsidiaries from discontinued operations

Piraeus Bank Group subsidiary companies ATE Insurance Romania S.A. and Piraeus Bank Cyprus LTD group of companies that are included in discontinued operations, are analyzed below:

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
1.	ATE Insurance Romania S.A.	Insurance	99.54%	Romania	2007-2015
2.	Piraeus Bank Cyprus Ltd	Banking activities	100.00%	Cyprus	2007-2015
3.	EMF Investors Limited	Investment company	100.00%	Cyprus	2008-2015
4.	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2015
5.	Adflikton Investments Ltd	Property management	100.00%	Cyprus	2009-2015
6.	Costpleo Investments Ltd	Property management	100.00%	Cyprus	2010-2015
7.	Cutsofiar Enterprises Ltd	Property management	100.00%	Cyprus	2010-2015
8.	Gravieron Company Ltd	Property management	100.00%	Cyprus	2008-2015
9.	Kaihur Investments Ltd	Property management	100.00%	Cyprus	2007-2015
10.	Pertanam Enterprises Ltd	Property management	100.00%	Cyprus	2007-2015
11.	Rockory Enterprises Ltd	Property management	100.00%	Cyprus	2010-2015
12.	Alarconaco Enterprises Ltd	Property management	100.00%	Cyprus	2011-2015

There are no other subsidiaries, apart from the list of subsidiaries presented in the above table, that meet the classification requirements as discontinued operations in accordance with the relevant provisions of IFRS 5.

On 8 July 2016, Piraeus Bank announced that it has entered into an agreement with Holding M. Sehnaoui SAL (HMS), for the sale of 26% of the share capital in its subsidiary in Cyprus, Piraeus Bank Cyprus Ltd ("PBC") for a consideration of € 3.2 million which – together with a combination of a concurrent primary capital raise by PBC of € 40 million to be fully subscribed by HMS and a group of investors to be procured by HMS. Following the completion of the abovementioned transactions Piraeus Bank's stake in PBC will drop to 17.6% of the total share capital. The transaction is subject to customary conditions including regulatory and other approvals by the respective authorities in the European Commission, Cyprus and Greece, as well as the Hellenic Financial Stability Fund. The transaction is expected to be completed by year-end 2016.



**C) Associate companies (equity accounting method) from continuing operations**

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years <sup>(1)</sup>
1.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece	2010-2015
2.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2015
3.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2015
4.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding company	27.80%	Greece	2010,2013-2015
5.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	27.80%	Greece	2010,2013-2015
6.	Trieris Real Estate LTD	Property management	32.37%	British Virgin Islands	-
7.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece	2010,2013-2015
8.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010,2013-2015
9.	Exodus S.A.	Information technology & software	49.90%	Greece	2010,2013-2015
10.	Piraeus - TANEQ Capital Fund	Close end Venture capital fund	50.01%	Greece	-
11.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	23.53%	Greece	2010,2013-2015
12.	PJ Tech Catalyst Fund	Close end Venture capital fund	30.00%	Greece	-
13.	Pyrrichos S.A.	Property management	50.77%	Greece	2010,2012-2015
14.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	40.44%	Greece	2013-2015
15.	Gaia S.A.	Software services	26.00%	Greece	2015
16.	Olganos Real Estate S.A.	Property management/electricity production from hydropower stations	32.27%	Greece	2014-2015
17.	Exus Software Ltd	IT products retailer	49.90%	United Kingdom	-
18.	Marfin Investment Group Holdings S.A.	Holding company	31.19%	Greece	2013-2015
19.	Litus Advisory S.A.	Consulting in the fields of European Programmes, Communication Strategy and International Affairs	50.00%	Belgium	2015
20.	Selonda Aquaculture S.A.	Fish farming	32.43%	Greece	2008-2015
21.	Nireus Aquaculture S.A.	Fish farming	32.64%	Greece	2009-2010, 2013-2015

Note <sup>(1)</sup>: In accordance with Circular 1034/2016 and the cancelation of the 18 months date, in order to define the fiscal years 2011, 2012 & 2013 as tax audited, a tax audit may occur in some of the companies mentioned above, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Law 3842/2010, Article 80.

In accordance with the provisions of IFRS 12, concerning the companies in which the Group's voting rights exceed 50% but are not controlled by the Group, the following shall be noted:

- The company numbered 10 is included in the associate companies portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investment committee of the fund, which takes the investment decisions
- The companies numbered 13 and 19 are included in the associate companies portfolio as Piraeus Bank Group exercises significant influence and not control.

The changes in the portfolio of subsidiaries and associates are included in note 24.

The associate company "Evrytania S.A. Agricultural Development Company" has been excluded from the consolidation under the equity method of accounting, since it is under an idle status. The consolidation of this company does not have significant effect to the financial position and results of the Group.

#### D) Joint ventures (equity accounting method) from continuing operations

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years <sup>(1)</sup>
1	AEP ELAIONA S.A.	Property management	50.00%	Greece	2010-2015

Note <sup>(1)</sup>: In accordance with Circular 1034/2016 and the cancelation of the 18 months date, in order to define the fiscal years 2011, 2012 & 2013 as tax audited, a tax audit may occur, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Law 3842/2010, Article 80.

#### 16 Due to credit institutions

"Due to credit institutions" as at 30/9/2016, includes refinancing operations through repo transactions within the eurosystem amounting to € 23.8 billion (31/12/2015: € 32.7 billion). The decrease in the refinancing raised is mainly due to the further improvement of access to international repo markets, following the stabilization of the Greek banking sector since the end of 2015, the further deleveraging of the loan portfolio 2016, as well as the Bank's participation in the ECB's program of Quantitative Easing (QE) with the sale of EFSF bonds of amount € 2.4 billion, during the period 1/1-30/9/2016.

#### 17 Due to customers

	30 September 2016	31 December 2015
<b>Corporate</b>		
Current and sight deposits	6,381,090	6,547,701
Term deposits	2,067,979	1,981,200
Blocked deposits, guarantee deposits and other accounts	220,325	207,150
<b>Total (A)</b>	<b>8,669,394</b>	<b>8,736,052</b>
<b>Retail</b>		
Current and sight deposits	2,891,919	2,686,930
Savings account	14,138,301	15,248,955
Term deposits	13,482,810	12,190,183
Blocked deposits, guarantee deposits and other accounts	14,986	16,872
<b>Total (B)</b>	<b>30,528,015</b>	<b>30,142,940</b>
<b>Cheques payable and remittances (C)</b>	<b>83,596</b>	<b>72,888</b>
<b>Total Due to Customers (A)+(B)+(C)</b>	<b>39,281,005</b>	<b>38,951,880</b>

## 18 Debt securities in issue

### A) Securitisation of mortgage loans

	30 September 2016	31 December 2015
Issuance € 750 million floating rate notes due 2040	13,031	25,756
Issuance € 1,250 million floating rate notes due 2054	39,655	56,196
Issuance € 600 million floating rate notes due 2051	18,135	20,361
<b>Total debt securities in issue</b>	<b>70,821</b>	<b>102,314</b>

From the above mentioned securitisation of mortgage loans issues, Piraeus Bank possesses as at 30/9/2016 bonds of nominal value amounting € 107.5 million from the issuance of € 750 million, € 620.8 million from the issuance of € 1,250 million and € 36.9 million from the issuance of € 600 million.

Piraeus Bank, during the period 1/1/2016 - 30/9/2016, proceeded with the buy back of bonds of securitised loans of total amount after amortization of € 25.4 million.

### B) Debt securities' issuances retained by Piraeus Bank

It should be noted that, apart from the debt securities in the table above, as of 30/9/2016 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.

As at 30/9/2016, a total amount of € 10 million covered bonds, issued by Piraeus Bank, are retained by Piraeus Bank. These covered bonds come from two separate issues, with original amount € 1,250 million (series 1), due February 2017, and € 750 million (series 2), due December 2016, issued under Piraeus Bank's global covered bond programme. On July 3, 2015, Piraeus Bank proceeded with the partial cancellation of € 1,990 million of two series of covered bonds (€ 1,245 million from Series 1 and € 745 million from series 2) and the total outstanding covered bonds are currently € 5 million per series.

### C) Euro Medium Term Note

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 bearing the guarantee of Piraeus Bank.

Piraeus Bank has not issued any bonds under its EMTN Programme during the period 1/1/2016 - 30/9/2016. In February 2016, Piraeus Bank cancelled a € 3,100 million senior bond and a € 1,050 million senior bond, both due May 2016, which were issued in August 2015. A € 2,000 million senior bond, which was issued in October 2015, matured in February 2016 and a € 2,500 million senior bond, issued in October 2015, matured in March 2016. A 1,750 million senior bond, which was issued in July 2015, matured in April 2016. This bond was the last outstanding issue through the Bank's EMTN programme during the period 1/1/2016 - 30/9/2016.

## 19 Other provisions

The reduction in other provisions as at 30/9/2016 compared to 31/12/2015 is mainly due to the payments in the scope of the voluntary exit scheme for the employees of the Bank and the financial sector Greek subsidiaries, in the context of the Restructuring Plan. Specifically, 982 employees participated in the program and its cost was approximately € 88.4 million.

## 20 Contingent liabilities and commitments

### A) Legal procedures

The Group's provision for outstanding litigations as at 30/9/2016 amounts to € 24.9 million from continuing operations and € 0.1 million from discontinued operations, against € 19.3 million and € 8.2 million respectively as at 31/12/2015. The legal proceedings outstanding against the Group as at 30/9/2016, for which no provisions have been recorded, are not expected to have any significant impact on the financial statements of the Group.

### B) Credit commitments

As at 30/9/2016 the Group had undertaken the following commitments:

	30 September 2016	31 December 2015
Letters of guarantee	2,868,626	2,964,431
Letters of credit	36,625	30,316
Undrawn committed credit facilities	379,598	368,064
	<b>3,284,849</b>	<b>3,362,810</b>

### C) Assets pledged

	30 September 2016	31 December 2015
Cash and balances with Central Banks	1,130,208	1,173,061
Financial instruments at fair value through profit or loss	61,599	41,790
Investment securities	1,255,468	1,223,063
Loans and advances to customers	25,520,315	24,766,404
Debt securities - receivables	9,346,735	15,252,624
Loans and advances to credit institutions	1,151	2,562
	<b>37,315,476</b>	<b>42,459,504</b>

The above mentioned assets pledged are mainly used for liquidity purposes either through Eurosystem or through interbank repurchase agreement (repo) transactions. Apart from the aforementioned assets, the Bank also pledges debt securities of own issue which are not included in the Bank's assets that had been issued under the securitization of consumer, mortgage and corporate loans of the Bank of nominal value € 4,858 million as at 30/9/2016 (31/12/2015: nominal value € 16,002 million including Pillar II bonds (Law 3723/2008) of nominal value € 10,400 million).

Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities of nominal value € 5,150 million (31/12/2015: € 1,700 million) and debt securities of own issue of nominal value € 224 million are also used for liquidity purposes.

It is also noted that the account "Loans and advances to customers", that is presented in the above table, includes loans of € 24,382 million, which have been pledged or were eligible for pledging under financing from the E.L.A.

## D) Operating lease commitments

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

	30 September 2016	31 December 2015
Up to 1 year	52,539	60,010
From 1 to 5 years	191,856	216,827
More than 5 years	288,293	330,706
	<b>532,688</b>	<b>607,544</b>

## 21 Share capital and contingent convertible securities

	Share Capital	Share Premium	Contingent convertible securities	Treasury Shares	Total
<b>Opening balance at 1 January 2015</b>	<b>1,830,594</b>	<b>11,393,314</b>	<b>0</b>	<b>0</b>	<b>13,223,909</b>
Increase of share capital	2,601,649	-	2,040,000	-	4,641,649
Share capital increase expenses		(130,915)			(130,915)
Decrease of the nominal value of ordinary shares	(1,812,288)	1,812,288	-	-	0
Purchases/ shares of treasury shares	-	-	-	(460)	(460)
<b>Balance at 31 December 2015</b>	<b>2,619,955</b>	<b>13,074,687</b>	<b>2,040,000</b>	<b>(460)</b>	<b>17,734,183</b>
<b>Opening balance at 1 January 2016</b>	<b>2,619,955</b>	<b>13,074,687</b>	<b>2,040,000</b>	<b>(460)</b>	<b>17,734,183</b>
Purchases/ sales of treasury shares	-	-	-	459	459
<b>Balance at 30 September 2016</b>	<b>2,619,955</b>	<b>13,074,687</b>	<b>2,040,000</b>	<b>(1)</b>	<b>17,734,642</b>

Changes to the number of Bank's shares are analysed in the table below:

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
<b>Opening balance at 1 January 2015</b>	<b>6,101,979,715</b>	<b>0</b>	<b>6,101,979,715</b>
Adjustment (decrease) in the number of ordinary shares due to reverse split (100:1)	(6,040,959,917)	-	(6,040,959,917)
<b>Adjusted opening balance at 1 January 2015</b>	<b>61,019,798</b>	<b>0</b>	<b>61,019,798</b>
Increase of share capital	8,672,163,482	-	8,672,163,482
Purchases of treasury shares	-	(21,039,684)	(21,039,684)
Sales of treasury shares	-	19,361,054	19,361,054
<b>Balance at 31 December 2015</b>	<b>8,733,183,280</b>	<b>(1,678,630)</b>	<b>8,731,504,650</b>
<b>Opening balance at 1 January 2016</b>	<b>8,733,183,280</b>	<b>(1,678,630)</b>	<b>8,731,504,650</b>
Purchases of treasury shares	-	(20,914,726)	(20,914,726)
Sales of treasury shares	-	22,585,391	22,585,391
<b>Balance at 30 September 2016</b>	<b>8,733,183,280</b>	<b>(7,965)</b>	<b>8,733,175,315</b>

The share capital of the Bank on 31/12/2015, and 30/09/2016 amounts to € 2,619,954,984.00, divided into 8,733,183,280 ordinary registered shares with a nominal value of € 0.30 each. In addition, the contingent convertible securities of 31/12/2015 and 30/09/2016, of amount € 2,040 million, were issued in the context of the share capital increase completed in December 2015 and were covered exclusively by the HFSF with bonds issued by ESM.

Following the 6<sup>th</sup> warrant exercise that took place on 4/7/2016 and in which no warrants were exercised, the issued warrants currently outstanding amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF.

The Annual Ordinary General Meeting of Shareholders, held on 26/5/2016, decided not to distribute dividend, according to the provisions of article 10 of Law 3864/2010, as in force, applicable to the credit institutions that have received capital support from the HFSF.

On 28<sup>th</sup> July 2016, the Bank completed the sale of 46,737 common registered shares. The 46,737 shares resulted as fractional balances from the increase of the nominal value of each common share from € 0.30 to € 30.00 and the simultaneous reduction of the total number of the Bank's common shares from 6,101,979,715 to 61,019,798 (reverse split) and the consequent share capital increase of the Bank via capitalization of € 25.50 of the reserve of article 4 par 4a C.L. 2190/1920 for the purposes of achieving an integral number of shares, as decided by the Extraordinary General Meeting of Shareholders held on 15.11.2015, resolutions of which were further specified by its Board of Directors' resolution dated 17.11.2015 and approved with the decision no. 121015/25.11.2015 of the Ministry of Finance, Development and Tourism.

It is noted that within the frame of the Single Supervisory Mechanism (SSM) and according to the Regulation (EU) No 1024/2013, credit institutions are subject to the provisions of the ECB Recommendation (ECB/2015/49) on dividend distribution policies for the fiscal year 2015 and the respective provisions of the Recommendation of the Bank of Greece on dividend distribution policies for the fiscal year 2015 (Credit and Insurance Committee 184/25.4.2016) in the context of the aim of strengthening the safety and soundness of the euro –area banking system, as well as to the respective provisions of the Regulation (EU) No 575/2013 and those of the Directive 2013/36/EU, transposed in the national legislation order by the Law 4261/2014.

Finally, pursuant to par. 1, art. 16C of Law 3864/2010 the acquisition of treasury shares by the Bank is not permitted, without the approval of HFSF, for as long as the HFSF is a shareholder of the Bank. The purchases and sales of treasury shares during 2015 and the period of 1/1-30/9/2016, as well as the treasury shares owned as at 30/9/2016 and 31/12/2015, are related to transactions that are carried out by the Group's subsidiary Piraeus Securities S.A. through its activities which are derived from its role as a market maker.

## 22 Other reserves and retained earnings

	30 September 2016	31 December 2015
Legal reserve	109,839	111,965
Extraordinary reserve	13,883	13,897
Available for sale reserve	(31,111)	22,098
Currency translation reserve	(196,093)	(188,134)
Other reserves	53,852	38,761
Reserve of defined benefit obligations	(6,317)	(6,355)
<b>Other reserves from continuing operations (A)</b>	<b>(55,946)</b>	<b>(7,766)</b>
<b>Amounts recognized directly in equity relating to non-current assets from discontinued operations (B)</b>	<b>586</b>	<b>21,863</b>
<b>Total other reserves (A) + (B)</b>	<b>(55,360)</b>	<b>14,096</b>

In the "Amounts recognized directly in equity relating to non-current assets from discontinued operations" category as at 30/9/2016, the "Available for sale reserve" and the "Currency translation reserve" from discontinued operations are included.

Other reserves movement	30 September 2016	31 December 2015
Opening balance for the period	14,096	(92,453)
Movement of available for sale reserve	(53,210)	78,906
Transfer from other reserves to retained earnings	13,130	27,581
Acquisitions, disposals and movement in participating interest	(179)	(7,877)
Change in reserve of defined benefit obligations	38	27,427
Amounts recognized directly in equity relating to non-current assets from discontinued operations	(21,277)	3,076
Foreign exchange differences and other adjustments	(7,959)	(22,564)
<b>Closing balance for the period</b>	<b>(55,360)</b>	<b>14,096</b>

Available for sale reserve movement	30 September 2016	31 December 2015
Opening balance for the period	22,098	(56,808)
Opening balance of discontinued companies	-	140
Gains/ (losses) from the valuation of bonds and Greek Government Treasury Bills	814	28,893
Gains/ (losses) from the valuation of shares and mutual funds	(3,669)	66,579
Recycling to income statement of shares and mutual funds impairment	347	11,424
Recycling of the accumulated fair value adjustment of disposed securities	(70,586)	(6)
Deferred income taxes	21,107	(28,753)
Foreign exchange differences and adjustments	(1,223)	630
<b>Closing balance for the period</b>	<b>(31,111)</b>	<b>22,098</b>

The line "Recycling of the accumulated fair value adjustment of disposed securities" mainly comprises of the sale of the shares of Visa Europe, which is referenced in Note 6.

Retained earnings movement	30 September 2016	31 December 2015
Opening balance for the period	(7,840,634)	(5,921,295)
Profit/ (loss) after tax attributable to the owners of the parent entity	(20,474)	(1,892,848)
Profit/ (loss) from sales of treasury shares	(24)	(1,412)
Transfer between other reserves and retained earnings	(13,130)	(28,347)
Acquisitions, disposals and movements in participating interest	(4,176)	3,268
<b>Closing balance for the period</b>	<b>(7,878,440)</b>	<b>(7,840,634)</b>

## 23 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 Group, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20%, d) Bank's subsidiaries, e) Bank's associates, f) Bank's joint ventures and g) HFSF, which in accordance with IAS 24 is related party of Piraeus Bank, after the recapitalization in the context of the law 3864/2010. It is noted that related parties do not include companies with which HFSF is potentially considered as a related party.

The transactions with the above related parties are under the usual market terms. More specifically, loans and letters of guarantee issued to related parties represent an insignificant part of total loans and letters of guarantee issued by the Group, respectively. Loans and letters of guarantee have been issued to related parties in the normal course of business, within the approved credit policies and Group procedures, adequately collateralized and the risk of their repayment is within the normal course of the market conditions.

Transactions with the Board of Directors members and the key management personnel and the Other related parties, that include related parties mentioned in points (b) and (c) above, are presented in the table below. It is noted that there were no transactions with the HFSF during the period 1/1-30/9/2016, as well as during 2015.

	30/09/2016		31/12/2015	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans	11,346	13,432	22,148	41,898
Deposits	2,982	2,337	7,484	13,383
Letters of guarantee and letters of credit	1	2,964	-	3,474

	1/1-30/9/2016		1/1-30/9/2015	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	146	717	305	1,257
Expense	8	429	86	1,029

Members of the Board of Directors and key management personnel benefits	1/1-30/9/2016	1/1-30/9/2015
Short term benefits	4,717	5,850
Post employment benefits	160	383

Short term benefits for the members of the Board of Directors and the key management personnel include wages, salaries, employers' share of social contributions and other charges. Line "Post employment benefits" includes the cost of programs for the post employment benefits.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 26.3 million compared to € 26.5 million as at 31/12/2015. The full amount of the above provisions has been included in the retirement benefit obligations.



The transactions with associate companies are analysed as follows:

	Associates	
	30 September 2016	31 December 2015
Deposits and other liabilities	92,399	78,523
Loans and other receivables	1,117,415	1,105,488
Debt securities	10,771	10,771
Derivatives financial assets	3,290	2,197

The aggregate provisions on loans to associate companies amount to € 59.6 million compared to € 65.6 million as at 31/12/2015.

	Associates	
	1/1-30/9/2016	1/1-30/9/2015
Total expense & capital expenditure	(11,012)	(15,511)
Total income	57,266	42,264

Letters of guarantee to associates of the Group as at 30/9/2016 amount to € 12.9 million (31/12/2015: € 17.3 million).

The transactions with joint ventures are analysed as follows:

	Joint ventures	
	30 September 2016	31 December 2015
Loans and other receivables	50,293	-

The aggregate provisions on loans of joint ventures amount to € 2.9 million.

	Joint ventures	
	1/1-30/9/2016	1/1-30/9/2015
Total income	445	-

## 24 Changes in the portfolio of consolidated companies

During the period 1/1 - 30/9/2016, Piraeus Bank and its subsidiaries paid for the establishment and participation in share capital increases of subsidiaries a total amount of € 28.7 million. Additionally, Piraeus Bank and its subsidiaries paid for the acquisition, establishment and participation in share capital increases of associates and joint ventures, a total amount of € 14.8 million. The analysis of changes of the consolidated companies' portfolio is presented below:

### a) Gain of control or significant influence:

On 30/3/2016, Piraeus Bank acquired from its 22.94% associate company Trieris Real Estate LTD, the 100% of the share capital of the company Trieris Two Real Estate LTD with the amount of € 500. The company was classified in the subsidiaries' portfolio of the Bank.

On 29/7/2016, Trieris Two Real Estate LTD, 100% subsidiary company of Piraeus Bank, acquired 50% of the shares of the company AEP Elaiona S.A., of value € 11.9 million. The company was classified in the joint ventures' portfolio of the Group.

On 1/9/2016, Piraeus Bank fully paid the € 7.1 million share capital increase of its 32.81% associate company Euroak S.A. Real Estate, through assets capitalization, thus increasing its shareholding percentage in the company to 52.99%. As a result, the company was classified in the portfolio of subsidiary companies of the Group and consequently, its direct subsidiary companies Rebikat S.A, Abies S.A. and Euroterra S.A., were also classified in the portfolio of subsidiary companies of the Group.

### b) Establishments:

On 14/7/2016, Piraeus Equity Partners Ltd, 100% subsidiary company of Piraeus Bank, established its 100% subsidiary company, Piraeus Renewable Investments Limited with € 1 thousand share capital. The company was classified in the portfolio of subsidiary companies of the Group.

On 19/7/2016, Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, established its 100% subsidiary companies PRI Wind Limited I, II and III, with € 1 thousand share capital each. The companies were classified in the portfolio of subsidiary companies of the Group.

### c) Participation in the share capital increases - Changes of participation:

During the period 17/2-1/3/2016, Piraeus Bank acquired an additional 0.58% of the share capital of its associate company Hellenic Seaways Maritime S.A. with the amount of € 681 thousand. As a result, Piraeus Bank owns 40.18% of the associate company.

During the 1<sup>st</sup> quarter of 2016, PJ Tech Catalyst Fund, 30% associate company of the Group, increased its assets by € 694 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary company of Piraeus Bank, covered its ratio by paying in total € 208 thousand, without altering its shareholding percentage in the company.

On 15/4/2016, Piraeus Bank acquired an additional 0.26% of the share capital of its associate company, Hellenic Seaways Maritime S.A., for the amount of € 500 thousand. As a result, Piraeus Bank owns 40.44% of the associate company.

From 18/5/2016, 669,131 new shares of Nireus Aquaculture S.A., associate company of Piraeus Bank, are being traded, as a result of the share capital increase of the company due to bond conversion, owned by third parties, into shares. As a result, the Group's shareholding percentage in the company decreased to 32.64%.

On 6/6/2016, Imithea S.A., 100% subsidiary company of Piraeus Bank, proceeded to share capital increase of € 35.1 million, through debt capitalization, which was fully covered from Piraeus Bank, without altering its shareholding percentage in the company.

On 13/6/2016, Piraeus Bank sold 33.80% of the share capital of its 91.71% subsidiary company, Trastor REIC. As a result, the shareholding percentage in the company has changed to 57.91%.

On 29/6/2016, Sciens International Investments & Holding S.A., 28.10% associate company of Piraeus Bank, proceeded to shares' reverse split with 1 new share for every 100 old shares and increase of the nominal value of each share to € 60 from € 0.06, followed by a decrease of the nominal value to € 10 with offsetting losses. As a result, the shareholding percentage in the company did not alter.

During the 2<sup>nd</sup> quarter of 2016, Piraeus - TANEO Capital Fund, 50.01% associate company of Piraeus Bank, increased its assets by € 201.8 thousand. As a result, Piraeus Bank covered its ratio by paying in total € 100.9 thousand, without altering its shareholding percentage in the company.

During the 2<sup>nd</sup> quarter of 2016, PJ Tech Catalyst Fund, 30% associate participation of the Group, increased its assets by € 533.8 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 160.1 thousand, without altering its shareholding percentage.

From 5/7/2016, 125,162 new shares of Marfin Investment Group S.A., 28.430% associate company of Piraeus Bank, are traded due to bond conversion, owned by third parties, into shares. As a result, the shareholding percentage of the Bank in the company was decreased to 28.426%.

On 7/7/2016, Piraeus Bank acquired an additional 2.77% of its associate company Marfin Investment Group S.A. for the amount of € 3.1 million. As a result, Piraeus Bank owns 31.19% of the company.

On 19/7/2016, Piraeus Bank acquired an additional 9.43% of its associate company Trieris Real Estate LTD due to pledge exercise. As a result, the shareholding percentage in the company increased to 32.37%.

On 22/7/2016, ATE Insurance Romania S.A., 99.49% held for sale participation of Piraeus Bank, increased its share capital by € 505.9 thousand (RON 2.25 million), which was fully covered by Piraeus Bank. As a result, the Bank's shareholding percentage in the company increased to 99.54%.

On 25/7/2016, following the share capital increase of the associate company Selonda Aquaculture S.A., Piraeus Bank's shareholding percentage in the company decreased to 32.43%.

On 25/7/2016, Piraeus Bank paid to its associate company, Piraeus - TANEO Capital Fund, the amount of € 50.2 thousand, without altering its shareholding percentage in the company.

On 2/8/2016, Piraeus Equity Partners Ltd, 100% subsidiary company of Piraeus Bank, increased its share capital by € 28.0 million, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

On 2/8/2016, Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, increased its shareholding percentage by € 28.0 million, which was fully covered by Piraeus Equity Partners, 100% subsidiary company of Piraeus Bank, without altering its shareholding percentage in the company.

On 17/8/2016, PRI Wind I Limited, 100% subsidiary of the Group, increased its share capital by € 3.9 million, which was fully covered by Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, without altering its shareholding percentage in the company.

On 17/8/2016, PRI Wind II Limited, 100% subsidiary of the Group, increased its share capital by € 15.9 million, which was fully covered by Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, without altering its shareholding percentage in the company.

On 17/8/2016, PRI Wind III Limited, 100% subsidiary of the Group, increased its share capital by € 8.2 million, which was fully covered by Piraeus Renewable Investments Limited, 100% subsidiary company of the Group, without altering its shareholding percentage in the company.

On 1/9/2016, Piraeus Bank fully paid the share capital increase of € 729.9 thousand of its 39.22% associate company Euroterra S.A., through assets capitalization, thus increasing its shareholding percentage in the company to 42.38%.

On 27/9/2016, APE Fixed Assets Real Estate Tourist and Development S.A., 27.8% associate company of Piraeus Bank, increased its share capital by € 100.0 thousand. Piraeus Bank fully covered its ratio by paying € 27.8 thousand, without altering its shareholding percentage in the company.

On 30/9/2016, ETVA Development S.A., 65.00% subsidiary company of the Group, increased its share capital by € 160 thousand, which was fully covered by ETVA Industrial Parks S.A., 65.00% subsidiary company of Piraeus Bank, without altering its shareholding percentage in the company.

During the 3<sup>rd</sup> quarter of 2016, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 3.9 million. As a result, Piraeus Equity Partners Ltd, 100% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 1.2 million, without altering its shareholding percentage in the company.

**d) Liquidation and disposal:**

On 11/1/2016, Curdart Holdings Ltd, 100% subsidiary of the Group, was deleted from the relevant Company Registry.

On 28/3/2016, Polytropon Properties Ltd, 39.98% subsidiary of the Group, was set under liquidation.

On 13/5/2016, Piraeus Bank proceeded to disinvestment from its 28.65% associate company European Reliance Gen. Insurance Co. S.A. by transferring its whole participation. On 28/7/2016, the Group disposed its participation in its 100% subsidiary company Piraeus Leasing Bulgaria A.D. for the amount of € 0.1 thousand. The result from the above mentioned disposals is included in the account "Results from investment securities", for which further reference is provided in note 6.

On 1/8/2016, Piraeus Bank disposed its participation in its 100% subsidiary company ATE Insurance S.A. for the amount of € 90.1 million. Relevant reference is provided in note 7.

On 25/8/2016, Polytropon Properties Limited, 39.98% subsidiary company of the Group, was dissolved as a result of intended liquidation and was deleted from the relevant Company Registry.

**e) Further changes – Transfers:**

On 2/3/2016, Piraeus Bank Bulgaria A.D., 99.98% subsidiary of Piraeus Bank, acquired from its 100% direct subsidiary Besticar Ltd, the 100% of the share capital of Besticar Bulgaria EOOD by paying € 1, without altering the Group's shareholding percentage in the company.

The Venture Capital Fund with the name "Hellenic Fund for Sustainable Development", which is fully owned by ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank, and which was included in the list of companies excluded from the consolidation as at 31/12/2015, started operating within the 1<sup>st</sup> quarter of 2016. As a result, it was classified in the subsidiaries' portfolio of the Group with the full consolidation method.

## 25 Capital adequacy

From January 2014 and onwards, Piraeus Bank Group applies the regulatory framework CRD IV (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU and Regulation (EU) No. 575/2013 (CRR). For the transposition of Directive 2013/36/EU, Greece adopted Law 4261/2014.

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

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

Presented below, are the capital adequacy ratios as at 30/09/2016 and 31/12/2015 for Piraeus Bank Group as calculated under the existing regulatory framework, taking into account all relevant transitional period provisions applicable under Regulation (EU) No. 575/2013.

	30 September 2016	31 December 2015
<b>Common Equity Tier 1 Capital</b>	9,237,668	9,449,455
<b>Tier 1 Capital</b>	9,237,668	9,449,455
<b>Total regulatory capital</b>	9,237,668	9,449,455
Total risk weighted assets (on and off-balance sheet items)	52,967,512	54,035,697
CET1 Capital ratio	17.4%	17.5%
T1 Capital ratio	17.4%	17.5%
Total capital ratio	17.4%	17.5%

As of 30<sup>th</sup> September 2016, the above mentioned ratios are far exceeding minimum regulatory requirements, confirming the strong capital base of Piraeus Bank Group.

## 26 Restatement of comparative periods

The restatements that took place in the consolidated interim income statement and the consolidated interim statement of total comprehensive income for the comparative periods 1/1-30/9/2015 and 1/7-30/9/2015, as well as in the consolidated interim cash flow statement of the comparative period 1/1-30/9/2015, are presented below. The restatements took place due to the transfer of Piraeus Bank Cyprus LTD group of companies to the discontinued operations, as well as due to the reclassification of the impact from the termination of Group's branches operations in "Other provisions and impairment" from "Depreciation and amortisation". In addition, it is noted that in the consolidated interim income statement of the comparative periods the reverse split, for which relative reference is provided in note 9, was included.

Consolidated interim income statement	From 1 January to 30 September 2015		
	Published amounts	Restatements	Restated amounts
Interest and similar income	2,292,007	(31,705)	2,260,302
Interest expense and similar charges	(857,108)	10,667	(846,441)
<b>Net interest income</b>	<b>1,434,899</b>	<b>(21,038)</b>	<b>1,413,861</b>
Fee and commission income	264,027	(7,665)	256,362
Fee and commission expense	(30,825)	1,408	(29,417)
<b>Net fee and commission income</b>	<b>233,202</b>	<b>(6,257)</b>	<b>226,945</b>
Dividend income	7,332	(584)	6,748
Net income from financial instruments designated at fair value through profit or loss	69,275	(1,094)	68,181
Results from investment securities	(4,740)	(246)	(4,986)
Other results	77,187	281	77,468
<b>Total net income</b>	<b>1,817,155</b>	<b>(28,939)</b>	<b>1,788,216</b>
Staff costs	(508,361)	14,354	(494,007)
Administrative expenses	(408,876)	5,838	(403,038)
Depreciation and amortization	(88,273)	5,705	(82,568)
<b>Total operating expenses before provisions</b>	<b>(1,005,510)</b>	<b>25,898</b>	<b>(979,612)</b>
<b>Profit before provisions, impairment and income tax</b>	<b>811,645</b>	<b>(3,041)</b>	<b>808,604</b>
Impairment losses on loans	(2,120,719)	17,941	(2,102,777)
Impairment losses on other receivables	(73,510)	1	(73,509)
Other provisions and impairment	(16,486)	(2,610)	(19,096)
Share of profit of associates	(13,490)	-	(13,490)
<b>Profit/ (loss) before income tax</b>	<b>(1,412,560)</b>	<b>12,291</b>	<b>(1,400,269)</b>
Income tax	776,123	2,532	778,655
<b>Profit/ (loss) after income tax from continuing operations</b>	<b>(636,437)</b>	<b>14,823</b>	<b>(621,614)</b>
Profit/ (loss) after income tax from discontinued operations	11,139	(14,823)	(3,685)
<b>Profit/ (loss) after tax</b>	<b>(625,298)</b>	<b>0</b>	<b>(625,298)</b>
<b>From continuing operations</b>			
Profit/ (loss) attributable to equity holders of the parent entity	(635,377)	14,823	(620,554)
Non controlling interest	(1,060)	-	(1,060)
<b>From discontinued operations</b>			
Profit/ (loss) attributable to equity holders of the parent entity	11,122	(14,823)	(3,701)
Non controlling interest	17	-	17
<b>Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):</b>			
From continuing operations			
- Basic and Diluted	(0.1042)	(0.2640)	(0.3682)
From discontinued operations			
- Basic and Diluted	0.0018	(0.0040)	(0.0022)

Consolidated interim income statement	From 1 July to 30 September 2015		
	Published amounts	Restatements	Restated amounts
Interest and similar income	750,964	(10,423)	740,541
Interest expense and similar charges	(280,474)	2,810	(277,664)
<b>Net interest income</b>	<b>470,490</b>	<b>(7,613)</b>	<b>462,877</b>
Fee and commission income	84,763	(2,384)	82,379
Fee and commission expense	(11,540)	458	(11,082)
<b>Net fee and commission income</b>	<b>73,223</b>	<b>(1,926)</b>	<b>71,298</b>
Dividend income	720	-	720
Net income from financial instruments designated at fair value through profit or loss	53,572	(302)	53,270
Results from investment securities	1,289	(68)	1,221
Other results	51,361	(363)	50,998
<b>Total net income</b>	<b>650,655</b>	<b>(10,271)</b>	<b>640,384</b>
Staff costs	(166,084)	4,476	(161,608)
Administrative expenses	(130,729)	2,075	(128,654)
Depreciation and amortization	(30,501)	2,437	(28,064)
<b>Total operating expenses before provisions</b>	<b>(327,314)</b>	<b>8,988</b>	<b>(318,326)</b>
<b>Profit before provisions, impairment and income tax</b>	<b>323,341</b>	<b>(1,283)</b>	<b>322,058</b>
Impairment losses on loans	(252,637)	9,106	(243,531)
Impairment losses on other receivables	(16,397)	-	(16,397)
Other provisions and impairment	(3,580)	(122)	(3,702)
Share of profit of associates	5,746	-	5,746
<b>Profit/ (loss) before income tax</b>	<b>56,472</b>	<b>7,702</b>	<b>64,174</b>
Income tax	438,485	-	438,485
<b>Profit/ (loss) after income tax from continuing operations</b>	<b>494,957</b>	<b>7,702</b>	<b>502,659</b>
Profit/ (loss) after income tax from discontinued operations	4,727	(7,702)	(2,975)
<b>Profit/ (loss) after tax</b>	<b>499,684</b>	<b>0</b>	<b>499,684</b>
<b>From continuing operations</b>			
Profit/ (loss) attributable to equity holders of the parent entity	494,642	7,702	502,344
Non controlling interest	315	-	315
<b>From discontinued operations</b>			
Profit/ (loss) attributable to equity holders of the parent entity	4,761	(7,702)	(2,940)
Non controlling interest	(34)	-	(34)
<b>Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):</b>			
From continuing operations			
- Basic and Diluted	0.0811	0.2170	0.2981
From discontinued operations			
- Basic and Diluted	0.0008	(0.0025)	(0.0017)



Consolidated interim statement of total comprehensive income	From 1 January to 30 September 2015		
	Published amounts	Restatements	Restated amounts
<b>CONTINUING OPERATIONS</b>			
Profit/ (loss) after tax (A)	(636,437)	14,823	(621,614)
<b>Other comprehensive income, net of tax:</b>			
<b>Amounts that can be reclassified in the Income Statement</b>			
Change in available for sale reserve	15,684	(145)	15,539
Change in currency translation reserve	(9,316)	-	(9,316)
<b>Amounts that cannot be reclassified in the Income Statement</b>			
Change in reserve of defined benefit obligations	8,459	-	8,459
<b>Other comprehensive income, net of tax (B)</b>	<b>14,828</b>	<b>(145)</b>	<b>14,682</b>
<b>Total comprehensive income, net of tax (A+B)</b>	<b>(621,609)</b>	<b>14,678</b>	<b>(606,932)</b>
- Attributable to equity holders of the parent entity	(620,606)	14,678	(605,928)
- Non controlling interest	(1,004)	-	(1,004)
<b>DISCONTINUED OPERATIONS</b>			
Profit/ (loss) after tax (C)	11,139	(14,823)	(3,685)
<b>Other comprehensive income, net of tax:</b>			
<b>Amounts that can be reclassified in the Income Statement</b>			
Change in available for sale reserve	(118)	145	27
Change in currency translation reserve	8,834	-	8,834
<b>Amounts that cannot be reclassified in the Income Statement</b>			
Change in reserve of defined benefit obligations	(282)	-	(282)
<b>Other comprehensive income, net of tax (D)</b>	<b>8,435</b>	<b>145</b>	<b>8,580</b>
<b>Total comprehensive income, net of tax (C+D)</b>	<b>19,573</b>	<b>(14,678)</b>	<b>4,895</b>
- Attributable to equity holders of the parent entity	19,421	(14,678)	4,743
- Non controlling interest	152	-	152

Consolidated interim statement of total comprehensive income	From 1 July to 30 September 2015		
	Published amounts	Restatements	Restated amounts
<b>CONTINUING OPERATIONS</b>			
Profit/ (loss) after tax (A)	494,957	7,702	502,659
<b>Other comprehensive income, net of tax:</b>			
<b>Amounts that can be reclassified in the Income Statement</b>			
Change in available for sale reserve	94,641	(176)	94,465
Change in currency translation reserve	1,724	-	1,724
<b>Amounts that cannot be reclassified in the Income Statement</b>			
Change in reserve of defined benefit obligations	96	-	96
<b>Other comprehensive income, net of tax (B)</b>	<b>96,461</b>	<b>(176)</b>	<b>96,285</b>
<b>Total comprehensive income, net of tax (A+B)</b>	<b>591,418</b>	<b>7,526</b>	<b>598,944</b>
- Attributable to equity holders of the parent entity	591,099	7,526	598,624
- Non controlling interest	319	-	319
<b>DISCONTINUED OPERATIONS</b>			
Profit/ (loss) after tax (C)	4,727	(7,702)	(2,975)
<b>Other comprehensive income, net of tax:</b>			
<b>Amounts that can be reclassified in the Income Statement</b>			
Change in available for sale reserve	(2,995)	176	(2,819)
Change in currency translation reserve	225	-	225
<b>Amounts that cannot be reclassified in the Income Statement</b>			
Change in reserve of defined benefit obligations	(713)	-	(713)
<b>Other comprehensive income, net of tax (D)</b>	<b>(3,483)</b>	<b>176</b>	<b>(3,307)</b>
<b>Total comprehensive income, net of tax (C+D)</b>	<b>1,244</b>	<b>(7,526)</b>	<b>(6,281)</b>
- Attributable to equity holders of the parent entity	1,297	(7,526)	(6,228)
- Non controlling interest	(54)	-	(54)

Consolidated interim cash flow statement	From 1 January to 30 September 2015		
	Published amounts	Restatements	Restated amounts
Net cash inflow/ (outflow) from operating activities	40,366	(118,849)	(78,483)
Net cash inflow/ (outflow) from investing activities	(587,364)	(28,790)	(616,153)
Net cash inflow/ (outflow) from financing activities	(174,012)	-	(174,012)
Total cash inflows/ (outflows) for the period	<b>(721,010)</b>	<b>(147,639)</b>	<b>(868,649)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	10,958	-	10,958
<b>Net increase/ (decrease) in cash and cash equivalents of the period from continuing operations (A)</b>	<b>(710,051)</b>	<b>(147,639)</b>	<b>(857,690)</b>
<b>Net increase/ (decrease) in cash and cash equivalents of the period from discontinued operations (B)</b>	<b>79,649</b>	<b>147,639</b>	<b>227,289</b>
<b>Cash and cash equivalents at the beginning of the period (C)</b>	<b>2,664,133</b>	<b>0</b>	<b>2,664,133</b>
<b>Cash and cash equivalents at the acquisition date of assets and liabilities of Panellinia Bank (D)</b>	<b>3,291</b>	<b>0</b>	<b>3,291</b>
<b>Cash and cash equivalents at the end of the period (A)+(B)+(C) +(D)</b>	<b>2,037,022</b>	<b>0</b>	<b>2,037,022</b>

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

During its meeting of November 1<sup>st</sup>, 2016 and upon recommendation of the Board Nominations Committee, the Board of Directors of Piraeus Bank elected Messrs George Handjinicolaou, Enrico Cucchiani and Solomon Berahas as Non-Executive Board Members in replacement of resigned members, for the remaining tenure of the BoD.

Further to the above, the BoD was reconstituted as a corporate body and elected as its Chairman Mr. George Handjinicolaou, who assumed his duties immediately.

Athens, November 15<sup>th</sup>, 2016

CHAIRMAN  
OF THE BOARD OF DIRECTORS

DEPUTY MANAGING  
DIRECTOR

CHIEF FINANCIAL  
OFFICER

DEPUTY  
CHIEF FINANCIAL  
OFFICER

GEORGE P. HANDJINICOLAOU

GEORGE I. POULOPOULOS

KONSTANTINOS S. PASCHALIS

GEORGE TH. MARINOPOULOS