PIRAEUS BANK

# PIRAEUS BANK GROUP

# Consolidated Interim Financial Information

30 September 2017

The attached consolidated interim financial information has been approved by the Piraeus Bank S.A. Board of Directors on 28th November 2017 and is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

This consolidated interim financial information has been translated from the original consolidated 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 consolidated interim financial information, the Greek language consolidated interim financial information will prevail over this document.

## Index to the Consolidated Interim Financial Information

**Amounts in thousand euros** (Unless otherwise stated)

| CONSOLIDATED INTERIM INCOME STATEMENT | Note | Period from 1 January to | | Period from 1 July to | |
|---|---|---|---|---|---|
| | | 30 September 2017 | 30 September 2016 | 30 September 2017 | 30 September 2016 |
| Interest and similar income | | 1,753,143 | 1,904,647 | 575,377 | 618,707 |
| Interest expense and similar charges | | (448,707) | (558,250) | (144,263) | (167,173) |
| **NET INTEREST INCOME** | | **1,304,436** | **1,346,397** | **431,114** | **451,534** |
| Fee and commission income | 6 | 338,117 | 265,557 | 144,714 | 93,492 |
| Fee and commission expense | | (49,087) | (31,730) | (18,166) | (11,680) |
| **NET FEE AND COMMISSION INCOME** | | **289,030** | **233,828** | **126,548** | **81,812** |
| Dividend income | | 6,367 | 6,381 | 202 | 687 |
| Net income from financial instruments designated at fair value through profit or loss | | 36,479 | 1,035 | 6,948 | (11,149) |
| Results from investment securities | | 40,091 | 124,022 | 9,879 | 20,807 |
| Other income/ (expenses) | 7 | 106,145 | 2,354 | 7,923 | (12) |
| **TOTAL NET INCOME** | | **1,782,549** | **1,714,017** | **582,614** | **543,679** |
| Staff costs | | (424,778) | (435,535) | (138,869) | (138,102) |
| Administrative expenses | | (366,201) | (397,437) | (123,112) | (137,140) |
| Depreciation and amortisation | | (78,054) | (78,895) | (26,285) | (26,193) |
| Gains/ (losses) from sale of owned assets | | (971) | 699 | 79 | 51 |
| **TOTAL OPERATING EXPENSES BEFORE PROVISIONS** | | **(870,005)** | **(911,168)** | **(288,187)** | **(301,383)** |
| **PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX** | | **912,544** | **802,849** | **294,428** | **242,296** |
| Impairment losses on loans and advances to customers | 12 | (830,143) | (702,000) | (311,909) | (209,761) |
| Impairment losses on other assets | | (23,193) | (35,577) | (5,029) | (13,971) |
| Impairment losses on other debt securities - receivables | | - | (5,118) | - | (5) |
| Impairment of property & equipment and intangible assets | 7 | (72,140) | (13,032) | (694) | (2,460) |
| Other provisions and impairment | | (11,734) | (6,163) | (2,923) | (406) |
| Share of profit of associates and joint ventures | | (22,682) | (7,928) | 3,723 | 16,435 |
| **PROFIT/ (LOSS) BEFORE INCOME TAX** | | **(47,349)** | **33,030** | **(22,404)** | **32,127** |
| Income tax | 8 | 25,422 | (21,485) | 2,104 | (6,885) |
| **PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS** | | **(21,927)** | **11,545** | **(20,300)** | **25,243** |
| Profit/ (loss) after income tax from discontinued operations | 9 | (68,214) | (33,847) | 6,460 | (7,080) |
| **PROFIT/ (LOSS) FOR THE PERIOD** | | **(90,142)** | **(22,301)** | **(13,840)** | **18,162** |
| **From continuing operations** | | | | | |
| Profit/ (loss) attributable to equity holders of the parent entity | | (19,482) | 14,197 | (19,411) | 26,854 |
| Non controlling interest | | (2,445) | (2,652) | (889) | (1,611) |
| **From discontinued operations** | | | | | |
| Profit/ (loss) attributable to equity holders of the parent entity | | (68,434) | (34,671) | 6,460 | (7,615) |
| Non controlling interest | | 220 | 825 | - | 534 |
| **Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):** | | | | | |
| From continuing operations | | | | | |
| - Basic and Diluted | 10 | (0.0446) | 0.0325 | (0.0445) | 0.0615 |
| From discontinued operations | | | | | |
| - Basic and Diluted | 10 | (0.1568) | (0.0794) | 0.0148 | (0.0174) |

Amounts in thousand euros (Unless otherwise stated)

| CONSOLIDATED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME | Note | Period from 1 January to | | Period from 1 July to | |
|---|---|---|---|---|---|
| | | 30 September 2017 | 30 September 2016 | 30 September 2017 | 30 September 2016 |
| **CONTINUING OPERATIONS** | | | | | |
| **Profit/ (loss) for the period (A)** | | **(21,927)** | **11,545** | **(20,300)** | **25,243** |
| **Other comprehensive income, net of tax:** | | | | | |
| **Amounts that can be reclassified in the Income Statement** | | | | | |
| Change in available for sale reserve | 11 | 34,817 | (53,281) | (8,001) | 8,413 |
| Change in currency translation reserve | 11 | (7,532) | (6,555) | (4,640) | (1,414) |
| **Amounts that can not be reclassified in the Income Statement** | | | | | |
| Change in reserve of defined benefit obligations | 11 | 16 | 38 | 23 | 219 |
| **Other comprehensive income, net of tax (B)** | 11 | **27,300** | **(59,798)** | **(12,619)** | **7,218** |
| **Total comprehensive income, net of tax (A+B)** | | **5,373** | **(48,253)** | **(32,919)** | **32,461** |
| - Attributable to equity holders of the parent entity | | 7,773 | (45,653) | (32,048) | 34,060 |
| - Non controlling interest | | (2,399) | (2,600) | (870) | (1,599) |
| **DISCONTINUED OPERATIONS** | | | | | |
| **Profit/ (loss) for the period (C)** | | **(68,214)** | **(33,847)** | **6,460** | **(7,080)** |
| **Other comprehensive income, net of tax:** | | | | | |
| **Amounts that can be reclassified in the Income Statement** | | | | | |
| Change in available for sale reserve | 11 | 59 | (21,318) | 3 | (21,524) |
| Change in currency translation reserve | 11 | 3,539 | (1,305) | 1,268 | 81 |
| **Amounts that can not be reclassified in the Income Statement** | | | | | |
| Change in reserve of defined benefit obligations | 11 | - | 67 | - | 67 |
| **Other comprehensive income, net of tax (D)** | 11 | **3,598** | **(22,556)** | **1,271** | **(21,376)** |
| **Total comprehensive income, net of tax (C+D)** | | **(64,616)** | **(56,403)** | **7,731** | **(28,456)** |
| - Attributable to equity holders of the parent entity | | (64,836) | (57,228) | 7,731 | (28,991) |
| - Non controlling interest | | 220 | 825 | - | 535 |

Amounts in thousand euros (Unless otherwise stated)

| CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION | Note | 30 September 2017 | 31 December 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with Central Banks | | 3,214,997 | 3,071,788 |
| Loans and advances to credit institutions | | 142,747 | 118,859 |
| Financial assets at fair value through profit or loss | | 176,767 | 193,861 |
| Derivative financial instruments - assets | | 458,071 | 449,482 |
| Reverse repos with customers | | 68,266 | 30,005 |
| Loans and advances to customers | 12 | 45,662,646 | 49,707,608 |
| Available for sale securities | | 2,626,651 | 2,740,246 |
| Debt securities - receivables | 13 | 3,604,236 | 13,246,257 |
| Held to maturity securities | | 323 | 6,634 |
| Assets held for sale | | 2,285 | 2,494 |
| Investment property | | 1,141,230 | 1,208,647 |
| Investments in associated undertakings and joint ventures | | 244,267 | 232,637 |
| Property and equipment | 15 | 998,810 | 1,498,411 |
| Intangible assets | | 276,076 | 281,965 |
| Deferred tax assets | | 5,339,203 | 5,318,348 |
| Other assets | | 3,231,163 | 3,394,568 |
| Assets from discontinued operations | 9 | 986,261 | 2,562 |
| **TOTAL ASSETS** | | **68,173,999** | **81,504,371** |
| **LIABILITIES** | | | |
| Due to credit institutions | 16 | 14,373,965 | 27,020,940 |
| Due to customers | 17 | 41,821,740 | 42,364,829 |
| Derivative financial instruments - liabilities | | 430,355 | 657,127 |
| Debt securities in issue | 18 | 65,497 | 69,515 |
| Current income tax liabilities | | 15,539 | 44,582 |
| Deferred tax liabilities | | 38,429 | 47,061 |
| Retirement benefit obligations | | 193,770 | 196,634 |
| Other provisions | | 58,917 | 67,211 |
| Other liabilities | 19 | 987,140 | 1,211,252 |
| Liabilities from discontinued operations | 9 | 464,972 | 1,483 |
| **TOTAL LIABILITIES** | | **58,450,325** | **71,680,633** |
| **EQUITY** | | | |
| Share capital (ordinary shares) | 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 | (534) | (842) |
| Other reserves | 22 | (37,354) | (65,845) |
| Retained earnings | 22 | (8,100,280) | (8,004,333) |
| **Capital and reserves attributable to equity holders of the parent entity** | | **9,596,476** | **9,663,623** |
| Non controlling interest | | 127,199 | 160,115 |
| **TOTAL EQUITY** | | **9,723,674** | **9,823,738** |
| **TOTAL LIABILITIES AND EQUITY** | | **68,173,999** | **81,504,371** |

Amounts in thousand euros (Unless otherwise stated)

| CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY | Note | Attributable to owners of the parent | | | | | | Attributable to owners of the parent | Non controlling interest | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Share Capital | Share Premium | Contingent Convertible securities | Treasury shares | Other reserves | Retained earnings | | | |
| **Opening balance as at 1 January 2016** | | **2,619,955** | **13,074,687** | **2,040,000** | **(460)** | **14,096** | **(7,840,635)** | **9,907,644** | **112,882** | **10,020,526** |
| Other comprehensive income, net of tax | 11 | - | - | - | - | (82,407) | - | (82,407) | 53 | (82,354) |
| Profit/ (loss) for the period 1/1/2016 - 30/9/2016 | 22 | - | - | - | - | - | (20,474) | (20,474) | (1,827) | (22,301) |
| **Total recognized income for the period 1/1/2016 - 30/9/2016** | | **0** | **0** | **0** | **0** | **(82,407)** | **(20,474)** | **(102,881)** | **(1,774)** | **(104,655)** |
| (Purchases)/ sales of treasury shares | 21, 22 | - | - | - | 459 | - | (24) | 435 | - | 435 |
| Transfer between other reserves and retained earnings | 22 | - | - | - | - | 13,130 | (13,130) | 0 | - | 0 |
| Disposals, liquidations and movement in participating interest | 22 | - | - | - | - | (179) | (4,176) | (4,356) | 52,210 | 47,854 |
| **Balance as at 30 September 2016** | | **2,619,955** | **13,074,687** | **2,040,000** | **(1)** | **(55,360)** | **(7,878,439)** | **9,800,842** | **163,318** | **9,964,161** |
| | | | | | | | | | | |
| **Opening balance as at 1 October 2016** | | **2,619,955** | **13,074,687** | **2,040,000** | **(1)** | **(55,360)** | **(7,878,439)** | **9,800,842** | **163,318** | **9,964,161** |
| Other comprehensive income, net of tax | | - | - | - | - | (4,122) | - | (4,122) | (17) | (4,139) |
| Profit/ (loss) for the period 1/10/2016-31/12/2016 | 22 | - | - | - | - | | (14,513) | (14,513) | (3,329) | (17,842) |
| **Total recognized income for the period 1/10/2016-31/12/2016** | | **0** | **0** | **0** | **0** | **(4,122)** | **(14,513)** | **(18,635)** | **(3,346)** | **(21,981)** |
| Payment to the holders of contingent convertible securities (net of tax) | 22 | - | - | - | - | - | (117,803) | (117,803) | - | (117,803) |
| Prior year dividends of ordinary shares | | - | - | - | - | - | - | 0 | (48) | (48) |
| (Purchases)/ sales of treasury shares | 21, 22 | - | - | - | (841) | - | (118) | (959) | - | (959) |
| Transfer between other reserves and retained earnings | 22 | - | - | - | - | (6,363) | 6,363 | 0 | - | 0 |
| Disposals, liquidations and movement in participating interest | 22 | - | - | - | - | - | 177 | 177 | 192 | 368 |
| **Balance as at 31 December 2016** | | **2,619,955** | **13,074,687** | **2,040,000** | **(842)** | **(65,845)** | **(8,004,334)** | **9,663,623** | **160,116** | **9,823,738** |
| | | | | | | | | | | |
| **Opening balance as at 1 January 2017** | | **2,619,955** | **13,074,687** | **2,040,000** | **(842)** | **(65,845)** | **(8,004,334)** | **9,663,623** | **160,116** | **9,823,738** |
| Other comprehensive income, net of tax | 11 | - | - | - | - | 30,853 | - | 30,853 | 46 | 30,899 |
| Profit/ (loss) for the period 1/1/2017 - 30/9/2017 | 22 | - | - | - | - | - | (87,916) | (87,916) | (2,226) | (90,142) |
| **Total recognized income for the period 1/1/2017-30/9/2017** | | **0** | **0** | **0** | **0** | **30,853** | **(87,916)** | **(57,063)** | **(2,180)** | **(59,243)** |
| (Purchases)/ sales of treasury shares | 21, 22 | - | - | - | 308 | - | 120 | 428 | - | 428 |
| Transfer between other reserves and retained earnings | 22 | - | - | - | - | (2,362) | 2,362 | 0 | - | 0 |
| Acquisitions, disposals and movement in participating interest | 22 | - | - | - | - | - | (10,512) | (10,512) | (30,737) | (41,249) |
| **Balance as at 30 September 2017** | | **2,619,955** | **13,074,687** | **2,040,000** | **(534)** | **(37,354)** | **(8,100,280)** | **9,596,475** | **127,199** | **9,723,674** |

**Amounts in thousand euros** (Unless otherwise stated)

| **CONSOLIDATED INTERIM CASH FLOW STATEMENT** | **Note** | **Period from 1 January to** | |
|---|---|---|---|
| | | **30 September 2017** | **30 September 2016** |
| *Cash flows from operating activities from continuing operations* | | | |
| Profit/ (loss) before tax | | (47,349) | 33,030 |
| *Adjustments to profit/ loss before tax:* | | | |
| Add: provisions and impairment | | 937,211 | 761,891 |
| Add: depreciation and amortisation charge | | 78,054 | 78,895 |
| Add: retirement benefits | | 8,379 | 10,744 |
| (Gains)/ losses from valuation of financial instruments at fair value through profit or loss | | (26,163) | 22,842 |
| (Gains)/ losses from investing activities | | 197,810 | (113,020) |
| *Cash flows from operating activities before changes in operating assets and liabilities* | | 1,147,943 | 794,382 |
| *Changes in operating assets and liabilities:* | | | |
| Net (increase)/ decrease in cash and balances with Central Banks | | 341,342 | 276,270 |
| Net (increase)/ decrease in financial instruments at fair value through profit or loss | | (15,423) | (8,637) |
| Net (increase)/ decrease in debt securities - receivables | | 9,647,510 | 2,419,358 |
| Net (increase)/ decrease in loans and advances to credit institutions | | (5,839) | (1,258) |
| Net (increase)/ decrease in loans and advances to customers | | 2,901,174 | 1,644,261 |
| Net (increase)/ decrease in reverse repos with customers | | (38,261) | (28,307) |
| Net (increase)/ decrease in other assets | | (71,857) | (137,172) |
| Net increase/ (decrease) in amounts due to credit institutions | | (12,642,911) | (5,192,982) |
| Net increase/ (decrease) in liabilities at fair value through profit or loss | | - | (2,514) |
| Net increase/ (decrease) in amounts due to customers | | (278,237) | 353,495 |
| Net increase/ (decrease) in other liabilities | | (381,218) | (149,793) |
| *Net cash flow from operating activities before income tax payment* | | 604,222 | (32,895) |
| Income tax paid | | (483) | (8,270) |
| **Net cash inflow/ (outflow) from continuing operating activities** | | **603,739** | **(41,165)** |
| *Cash flows from investing activities of continuing operations* | | | |
| Purchases of property and equipment | | (152,356) | (128,531) |
| Sales of property and equipment | | 5,658 | 18,223 |
| Purchases of intangible assets | | (23,070) | (20,141) |
| Purchases of assets held for sale | | (1,649) | (4,094) |
| Sales of assets held for sale | | 10 | 23,309 |
| Purchases of investment securities | | (4,855,732) | (5,125,409) |
| Disposals/ maturity of investment securities | | 5,027,592 | 5,158,122 |
| Acquisition of subsidiaries excluding cash & cash equivalents acquired | | (2,400) | (1) |
| Sales of subsidiaries excluding cash & balances sold | | - | 101,713 |
| Participation in share capital increases of associates | 24 | (9,900) | (14,802) |
| Sales of associates | | - | 11,436 |
| Dividends received | | 6,367 | 6,381 |
| **Net cash inflow/ (outflow) from continuing investing activities** | | **(5,480)** | **26,207** |
| *Cash flows from financing activities of continuing operations* | | | |
| Net proceeds from issue/ (repayment) of debt securities and other borrowed funds | | (17,726) | (40,855) |
| Purchases/ sales of treasury shares and preemption rights | | 428 | 435 |
| **Net cash inflow/ (outflow) from continuing financing activities** | | **(17,299)** | **(40,421)** |
| Effect of exchange rate changes on cash and cash equivalents | | 8,318 | (2,563) |
| **Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)** | | **589,278** | **(57,941)** |
| Net cash flows from discontinued operating activities | | 65,887 | 231,081 |
| Net cash flows from discontinued investing activities | | (57,965) | (112,090) |
| Net cash flows from discontinued financing activities | | - | - |
| Exchange difference of cash and cash equivalents | | (2,339) | (8,224) |
| **Net incease/ (decrease) in cash and cash equivalents from discontinued activities (B)** | | **5,584** | **110,767** |
| **Cash and cash equivalents at the beginning of the period (C)** | | **1,814,951** | **2,276,758** |
| **Cash and cash equivalents at the end of the period (A)+(B)+(C)** | | **2,409,814** | **2,329,585** |

**Amounts in thousand euros** (Unless otherwise stated)

## 1 General information about the Group

Piraeus Bank S.A. (the “Bank”) is a banking institute operating in accordance with the provisions of Greek Law 2190/1920 on societés anonymes, Greek 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 (herein after "the Group") provide services in the Southeastern and Western Europe. The Group employs in total 18,867 people of which 1,890 people, refer to discontinued operations (ATE Insurance Romania S.A., Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd).

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, FTSE4Good Emerging), MSCI (Emerging Markets, EM EMEA, Greece), Stoxx (TMI, All Europe, Greece TM) and S&P (Global, Greece BMI).

The composition of the Board of Directors on the approval date of Consolidated Interim Financial Information is as follows:

| | |
|---|---|
| Georgios P. Handjinicolaou | Chairman (Non-Executive Member) |
| Karel G. De Boeck | Vice-Chairman of the Board of Directors (Independent Non-Executive Member) |
| Christos I. Megalou | Managing Director (Executive Member) |
| Ilias D. Milis | Authorized Executive Director (Executive Member) |
| Venetia G. Kontogouri | Independent Non-Executive Member |
| Arne S. Berggren | Independent Non-Executive Member |
| Enrico Tommaso C. Cucchiani | Independent Non-Executive Member |
| David R. Hexter | Independent Non-Executive Member |
| Solomon A. Berachas | Non-Executive Member |
| Alexander Z. Blades | Non-Executive Member |
| Aikaterini K. Beritsi | Representative of the Hellenic Financial Stability Fund pursuant to the provisions of L. 3864/2010 (Non – Executive Member) |

## 2 Basis of preparation of the consolidated interim financial information

The consolidated interim financial information for the 3rd quarter of 2017 (the “Consolidated Interim Financial Information”) has been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”.

The Consolidated Interim Financial Information includes selected explanatory notes and does not include all the information required for full annual financial statements. Therefore, the Consolidated Interim Financial Information should be read in conjunction with the annual consolidated financial statements included in the Annual Financial Report of Piraeus Bank Group as at and for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as endorsed by the European Union (the “EU”).

The amounts are stated in euro, rounded to the nearest thousand (unless otherwise stated) for ease of presentation.

It is mentioned that where necessary, comparative figures have been adjusted to conform to changes in the current period's presentation. The adjustments made are not considered to have material impact on the presentation of financial information, as presented analytically in Note 26 of the Consolidated Interim Financial Information.

The Consolidated Interim Financial Information has been prepared based on the going concern basis, applying the historical cost convention, as modified by the revaluation of the available for sale portfolio, financial assets and liabilities of the trading portfolio, derivative financial instruments, as well as investment property. The preparation of the Consolidated Interim Financial Information in conformity with IFRS requires the use of estimates, accounting policies and assumptions which affect the reported assets and liabilities, the recognition of contingent liabilities, as well as the recognition of income and expenses in the Consolidated Interim Financial Information.

Going concern basis

Piraeus Bank's Management, after taking into account the factors mentioned below, regarding the macroeconomic environment, the capital adequacy of the Bank and the Group's liquidity, is of the opinion that the Consolidated Interim Financial Information of the Group have been appropriately prepared on a going concern basis.

Macroeconomic environment

During the nine months of 2017, significant developments in the Greek economy give the picture of stability to the side of fiscal adjustment, but also recovery of confidence and trust in the market side.

In the framework of the 3rd financial adjustment programme in the current year, a range of short-term debt relief measures were implemented and the second review as well as the disbursements of the third tranche are completed. In fact, after the approval of the remainder of the third tranche, on 26 October 2017, there is a positive assessment of the Greek government's continued commitment for arrears clearance and a sign that the third review of the ESM (European Stability Mechanism) programme can be completed in a timely manner. Moreover, Moody's, S&P and Fitch in the context of country's credit risk rating changed the Outlook to positive.

Real GDP in the H1, 2017 increased by 0.6% on a yearly basis (according to the last available quarterly data), recording the highest performance since H1, 2008. However, after the second estimate of the national accounts announced by ELSTAT, the revised real GDP data indicate a recession of -0.2% in 2016 versus a 0.0% stability (as previous announced). At the same time, the inflationary pressures in the beginning of the year subsided later on and inflation in September 2017 stood at 1.0% on a yearly basis against -1.0% in September 2016, giving a 1.2% inflation at the 9M, 2017. Moreover, in the Q2, 2017, based on non-seasonally adjusted data, the unemployment rate fell to 21.1% from 23.1% in the corresponding period of 2016, while on average in the H1, 2017 it stood at 22.2%, with an 1.9% increase in employment on an annual basis. In addition, in September 2017, the economic sentiment indicator improved significantly to 100.6 points approaching the highest levels of the indicator since the end of 2014. In parallel, for the period January-September 2017, the State budget deficit stood at € -0.3 billion, compared to € -1.0 billion in the same period of the previous year, while the primary surplus amounted to € 4.5 billion.

The maintenance of the fiscal stability, the gradual strengthening of the international confidence in the sustainability of the country's public finances, as well as the positive effects on economic activity from the boosted domestic credibility, that will be greatly reinforced by focusing economic policy to the necessary reforms for development, will ensure the growth trajectory of the Greek economy.

The economic and political situation in Greece remains the prime risk factor for the domestic banking sector in general and for Piraeus Bank in particular. To this end, adverse developments regarding the implementation of the country's economic adjustment program would potentially have a negative effect on the Bank's liquidity (i.e. stop attracting or loosing deposits, reducing repo interbank transactions with third parties, downgrading of securities and guarantees of the Greek State that are used for liquidity purposes from the Eurosystem, increasing funding through Emergency Liquidiity Assistance ''ELA'' mechanism) and on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio, possible negative assessment of the credit risk of the Greek State in which the Greek banks have significant direct and indirect exposure). Piraeus Bank's Management closely monitors the developments and assesses periodically the negative impact that might have on its operations.

Capital adequacy

The Bank completed its share capital increase of € 4.6 billion in December 2015, aiming at:

- the coverage of its capital needs, as determined by the Comprehensive Assessment conducted by the ECB (European Central Bank) in October 2015,
- 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 Common Equity Tier 1 (CET1) ratio of the Group as of 30/9/2017 stood at a particularly satisfactory level of 16.8% versus 16.9% as of 31/12/2016.

Liquidity

During the first nine months of 2017, domestic market deposits (private and public sector,) increased by 1% and amounted € 133.2 billion. The exposure of all Greek banks in the Eurosystem was reduced from € 66.6 billion at the end of December 2016 to € 41.7 billion at the end of September 2017, of which € 28.5 billion, was covered by the 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) and € 13.2 billion from ECB's Main Refinancing Operations and TLTRO II.

During the first nine months of 2017, the Piraeus Bank's Group exposure to the Eurosystem reduced by € 8.9 billion to € 12.0 billion compared to € 20.9 billion as at 31 December 2016, mainly assisted by access to international repo markets, further deleveraging of the loan portfolio, the Bank´s participation in the ECB´s program of Quantitative Easing ("QE") with the sale of EFSF bonds of notional amount € 0.7 billion during the period 1/1-30/9/2017 and its participation in ESM's bond exchange program with cash (€ 8.8 billion). Piraeus Bank's financing through the ELA was reduced by € 4.1 billion during the period 1/1-30/9/2017 and amounted to € 7.8 billion as at 30 September 2017 versus € 11.9 billion as at 31 December 2016. It is noted that during the first nine months of 2017, the deposits of the Piraeus Bank Group in Greece decreased by € 0.2 billion or 0.6% (exclusively coming from the 1$^{st}$ quarter, as in the 2$^{nd}$ and 3$^{rd}$ quarter they recovered with an upward trend).

In January 2017 the governing bodies of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) approved the implementation of a set of short term measures for the relief of Greek public debt that was agreed on 25 May 2016. Among the aforementioned set of measures, a bond exchange scheme was also included, where floating rate notes disbursed by ESM and EFSF to Greece for recapitalization of Greek banks and funding gaps stemming from acquisitions/mergers were exchanged for fixed coupon notes or cash. During the first nine months of 2017 a first set of exchange occurred with the notional amount totaling at € 8.8 billion that was held by Piraeus Bank, for cash.

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 only in the first auction on 23 June 2016 with € 4.0 billion, shifting at the same time the € 2.7 billion of TLTRO I to TLTRO II.

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

### a. General accounting policies

For the preparation of this Consolidated Interim Financial Information the same accounting principles and calculation methods have been used as in the annual consolidated financial statements included in the Annual Financial Report of the Group as of 31 December 2016 with the exception of the valuation of the right of use and obligation that derive from the leasing contract of the Group's subsidiary Picar S.A. with the Hellenic Army Pension Fund for Citylink (see Note 7).

There are no new accounting standards, amendments and improvements in IFRSs or interpretations effective from 1 January 2017, apart from those that have already been disclosed in the Annual Financial Report, which have been issued by the IASB and have been endorsed by the European Union.

The Group will fully implement the IFRS 9 as of 1/1/2018. Fine tuning of the Group's detailed assessment is currently taking place in order to determine the final impact upon transition to IFRS 9 as of 1 January 2018. The final quantitative impact of IFRS 9 will be disclosed by the Group in its Consolidated Financial Statements included in the Annual Financial Report for the year ending 31 December 2017. For further details regarding the IFRS 9 implementation project please refer to Note 2.1 of the Consolidated Financial Statements included in the Annual Financial Report for the year ended 31 December 2016.

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

The preparation of this Consolidated Interim Financial Information 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 advances to customers

The Group examines, at every reporting period, whether trigger for impairment exists for its loans and advances to customers. If such triggers exist, the recoverable amount of the loan portfolio is calculated and the relevant impairment loss on loan and advances to customers is raised. The impairment loss on loan and advances to customers is recorded in the Consolidated Income Statement.

The estimates, methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual losses.

**b.2. Impairment of available for sale portfolio, associate companies and joint ventures**

**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. In such case, 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 of more than 40% or (b) 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.

**Associate companies and joint ventures**

The Group tests for impairment the investments in associate companies and joint ventures, 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 or the joint venture. The amount of the permanent impairment of the investment, which may arise from the assessment, is recorded in the Consolidated Income Statement.

**b.3. Estimation of property fair value and impairment**

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

Own-use property and equipment 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 fair value of the property and equipment 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.

On 31/12 of each financial year, fair value measurement 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, as described in Note 2.18 of the Annual Consolidated Financial Statements, are used. The fair value of investment property reflects rental income from current leases as well as assumptions about future rentals, taking into consideration current market conditions.

For investment property with a value which 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.

In addition, the subsidiaries of the Group apply the procedures of the Bank regarding the valuation of their real estate property, adjusted to the specific conditions of each subsidiary.

In case that, there is evidence of significant changes in the fair value of certain properties in the interim reporting periods, the Group reassesses the fair value by applying the aforementioned processes (revaluation, extrapolation).

**b.4. Provisions and contingent liabilities**

Provisions are recognised when: a) the Group has a present legal or constructive obligation as a result of past events, b) it is more likely than not, that an outflow of resources will be required to settle the obligation, and c) the amount of the obligation can be reliably estimated. If these conditions are not met, no provision is recognised.

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.5. Recoverability of Deferred Tax Assets**

The Group evaluates the deferred tax asset recoverability in every reporting period, by considering the estimates of Management for the evolution of the Group's tax results in the foreseeable future and the current legislation in force.

Management's estimates for the future tax results of the Group and consequently the recoverability of the deferred tax asset, 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.

**Amounts in thousand euros** (Unless otherwise stated)

Moreover, the Group examines the nature of the temporary differences over which deferred tax asset recognised, as well as the ability to recover this asset, in accordance with the tax regulations related to their offsetting with profits generated in future periods, 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.

Relative to the provisions of Greek Law 4172/2013 for deferred tax assets is Note 8 of the Consolidated Interim Financial Information.

**b.6. 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 2.

As at 30 September 2017, the total carrying value of the Group's receivables from Greek Public Sector was as follows:

| | 30/9/2017 | 31/12/2016 |
|---|---|---|
| Derivative financial instruments - assets | 297,810 | 341,796 |
| Bonds and treasury bills at fair value through profit or loss | 6,760 | 8,428 |
| Loans to Public sector | 129,734 | 2,061,031 |
| Bonds, treasury bills and other variable income securities of available for sale portfolio | 1,964,585 | 2,084,465 |
| Other Assets | 511,886 | 793,384 |
| **Total** | **2,910,776** | **5,289,105** |

The movement in loans to Public sector of € 1.9 billion, is due to the repayment of funding provided to a public sector organisation, aiming the prompt distribution of European Union subsidies to Greek farmers.

Amounts in thousand euros (Unless otherwise stated)

## 4 Fair values of financial assets and liabilities

### a) Financial assets and liabilities not measured at fair value

The following table summarises the fair values and the carrying amounts of those financial assets and liabilities not presented in the Consolidated Interim Statement of Financial Position at fair value:

| Assets | Carrying Value | | Fair Value | |
|---|---|---|---|---|
| | 30 September 2017 | 31 December 2016 | 30 September 2017 | 31 December 2016 |
| Loans and advances to credit institutions | 142,747 | 118,859 | 142,747 | 118,859 |
| Loans and advances to customers | 45,662,646 | 49,707,608 | 44,647,569 | 48,668,273 |
| Debt securities - receivables | 3,604,236 | 13,246,257 | 3,660,559 | 13,471,242 |
| Reverse repos with customers | 68,266 | 30,005 | 68,266 | 30,005 |
| Held to maturity securities | 323 | 6,634 | 323 | 6,634 |

| Liabilities | Carrying Value | | Fair Value | |
|---|---|---|---|---|
| | 30 September 2017 | 31 December 2016 | 30 September 2017 | 31 December 2016 |
| Due to credit institutions | 14,373,965 | 27,020,940 | 14,373,965 | 27,020,940 |
| Due to customers | 41,821,740 | 42,364,829 | 41,821,740 | 42,364,829 |
| Debt securities in issue | 65,497 | 69,515 | 53,473 | 56,520 |
| Obligations under finance leases | 73,135 | 356,400 | 73,135 | 355,902 |

The fair values as at 30 September 2017 of loans and advances to credit institutions, reverse repos with customers, due to credit institutions, due to customers and obligations under finance leases, are not different from the respective carrying values since they are very short term in duration and priced at current market rates. These rates are often repriced and due to their short duration they are discounted with the risk free rate.

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

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

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

### b) Financial assets and liabilities measured at fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a liability in an orderly transaction between market participants, at the measurement date, under current market conditions.

IFRS 13 specifies a hierarchy of valuation techniques in 3 levels. 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 which are observable and are not included in Level 1.

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, derivative financial instruments and specific shares and other variable income securities. Shares and derivative financial instruments within Level 3 are not traded in an active market or there are no available observable prices in order to determine their fair value. Specifically:

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 Group 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.

Derivative financial instruments

The embedded derivatives of the convertible bonds are included in Level 3 of derivative financial assets/ liabilities.

The aforementioned derivatives are accounted at fair value. The fair value of the embedded derivatives is 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 table presents financial assets and liabilities measured at fair value, categorized in the three fair value hierarchy levels mentioned above:

Amounts in thousand euros (Unless otherwise stated)

| Assets & Liabilities measured at fair value as at 30/9/2017 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivative financial instruments - assets | - | 442,756 | 15,316 | **458,071** |
| Financial instruments at fair value through profit or loss | | | | |
| - Bonds | 6,790 | 155,820 | - | **162,609** |
| - Shares & other variable income securities | 14,158 | - | - | **14,158** |
| Available for Sale Securities | | | | |
| - Bonds | 447,186 | 301,605 | - | **748,791** |
| - Treasury bills | 1,519,924 | 44,033 | - | **1,563,957** |
| - Shares & other variable income securities | 122,771 | 3,424 | 187,707 | **313,903** |
| **Liabilities** | | | | |
| Derivative financial instruments - liabilities | - | 420,958 | 9,397 | **430,355** |

| Assets & Liabilities measured at fair value as at 31/12/2016 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivative financial instruments - assets | - | 443,481 | 6,001 | **449,482** |
| Financial instruments at fair value through profit or loss | | | | |
| - Bonds | 8,428 | 146,260 | - | **154,688** |
| - Treasury bills | 28,943 | - | - | **28,943** |
| - Shares & other variable income securities | 10,229 | - | - | **10,229** |
| Available for Sale Securities | | | | |
| - Bonds | 459,995 | 260,494 | - | **720,489** |
| - Treasury bills | 1,684,750 | 37,303 | - | **1,722,053** |
| - Shares & other variable income securities | 108,779 | 3,096 | 185,829 | **297,704** |
| **Liabilities** | | | | |
| Derivative financial instruments - liabilities | - | 657,127 | - | **657,127** |

The Group examines the classification of financial assets and liabilities measured at fair value in the above mentioned hierarchy levels at the end of each reporting period.

For the year 2016 and the period 1/1 - 30/9/2017 no transfers occurred from Level 1 to Level 2 and vice versa.

The following tables present the movement of derivative financial instruments - assets/ liabilities and shares of the available for sale portfolio within Level 3 in the period from 1/1 - 30/9/2017 and in 2016:

| Reconciliation of Level 3 items (for the period 1/1-30/9/2017) | Derivative financial instruments - liabilities | Derivative financial instruments - assets | Available for sale shares & other variable income securities |
|---|---|---|---|
| Opening balance 1/1/2017 | 0 | 6,001 | 185,829 |
| Profit/ (loss) for the period | 9,397 | 9,315 | - |
| Other comprehensive income | - | - | 4,218 |
| Disposals/ Settlements | - | - | (894) |
| Foreign exchange differences and other movements | - | - | (1,447) |
| **Closing balance 30/9/2017** | **9,397** | **15,316** | **187,707** |

| Reconciliation of Level 3 items (year 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 year | 3,804 | - |
| Other comprehensive income | - | 1,734 |
| Purchases | - | 23,142 |
| Impairment | - | (2,900) |
| Disposals | - | (72,509) |
| Transfer into Level 3 | - | 9,263 |
| Foreign exchange differences and other movements | - | (3,851) |
| **Closing balance 31/12/2016** | **6,001** | **185,829** |

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

| Sensitivity analysis of Level 3 hierarchy: (amounts in € million) | 30/9/2017 | |
|---|---|---|
| | Favourable changes | Unfavourable changes |
| **Income Statement** | | |
| Available for sale shares & other variable income securities | - | (26) |
| Derivative financial instruments - assets | 3 | (3) |
| Derivative financial instruments - liabilities | (4) | 4 |
| **Statement of Changes in Equity** | | |
| Available for sale shares & other variable income securities | 30 | (1) |

| Sensitivity analysis of Level 3 hierarchy: (amounts in € million) | 31/12/2016 | |
|---|---|---|
| | Favourable changes | Unfavourable changes |
| **Income Statement** | | |
| Available for sale shares & other variable income securities | - | (27) |
| Derivative financial instruments - assets | 7 | (5) |
| **Statement of Changes in Equity** | | |
| Available for sale shares & other variable income securities | 18 | (3) |

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 30/9/2017, will range between approximately +22% in the scenarios of favorable changes and -21% in the scenarios of unfavorable changes for derivatives financial instruments – assets and between approximately -39% in the scenarios of favorable changes and +42% in the scenarios of unfavorable changes for derivatives financial instruments – liabilities.

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.

Furthermore, 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 corporate 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 Committee 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:

**Amounts in thousand euros** (Unless otherwise stated)

| 1/1-30/9/2017 | Retail Banking | Corporate Banking | Investment Banking | Asset Management & Treasury | Other business segments | Group |
|---|---|---|---|---|---|---|
| Net interest income | 934,005 | 352,737 | 286 | 130,863 | (113,455) | **1,304,436** |
| Net fee and commission income | 246,661 | 27,391 | 4,934 | 6,840 | 3,204 | **289,030** |
| Other income | 7,931 | 532 | 2,800 | 77,813 | 100,005 | **189,082** |
| **Net Income** | **1,188,597** | **380,661** | **8,021** | **215,516** | **(10,246)** | **1,782,549** |
| Depreciation and amortisation | (21,010) | (1,784) | (778) | (1,626) | (52,857) | **(78,054)** |
| Other operating expenses | (656,183) | (67,643) | (16,481) | (30,291) | (21,353) | **(791,951)** |
| **Profit/ (loss) before provisions, impairment and income tax** | **511,404** | **311,234** | **(9,238)** | **183,599** | **(84,456)** | **912,544** |
| Impairment losses on loans and advances to customers | (642,457) | (187,687) | - | - | - | **(830,143)** |
| Impairment losses on other assets | (276) | (447) | 15 | - | (22,486) | **(23,193)** |
| Impairment of property & equipment and intangible assets | (1,785) | (157) | - | - | (70,199) | **(72,140)** |
| Other provisions and impairment | (4,293) | (1,832) | - | 80 | (5,689) | **(11,734)** |
| Share of profit of associates and joint ventures | - | - | - | - | (22,682) | **(22,682)** |
| **Profit/ (loss) before tax** | **(137,406)** | **121,111** | **(9,223)** | **183,679** | **(205,511)** | **(47,349)** |
| Income tax | | | | | | 25,422 |
| **Profit/ (loss) for the period from continuing operations** | | | | | | **(21,927)** |
| Profit/ (loss) after income tax from discontinued operations | | | | | | (68,214) |
| **Profit/ (loss) for the period** | | | | | | **(90,142)** |
| **As at 30 September 2017** | | | | | | |
| Total assets | 38,621,068 | 10,165,084 | 67,184 | 7,956,468 | 11,364,195 | **68,173,999** |
| Total liabilities | 39,481,685 | 1,881,873 | 56,004 | 15,612,081 | 1,418,681 | **58,450,325** |
| Capital expenditure | 166,556 | 6,885 | 23 | 1,069 | 72,082 | **246,615** |

**Amounts in thousand euros** (Unless otherwise stated)

| 1/1-30/9/2016 | Retail Banking | Corporate Banking | Investment Banking | Asset Management & Treasury | Other business segments | Group |
|---|---|---|---|---|---|---|
| Net interest income | 1,064,890 | 414,879 | 249 | 33,515 | (167,135) | **1,346,397** |
| Net fee and commission income | 199,710 | 19,400 | 2,742 | 8,708 | 3,268 | **233,828** |
| Other income | 74,041 | 2,985 | 2,675 | 46,084 | 8,008 | **133,792** |
| **Net Income** | **1,338,640** | **437,264** | **5,665** | **88,306** | **(155,859)** | **1,714,017** |
| Depreciation and amortisation | (23,471) | (1,985) | (237) | (1,943) | (51,259) | **(78,895)** |
| Other operating expenses | (679,943) | (68,668) | (8,745) | (41,950) | (32,967) | **(832,273)** |
| **Profit/ (loss) before provisions, impairment and income tax** | **635,226** | **366,611** | **(3,316)** | **44,413** | **(240,085)** | **802,849** |
| Impairment losses on loans and advances to customers | (529,089) | (172,911) | - | - | - | **(702,000)** |
| Impairment losses on other assets | (601) | (45) | 9 | - | (34,940) | **(35,577)** |
| Impairment losses on other debt securities-receivables | - | - | - | - | (5,118) | **(5,118)** |
| Impairment of property & equipment and intangible assets | (7,565) | (113) | - | - | (5,354) | **(13,032)** |
| Other provisions and impairment | (2,554) | (987) | - | - | (2,622) | **(6,163)** |
| Share of profit of associates | - | - | - | - | (7,928) | **(7,928)** |
| **Profit/ (loss) before tax** | **95,417** | **192,554** | **(3,307)** | **44,413** | **(296,047)** | **33,030** |
| Income tax | | | | | | (21,485) |
| **Profit/ (loss) for the period from continuing operations** | | | | | | **11,545** |
| Profit/ (loss) after income tax from discontinued operations | | | | | | (33,847) |
| **Profit/ (loss) for the period** | | | | | | **(22,301)** |
| **As at 31 December 2016** | | | | | | |
| Total assets | 40,586,877 | 12,749,635 | 53,094 | 16,771,169 | 11,343,596 | **81,504,371** |
| Total liabilities | 39,511,810 | 2,041,176 | 41,477 | 27,776,203 | 2,309,967 | **71,680,633** |
| **As at 30 September 2016** | | | | | | |
| Capital expenditure | 133,191 | 6,177 | 3 | 1,707 | 95,105 | **236,183** |

Amounts in thousand euros (Unless otherwise stated)

In the tables above, interest income is analyzed into business segments net of interest expense, as Management relies primarily on net interest income to assess the performance of each segment.

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

Assets included in the business segments "Retail Banking" and "Corporate Banking" include the following loans and advances to customers, that are managed by the Bank's Recovery Banking Unit (RBU) that was established during 2014.

| 30/9/2017 | Balance before allowances and PPA adjustments | Accumulated allowances and PPA adjustments | Balance net of allowances and PPA adjustments |
|---|---|---|---|
| Corporate entities and Public sector | 20,714,288 | (9,610,489) | 11,103,799 |
| Mortgages | 4,648,165 | (1,421,108) | 3,227,058 |
| Consumer/ personal/ other loans and credit cards | 2,712,862 | (1,721,245) | 991,617 |
| **Total** | **28,075,316** | **(12,752,842)** | **15,322,474** |

| 31/12/2016 | Balance before allowances and PPA adjustments | Accumulated allowances and PPA adjustments | Balance net of allowances and PPA adjustments |
|---|---|---|---|
| Corporate entities and Public sector | 20,810,171 | (10,261,519) | 10,548,652 |
| Mortgages | 4,699,633 | (1,435,289) | 3,264,344 |
| Consumer/ personal/ other loans and credit cards | 3,040,319 | (1,984,844) | 1,055,475 |
| **Total** | **28,550,123** | **(13,681,652)** | **14,868,471** |

Total liabilities include deposits of customers of RBU of amount € 385,367 thousand (31/12/2016: € 379,024 thousand). Please refer to Note 12, regarding the nature of the PPA adjustment.

## 6 Fee and commission income

On 30/8/2017, Piraeus Bank signed an amendment to the current bancassurance contract, expiring on 31/12/2017, which includes a payment to the Bank of a lump sum persistency fee of € 35 million, in recognition of the retention activities of the Bank aiming to ensure the persistency of the existing Bancassurance portfolio as of 31/12/2016. The aforementioned persistency fee was recognized in the Group's Income Statement in Q3 2017.

## 7 Other income/ (expenses)

Pursuant to the decision no 2376/16.5.2017 issued by the Single Member Court of Appeal of Athens, the annual rent paid by the Group's subsidiary Picar S.A. to the Hellenic Army Pension Fund for Citylink was reduced by 20% for the period from 1/1/2014 to 31/12/2015; moreover, according to the above mentioned Court decision, due to the Court settlement of the contract, the agreed gradual adjustment of the rent ceases to have effect for the future, i.e. since Picar's complaint was served to the Hellenic Army Pension Fund (13/12/2013). The Hellenic Army Pension Fund's petition for freezing injunction for the suspension of the execution of said decision before the Judge of the Supreme Court was rejected. Moreover, the Fund's petition for the suspension of the execution of the above mentioned decision before the Supreme Court was rejected, pursuant to the Supreme Court' s (Fourth Chamber) no 123/2017 decision. An appeal against the decision no 2376/2017 for its annulment is still pending before the Supreme Court.

**Amounts in thousand euros** (Unless otherwise stated)

The Group's Management, based on the above mentioned decision and in relative advice of independent Legal Consultant, during the 2nd quarter 2017 changed the assumptions and judgements used to measure the right of use and the obligation, that derive from the leasing contract of the Group's subsidiary Picar S.A. with the Hellenic Army Pension Fund for Citylink.

This resulted in a reduction in the fair value of the investment property charged to "Other income/ (expense)" of € 182.6 million and an impairment charge for property and equipment of € 67.9 million, a gain from the reduction of finance lease obligation of € 295.9 million recorded in "Other income/ (expense)" and hence a net gain in the Group's Consolidated Interim Income Statement of € 45.4 million.

## 8 Income tax

| Continuing operations | 1/1-30/9/2017 | 1/1-30/9/2016 |
|---|---|---|
| Current tax | (10,475) | (10,459) |
| Deferred tax | 35,302 | (10,997) |
| Provisions for tax differences | 594 | (29) |
| **Total** | **25,422** | **(21,485)** |

In accordance with the provisions of the enacted Greek Tax Law (Law 4172/2013), as amended by Greek Law 4334/2015 (Gazette A' 80/16.7.2015) and being in effect today, the income tax rate for Greek legal entities is 29%. Subsequent to the enactment of Greek Law 4389/2016 the tax rate on dividend income received from 1/1/2017 increased to 15% from 10% prior to 31/12/2016.

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the years of 2016 and 2017 (Bulgaria: 10%, Romania: 16%, Egypt: 22.5%, Serbia: 15%, Ukraine: 18%, Cyprus: 12.5%, Albania: 15% and United Kingdom: 20% from 1/4/2015 until 31/3/2017 and 19% from 1/4/2017).

The income tax for the period ended 30 September 2017 amounting to € 25.4 million, mainly refers to the additional recognition of deferred tax asset on impairment losses on loans and advances to customers recorded in the Consolidated Interim Income Statement of the 3rd quarter that will be recognized for tax purposes in a later period, and the offset of current tax profits against previous years tax losses.

The Group has recognized as at 30/9/2017 deferred tax assets amounting to € 5.3 billion, based on the appropriate estimates of the Management for the future evolution of the Group's tax results, taking into account the revised approved Restructuring Plan by the European Commission on 29 November 2015, and assessing the recoverability of other relevant factors as being presented in detailed in Note 3.b.5. The measures that have already been implemented, as well as those included in the existing Restructuring Plan of the Bank, are reliably expected to enforce the Group's future profitability and to allow the Group to overcome the effects of the extended Greek recession.

Under the provisions of Greek Law 4172/2013, Article 27A, as amended by Greek Law 4465/2017 and being in effect today, deferred tax assets of Greek financial institutions, as well as deferred tax assets of leasing and factoring companies, that have been recognized due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing loans and advances to customers as of 30 June 2015, as well as the accounting write offs and final losses due to permanent write offs or restructuring of debts under certain conditions will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the "profit for the period" from the fiscal year 2016 onwards according to IFRS, is a loss.

This claim will be offset against the relevant amount of income tax of the legal person or companies of the same corporate group (associated companies) of the tax year, which the approved financial statements refer to. When the amount of income tax is insufficient to offset the above claim, any remaining claim will give rise to a direct refund right against the Greek State in favor of the above-mentioned companies. In this case, a special reserve equal to 100% of the above claim will be created exclusively for a share capital increase and the issuance of capital conversion rights (warrants) without consideration in favor of the Greek State. The above rights will be convertible into ordinary shares. Existing shareholders will have a call option right. The above-mentioned reserve will be capitalized and new ordinary shares will be issued in favor of the Greek State. Furthermore, a gradual amortization over a 20-year period of the final tax losses arising from write-offs and disposals is provided, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from final debt write-offs.

The Extraordinary General Meeting of the Bank's Shareholders, on 19 December 2014, approved the Bank opting into the special regime enacted by article 27A of the Greek 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 provisions.

As at 30/9/2017, the deferred tax assets of the Group meeting the provisions of the above mentioned Law, amounts to € 4.0 billion, of which € 1.3 billion relates to the remaining unamortized amount of debit difference from the participation on the PSI and € 2.7 billion relates to the differences on IFRS allowance for impairment on loans and advances to customers, and tax provisions respectively.

According to article 82 of Greek Law 4472/2017 credit institutions and other legal entities that fall under the provisions of article 27A of Greek Law 4172/2013 are required to pay an annual commission of 1.5% on the excess amount guaranteed by the Greek State of deferred tax assets arising from the difference between the tax rate applicable under Greek Law 4334/2015 (Gazette A' 80/16/7/2015) retrospectively from 1/1/2015 (29%), and the tax rate applicable on 30/6/2015 (26%). According to the above mentioned, the total commission as at 30 September 2017 amounts to € 12.3 million, of which € 7.0 million relates to the period ended 31 December 2016 and has been included in the Consolidated Interim Income Statement under "Other income/ (expenses)".

Additionally, article 14 of the aforementioned law provides a reduction in the tax rate, from 29% currently in force, to 26%, implied to profits from business activity acquired by legal entities keeping double-entry books for income earned in the tax year 2019 onwards. With explicit reference in the law, this reduction does not apply to credit institutions for which the tax rate remains 29%.

**Unaudited tax years**

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

For the fiscal years 2011 - 2016, the tax audit for the Bank and all Greek Societe Anonyme Companies, was conducted by the statutory auditor that conducts the tax audit under Greek Law 2190/1920 according to article 82 of Greek Law 2238/1994 and article 65 of Greek Law 4174/2013 as were in force. It is noted that, from 2016 and thereon the issue of the "Annual Tax Certificate" is optional, however the Group's Greek companies will continue to obtain the tax certificate. The Tax Administration retains its right to proceed with a tax audit, within the applicable statute of limitations in accordance with article 36 of Greek Law 4174/2013.

In accordance with the article 82 para. 5 of Greek 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 an unqualified Tax Compliance Report has been issued.

The tax audit for the fiscal year 2013 has been completed by PricewaterhouseCoopers S.A. 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 matter 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, 2015 and 2016, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and an unqualified "Tax Compliance Report" has been issued.

The tax audit for the fiscal year 2017 is in progress by Deloitte S.A.

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 2016 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 14 of the Consolidated Interim Financial Information 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 Discontinued operations

During the period 1/1 - 30/9/2017, the companies Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd Group subsidiaries, were transferred to discontinued operations. For the above mentioned subsidiaries there is sale process in progress, which is expected to be completed within one year.

### A) Profit/ (loss)

Profit/ (loss) after income tax from discontinued operations for the period 1/1-30/9/2017 includes the results of ATE Insurance Romania S.A., IMITHEA S.A., Olympic Commercial & Tourist Enterprises S.A, Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd. Profit/ (loss) after income tax from discontinued operations for the period 1/1-30/9/2016 includes the results of the aformentioned companies, ATE Insurance S.A. and Piraeus Bank Cyprus LTD group of companies.

**Amounts in thousand euros** (Unless otherwise stated)

| | 1/1-30/9/2017 | 1/1-30/9/2016 |
|---|---|---|
| Net interest income | 11,879 | 30,633 |
| Net fee and commission income | 1,067 | 6,357 |
| Dividend income | 3 | 755 |
| Net income from financial instruments designated at fair value through profit or loss | 977 | 39,447 |
| Results from investment securities | - | (27,583) |
| Other income/ (expenses) | 60,566 | 69,879 |
| **Total net income** | **74,492** | **119,489** |
| Staff costs | (36,265) | (54,392) |
| Administrative expenses | (19,450) | (25,725) |
| Depreciation and amortization | (4,695) | (5,024) |
| Gains/ (losses) from sale of owned assets | 57 | (13) |
| **Total operating expenses before provisions** | **(60,353)** | **(85,154)** |
| Other provisions and impairment | (76,007) | (42,820) |
| **Profit/ (loss) before income tax** | **(61,869)** | **(8,486)** |
| Income tax | (6,346) | (25,361) |
| **Profit/ (loss) after income tax from discontinued operations** | **(68,214)** | **(33,847)** |

According to the requirements of IFRS 5 concerning the measurement of the value of the assets classified in discontinued operations at the lower of their carrying amount and fair value less cost to sell, the Group proceeded during the period from 1/1-30/9/2017 with an impairment of the value of discontinued operations by € 72.7 million relating mainly to Piraeus Bank Beograd A.D. The aforementioned amount is included in line "Other provisions and impairment" in the above table.

### B) Assets and liabilities

The following assets and liabilities as at 30/9/2017 relate to the companies ATE Insurance Romania S.A., IMITHEA S.A., Olympic Commercial & Tourist Enterprises S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd. Respectively, the following assets and liabilities as at 31/12/2016 relate to the company ATE Insurance Romania S.A.

| | 30 September 2017 | 31 December 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and balances with Central Banks | 89,468 | 12 |
| Loans and advances to credit institutions | 93 | 1,981 |
| Financial assets at fair value through profit or loss | 34,666 | - |
| Loans and advances to customers | 333,704 | - |
| Available for sale securities | 14,852 | - |
| Assets held for sale | 1,874 | - |
| Property and equipment | 380,801 | 11 |
| Intangible assets | 2,640 | 72 |
| Deferred tax assets | 509 | - |
| Other assets | 127,656 | 486 |
| **Total Assets** | **986,261** | **2,562** |

| | 30 September 2017 | 31 December 2016 |
|---|---|---|
| **LIABILITIES** | | |
| Due to credit institutions | 29,976 | - |
| Due to customers | 253,401 | - |
| Deferred tax liabilities | 5,827 | 17 |
| Current income tax liabilities | 27,537 | - |
| Retirement benefit obligations | 6,292 | - |
| Other provisions | 75,077 | 600 |
| Other liabilities | 66,862 | 866 |
| **Total Liabilities** | **464,972** | **1,483** |

Amounts in thousand euros (Unless otherwise stated)

## 10 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 | 1/1-30/9/2017 | 1/1-30/9/2016 | 1/7-30/9/2017 | 1/7-30/9/2016 |
|---|---|---|---|---|
| Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities | (19,482) | 14,197 | (19,411) | 26,854 |
| Weighted average number of ordinary shares in issue | 436,477,796 | 436,626,832 | 436,511,292 | 436,648,797 |
| Basic and diluted earnings/ (losses) per share (in €) from continuing operations | (0.0446) | 0.0325 | (0.0445) | 0.0615 |

| Basic and diluted earnings/ (losses) per share from discontinued operations | 1/1-30/9/2017 | 1/1-30/9/2016 | 1/7-30/9/2017 | 1/7-30/9/2016 |
|---|---|---|---|---|
| Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities | (68,434) | (34,671) | 6,460 | (7,615) |
| Weighted average number of ordinary shares in issue | 436,477,796 | 436,626,832 | 436,511,292 | 436,648,797 |
| Basic and diluted earnings/ (losses) per share (in €) from discontinued operations | (0.1568) | (0.0794) | 0.0148 | (0.0174) |

According to the requirements of IAS 33, the weighted average number of shares for the period 1/1-30/9/2017 and the comparative period 1/1-30/9/2016 has been adjusted by a factor 1/20, in order to reflect the effect in earnings/ (losses) per share of the reverse split decided by the Annual Ordinary General Meeting of shareholders held on 28/6/2017.

## 11 Amounts that can be reclassified in the Income Statement

**A. Continuing operations**

| 1/1-30/9/2017 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Amounts that can be reclassified in the Income Statement** | | | |
| Change in available for sale reserve | 48,798 | (13,981) | 34,817 |
| Change in currency translation reserve | (7,532) | - | (7,532) |
| **Amounts that cannot be reclassified in the Income Statement** | | | |
| Change in reserve of defined benefit obligations | 25 | (9) | 16 |
| **Other comprehensive income from continuing operations** | **41,291** | **(13,990)** | **27,300** |

| 1/1-30/9/2016 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Amounts that can be reclassified in the Income Statement** | | | |
| Change in available for sale reserve | (74,384) | 21,103 | (53,281) |
| Change in currency translation reserve | (6,555) | - | (6,555) |
| **Amounts that cannot be reclassified in the Income Statement** | | | |
| Change in reserve of defined benefit obligations | 38 | - | 38 |
| **Other comprehensive income from continuing operations** | **(80,901)** | **21,103** | **(59,798)** |

Amounts in thousand euros (Unless otherwise stated)

**B. Discontinued operations**

| 1/1-30/9/2017 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Amounts that can be reclassified in the Income Statement** | | | |
| Change in available for sale reserve | 59 | - | 59 |
| Change in currency translation reserve | 3,539 | - | 3,539 |
| **Amounts that cannot be reclassified in the Income Statement** | | | |
| Change in reserve of defined benefit obligations | - | - | - |
| **Other comprehensive income from discontinued operations** | **3,598** | **0** | **3,598** |

| 1/1-30/9/2016 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Amounts that can be reclassified in the Income Statement** | | | |
| Change in available for sale reserve | (21,318) | - | (21,318) |
| Change in currency translation reserve | (1,305) | - | (1,305) |
| **Amounts that cannot be reclassified in the Income Statement** | | | |
| Change in reserve of defined benefit obligations | 67 | - | 67 |
| **Other comprehensive income from discontinued operations** | **(22,556)** | **0** | **(22,556)** |

## 12 Loans and advances to customers

| | 30 September 2017 | 31 December 2016 |
|---|---|---|
| Mortgages | 15,065,453 | 15,720,176 |
| Consumer/ personal and other loans | 3,552,029 | 3,872,001 |
| Credit cards | 818,372 | 889,588 |
| **Loans to individuals** | **19,435,855** | **20,481,766** |
| **Loans to corporate entities and Public sector** | **33,478,077** | **38,045,998** |
| **Total loans and advances to customers (before allowance for impairment on loans and advances to customers)** | **52,913,931** | **58,527,764** |
| Less: Allowance for impairment on loans and advances to customers | (7,251,286) | (8,820,157) |
| **Loans and advances to customers** | **45,662,646** | **49,707,608** |

It is noted that the amounts of loans and advances to customers before allowances for impairment on loans and advances to customers have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. Specifically, the allowance for impairment on loans and advances to customers 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 and advances to customers and the allowance for impairment on loans and advances to customers respectively in the table above, as under IFRS 3 it has been included in the adjustment of loans and advances to customers to its fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, as well as for the presentation of Business Segments (Note 5) in accordance with IFRS 8, the aforementioned adjustment is part of the allowance for impairment on loans and advances to customers.

Amounts in thousand euros (Unless otherwise stated)

**Movement in allowance for 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** |
|---|---|---|---|---|---|---|
| **Opening balance at 1/1/2016** | **1,262,251** | **915,680** | **239,342** | **2,417,273** | **6,941,849** | **9,359,122** |
| Charge for the period | 208,148 | 33,644 | (33,673) | 208,118 | 496,086 | **704,204** |
| - From continuing operations | 207,995 | 33,592 | (33,688) | 207,899 | 494,101 | **702,000** |
| - From discontinued operations | 152 | 52 | 15 | 220 | 1,985 | **2,204** |
| Loans written-off | (9,983) | (92,633) | (36,322) | (138,938) | (609,504) | **(748,442)** |
| - From continuing operations | (9,983) | (92,612) | (36,302) | (138,897) | (607,564) | **(746,461)** |
| - From discontinued operations | - | (21) | (20) | (41) | (1,940) | **(1,982)** |
| Provision of derecognised loans | (855) | (1,202) | (49) | (2,106) | (34,095) | **(36,201)** |
| Unwinding | (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 | (2,953) | **6,302** |
| - From continuing operations | (787) | 10,105 | 48 | 9,365 | (2,833) | **6,533** |
| - From discontinued operations | (23) | (63) | (24) | (110) | (121) | **(230)** |
| **Balance at 30/9/2016** | **1,404,335** | **815,290** | **162,985** | **2,382,609** | **6,617,026** | **8,999,635** |
| **Opening balance at 1/10/2016** | **1,404,335** | **815,290** | **162,985** | **2,382,609** | **6,617,026** | **8,999,635** |
| Charge for the period | 2,409 | 58,392 | 41,878 | 102,679 | 207,736 | **310,415** |
| - From continuing operations | 3,208 | 58,664 | 41,945 | 103,816 | 205,772 | **309,589** |
| - From discontinued operations | (799) | (272) | (67) | (1,137) | 1,964 | **827** |
| Loans written-off | (5,913) | (74,526) | (43,523) | (123,961) | (355,083) | **(479,044)** |
| - From continuing operations | (5,164) | (63,516) | (42,678) | (111,359) | (350,809) | **(462,168)** |
| - From discontinued operations | (749) | (11,009) | (844) | (12,602) | (4,274) | **(16,877)** |
| Provision of derecognised loans | (2,051) | (998) | 1 | (3,048) | (5,185) | **(8,233)** |
| Unwinding | (18,110) | (17,379) | (2,277) | (37,766) | (50,160) | **(87,926)** |
| Foreign exchange differences and other movements | 4,280 | (33,143) | 227 | (28,636) | 113,947 | **85,311** |
| - From continuing operations | 4,204 | (33,437) | 223 | (29,010) | 112,715 | **83,705** |
| - From discontinued operations | 76 | 294 | 4 | 374 | 1,232 | **1,606** |
| **Balance at 31/12/2016** | **1,384,950** | **747,636** | **159,291** | **2,291,877** | **6,528,281** | **8,820,157** |
| **Opening balance at 1/1/2017** | **1,384,950** | **747,636** | **159,291** | **2,291,877** | **6,528,281** | **8,820,157** |
| Opening balance of discontinued operations | (3,772) | (4,768) | (1,341) | (9,882) | (71,973) | **(81,855)** |
| Charge for the period | 129,483 | 82,790 | 13,104 | 225,376 | 604,767 | **830,143** |
| Loans written-off | (58,146) | (230,750) | (91,600) | (380,495) | (1,516,146) | **(1,896,642)** |
| Unwinding | (53,613) | (43,852) | (4,548) | (102,013) | (183,408) | **(285,421)** |
| Foreign exchange differences and other movements | (8,940) | 8,301 | 156 | (483) | (134,613) | **(135,097)** |
| **Balance at 30/9/2017** | **1,389,961** | **559,357** | **75,061** | **2,024,379** | **5,226,907** | **7,251,286** |

The write-offs of loans and advances to customers before provisions for the period 1/1 - 30/9/2017 amount to € 1,896,813 thousand (1/1 - 30/9/2016: € 748,442 thousand).

Amounts in thousand euros (Unless otherwise stated)

## 13 Debt securities - receivables

| | 30 September 2017 | 31 December 2016 |
|---|---|---|
| Corporate entities debt securities - receivables | 23,219 | 27,816 |
| Bank debt securities - receivables | 5,311 | 5,012 |
| EFSF bonds - receivables | 3,575,705 | 10,507,342 |
| ESM bonds - receivables | - | 2,711,576 |
| **Total debt securities - receivables** | **3,604,236** | **13,251,746** |
| | | |
| Less: Allowance for impairment on debt securities - receivables | - | (5,489) |
| **Total debt securities - receivables (less allowances for losses)** | **3,604,236** | **13,246,257** |

The balance of the EFSF and ESM bonds decreased due to the sale of EFSF bonds (nominal value € 6,135.7 million) and of ESM bonds (nominal value € 2,706.1 million) resulting from the Bank's participation in the bond exchange program of EFSF and ESM bonds as part of the short-term debt relief measures of the Hellenic Republic. Relevant reference is provided in Note 2. The above mentioned transactions had no impact in the Consolidated Interim Income Statement.

The balance of the EFSF bonds decreased further due to the sale of EFSF bonds of nominal value € 748.0 million under the Bank's participation in the ECB's quantitative easing program (Note 2). The profit on the sale, which was realized during the 1st quarter of 2017, amounted to € 20.6 million and is included in line “Results from investment securities” of the Consolidated Interim Income Statement for the period 1/1/2017 – 30/9/2017.

Amounts in thousand euros (Unless otherwise stated)

## 14 Investments in consolidated companies

The investments of Piraeus Bank Group in consolidated companies from continuing and discontinued operations are analysed below:

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

| s/n | Name of Company | Activity | % Holding | Country | Unaudited tax years (1) |
|---|---|---|---|---|---|
| 1. | Piraeus Leases S.A. | Finance leases | 100.00% | Greece | 2013-2016 |
| 2. | Cyprus Leasing S.A. | Finance leases | 100.00% | Greece | 2013-2016 |
| 3. | Geniki Financial & Consulting Services S.A. | Financial & consulting services | 100.00% | Greece | 2012-2016 |
| 4. | Piraeus Securities S.A. | Stock exchange operations | 100.00% | Greece | 2010,2013-2016 |
| 5. | Piraeus Factoring S.A. | Corporate factoring | 100.00% | Greece | 2010,2013-2016 |
| 6. | Piraeus Capital Management S.A. | Venture capital fund | 100.00% | Greece | 2010,2013-2016 |
| 7. | Piraeus Jeremie Technology Catalyst Management S.A. | Management of venture capital fund | 100.00% | Greece | 2013-2016 |
| 8. | Hellenic Fund for Sustainable Development | Close End Venture Capital Fund | 65.00% | Greece | - |
| 9. | ETVA Fund Management S.A. | Management of venture capital mutual funds | 65.00% | Greece | 2014-2016 |
| 10. | Piraeus Asset Management S.A. | Mutual funds management | 100.00% | Greece | 2010,2013-2016 |
| 11. | Piraeus Insurance & Reinsurance Brokerage S.A. | Insurance and reinsurance brokerage | 100.00% | Greece | 2010,2013-2016 |
| 12. | Piraeus Insurance Agency S.A. | Insurance agency | 100.00% | Greece | 2010,2013-2016 |
| 13. | Geniki Information S.A. | Assessment and collection of commercial debts | 100.00% | Greece | 2010-2016 |
| 14. | DI.VI.PA.KA S.A. | Administrative and managerial body of the Kastoria industrial park | 57.53% | Greece | 2010,2013-2016 |
| 15. | ETVA Development S.A. | Investment and development activities, in accordance with the principles of sustainable development | 65.00% | Greece | 2014-2016 |
| 16. | ETVA Industrial Parks S.A. | Development/ management of industrial areas | 65.00% | Greece | 2010,2013-2016 |
| 17. | Piraeus Green Investments S.A. | Holding company | 100.00% | Greece | 2013-2016 |
| 18. | Abies S.A. | Property management | 61.65% | Greece | 2010-2016 |
| 19. | Achaia Clauss Estate S.A. | Property management | 75.27% | Greece | 2010,2013-2016 |
| 20. | Euroterra S.A. | Property management | 62.90% | Greece | 2010-2016 |
| 21. | Kosmopolis A' Shopping Centers S.A. | Shopping center's management | 100.00% | Greece | 2010,2013-2016 |
| 22. | Linklife Food & Entertainment Hall S.A. | Operation of food and entertainment Halls | 100.00% | Greece | 2014-2016 |
| 23. | ND Development S.A. | Property management | 100.00% | Greece | 2010,2013-2016 |
| 24. | New Up Dating Development Real Estate and Tourism S.A. | Property, tourism & development company | 100.00% | Greece | 2008-2010, 2013-2016 |
| 25. | Picar S.A. | City Link areas management | 100.00% | Greece | 2010,2013-2016 |
| 26. | Property Horizon S.A. | Property management | 100.00% | Greece | 2010,2013-2016 |
| 27. | Rebikat S.A. | Property management | 61.92% | Greece | 2010-2016 |
| 28. | General Construction and Development Co. S.A. | Property development/ holding company | 66.66% | Greece | 2010,2013-2016 |

**Amounts in thousand euros** (Unless otherwise stated)

| s/n | Name of Company | Activity | % Holding | Country | Unaudited tax years [1] |
|---|---|---|---|---|---|
| 29. | Entropia Ktimatiki S.A. | Property management | 66.70% | Greece | 2010-2016 |
| 30. | Euroak S.A. Real Estate | Real estate investment | 53.60% | Greece | 2010-2016 |
| 31. | Komotini Real Estate Development S.A. | Property management | 100.00% | Greece | 2010,2013-2016 |
| 32. | Piraeus Buildings S.A. | Property development | 100.00% | Greece | 2010-2016 |
| 33. | Piraeus Development S.A. | Property management | 100.00% | Greece | 2010,2013-2016 |
| 34. | Piraeus Real Estate S.A. | Construction company | 100.00% | Greece | 2013-2016 |
| 35. | Pleiades Estate S.A. | Property management | 100.00% | Greece | 2010,2013-2016 |
| 36. | A.C.T. B.A.S. S.A. | Counseling services for payroll and labour affairs | 100.00% | Greece | 2011-2016 |
| 37. | KPM Energy S.A. | Energy generation and exploitation through renewable energy resources | 80.00% | Greece | 2013-2016 |
| 38. | Mille Fin S.A. | Vehicle Trading | 100.00% | Greece | 2010,2013-2016 |
| 39. | Multicollection S.A. | Assessment and collection of commercial debts | 51.00% | Greece | 2009-2016 |
| 40. | Piraeus Direct Solutions S.A. (former Special Business Services S.A. ) | Financial - telecommunication & IT services | 100.00% | Greece | 2010,2013-2016 |
| 41. | Special Financial Solutions S.A. | Advising, consultancy, organizational and training services | 100.00% | Greece | 2010-2016 |
| 42. | Zibeno I Energy S.A. | Energy generation through renewable energy resources | 83.00% | Greece | 2015-2016 |
| 43. | Centre of Sustainable Entrepreneurship Excelixi S.A. | Consulting Services - Hotel - Training & Seminars | 100.00% | Greece | 2010,2013-2016 |
| 44. | Piraeus ACT Services S.A. | Accounting and tax consulting | 100.00% | Greece | 2013-2016 |
| 45. | Pireaus Direct Services S.A. | Support and e-commerce services, trade of time renewal cards | 100.00% | Greece | 2010,2013-2016 |
| 46. | PROSPECT N.E.P.A. | Yachting management | 100.00% | Greece | - |
| 47. | Tirana Bank I.B.C. S.A. | Banking activities | 98.83% | Albania | 2014-2016 |
| 48. | Tirana Leasing Sh.A. | Finance leases | 100.00% | Albania | 2016 |
| 49. | Cielo Concultancy Sh.P.K. | Holding and investment company | 99.09% | Albania | 2014-2016 |
| 50. | Edificio Enterprise Sh.P.K. | Holding and investment company | 99.09% | Albania | 2014-2016 |
| 51. | Tierra Projects Sh.P.K. | Holding and investment company | 99.09% | Albania | 2014-2016 |
| 52. | Piraeus Real Estate Tirana Sh.P.K. | Real estate development | 100.00% | Albania | 2014-2016 |
| 53. | Piraeus Bank Bulgaria A.D. | Banking activities | 99.98% | Bulgaria | 2010-2016 |
| 54. | Piraeus Insurance Brokerage EOOD | Insurance brokerage | 99.98% | Bulgaria | 2007-2016 |
| 55. | Beta Asset Management EOOD | Rent and management of real estate | 99.98% | Bulgaria | 2013-2016 |
| 56. | Bulfina E.A.D. | Property management | 100.00% | Bulgaria | 2008-2016 |
| 57. | Bulfinace E.A.D. | Property Management | 100.00% | Bulgaria | 2008-2016 |
| 58. | Delta Asset Management EOOD | Real Estate Development | 99.98% | Bulgaria | 2015-2016 |
| 59. | Gama Asset Management EOOD | Real Estate Development | 99.98% | Bulgaria | 2015-2016 |
| 60. | Piraeus Real Estate Bulgaria EOOD | Construction company | 100.00% | Bulgaria | 2007-2016 |

**Amounts in thousand euros** (Unless otherwise stated)

| s/n | Name of Company | Activity | % Holding | Country | Unaudited tax years [1] |
|---|---|---|---|---|---|
| 61. | Varna Asset Management EOOD | Real estate development | 99.98% | Bulgaria | 2014-2016 |
| 62. | Asset Management Bulgaria EOOD | Travel - rental services and property management | 99.98% | Bulgaria | 2012-2016 |
| 63. | Besticar Bulgaria EOOD | Collects receivables | 99.98% | Bulgaria | 2012-2016 |
| 64. | Besticar EOOD | Collects receivables from problematic clients | 99.98% | Bulgaria | 2012-2016 |
| 65. | Piraeus Equity Investment Management Ltd | Investment management | 100.00% | Cyprus | 2011-2016 |
| 66. | Arigeo Energy Holdings Ltd | Holding company in renewable energy | 100.00% | Cyprus | 2012-2016 |
| 67. | Besticar Limited | Holding Company | 99.98% | Cyprus | - |
| 68. | Euroinvestment & Finance Public Ltd | Asset management, real estate operations | 90.85% | Cyprus | 2008-2016 |
| 69. | Piraeus Clean Energy Holdings Ltd | Holding Company | 100.00% | Cyprus | 2011-2016 |
| 70. | Piraeus Equity Partners Ltd | Holding company | 100.00% | Cyprus | 2011-2016 |
| 71. | Piraeus Renewable Investments Limited | Holding company | 100.00% | Cyprus | 2016 |
| 72. | PRI WIND I Limited | Holding company | 100.00% | Cyprus | 2016 |
| 73. | PRI WIND II Limited | Holding company | 100.00% | Cyprus | 2016 |
| 74. | PRI WIND III Limited | Holding company | 100.00% | Cyprus | 2016 |
| 75. | R.E. Anodus Two Ltd | Holding and investment company | 99.09% | Cyprus | 2013-2016 |
| 76. | Tellurion Ltd | Holding company | 100.00% | Cyprus | 2013-2016 |
| 77. | Tellurion Two Ltd | Holding company | 99.09% | Cyprus | 2013-2016 |
| 78. | Trieris Two Real Estate Ltd | Holding, Investment and Real Estate Portfolio Management | 100.00% | Cyprus | 2007-2016 |
| 79. | Zibeno Investments Ltd | Holding Company | 83.00% | Cyprus | 2011-2016 |
| 80. | O.F. Investments Ltd | Investment company | 100.00% | Cyprus | 2011-2016 |
| 81. | R.E. Anodus Ltd | Consultancy services for real estate development and investments | 100.00% | Cyprus | 2009-2016 |
| 82. | Lakkos Mikelli Real Estate Ltd | Property management | 50.66% | Cyprus | 2009-2016 |
| 83. | Philoktimatiki Public Ltd | Land and property development | 53.29% | Cyprus | 2015-2016 |
| 84. | Piraeus Clean Energy GP Ltd | General partner of Piraeus Clean Energy LP | 100.00% | Cyprus | 2011-2016 |
| 85. | Piraeus Equity Advisors Ltd | Investment advice | 100.00% | Cyprus | 2011-2016 |
| 86. | Sunholdings Properties Company Ltd | Land and property development | 26.65% | Cyprus | 2008-2016 |
| 87. | Philoktimatiki Ergoliptiki Ltd | Construction company | 53.29% | Cyprus | 2015-2016 |
| 88. | JSC Piraeus Bank ICB | Banking activities | 99.99% | Ukraine | 2015-2016 |
| 89. | Akinita Ukraine LLC | Real estate development | 99.09% | Ukraine | 2014-2016 |
| 90. | Sinitem LLC | Sale and purchase of real estate | 99.94% | Ukraine | 2013-2016 |
| 91. | Solum Enterprise LLC | Property management | 99.94% | Ukraine | 2012-2016 |
| 92. | Solum Limited Liability Company | Property management | 99.94% | Ukraine | 2009-2016 |
| 93. | Piraeus Bank Romania S.A. | Banking activities | 100.00% | Romania | 2007-2016 |

**Amounts in thousand euros** (Unless otherwise stated)

| s/n | Name of Company | Activity | % Holding | Country | Unaudited tax years (1) |
|---|---|---|---|---|---|
| 94. | Piraeus Leasing Romania IFN S.A. | Finance leases | 100.00% | Romania | 2003-2016 |
| 95. | Alecsandri Estates SRL | Real Estate Development | 74.32% | Romania | 2009-2016 |
| 96. | Daphne Real Estate Consultancy SRL | Real estate development | 99.09% | Romania | 2014-2016 |
| 97. | Priam Business Consultancy SRL | Real estate development | 99.18% | Romania | 2014-2016 |
| 98. | Proiect Season Residence SRL | Real estate development | 100.00% | Romania | 2012-2016 |
| 99. | R.E. Anodus SRL | Real Estate development | 99.09% | Romania | 2013-2016 |
| 100. | Rhesus Development Projects SRL | Real estate development | 99.09% | Romania | 2014-2016 |
| 101. | General Business Management Investitii SRL | Development of building projects | 100.00% | Romania | 2013-2016 |
| 102. | Piraeus Real Estate Consultants SRL | Construction company | 100.00% | Romania | 2007-2016 |
| 103. | Piraeus Rent Doo Beograd | Operating Leases | 100.00% | Serbia | 2007-2016 |
| 104. | Piraeus Real Estate Egypt LLC | Property management | 100.00% | Egypt | 2007-2016 |
| 105. | Piraeus FI Holding Ltd | Holding company | 100.00% | British Virgin Islands | - |
| 106. | Trieris Real Estate Management Ltd | Management of Trieris Real Estate Ltd | 100.00% | British Virgin Islands | - |
| 107. | Piraeus Master GP Holding Ltd | Investment advice | 100.00% | British Virgin Islands | - |
| 108. | Marathon 1 Greenvale Rd LLC | Real estate development | 99.95% | U.S.A. | 2014-2016 |
| 109. | Piraeus Group Capital Ltd | Debt securities issue | 100.00% | United Kingdom | 2016 |
| 110. | Piraeus Group Finance PLC | Debt securities issue | 100.00% | United Kingdom | 2016 |
| 111. | Piraeus Clean Energy LP | Renewable Energy Investment Fund | 100.00% | United Kingdom | 2010-2016 |
| 112. | Axia Finance III PLC | SPE for securitization of corporate loans | - | United Kingdom | - |
| 113. | Axia Finance PLC | SPE for securitization of corporate loans | - | United Kingdom | - |
| 114. | Axia III APC LIMITED | SPE for securitization of corporate loans | - | United Kingdom | - |
| 115. | Estia Mortgage Finance PLC | SPE for securitization of mortgage loans | - | United Kingdom | - |
| 116. | Estia Mortgage Finance II PLC | SPE for securitization of mortgage loans | - | United Kingdom | - |
| 117. | Kion Mortgage Finance PLC | SPE for securitization of mortgage loans | - | United Kingdom | - |
| 118. | Praxis I Finance PLC | SPE for securitization of consumer loans | - | United Kingdom | - |
| 119. | Praxis II APC LIMITED | SPE for securitization of consumer loans | - | United Kingdom | - |
| 120. | Praxis II Finance PLC | SPE for securitization of consumer loans | - | United Kingdom | - |
| 121. | Capital Investments & Finance S.A. | Investment company | 100.00% | Liberia | - |
| 122. | Piraeus Asset Management Europe S.A. | Mutual funds management | 100.00% | Luxemburg | - |
| 123. | Vitria Investments S.A. | Investment company | 100.00% | Panama | - |

Note (1): 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 Greek Law 3842/2010, Article 80.

**Amounts in thousand euros** (Unless otherwise stated)

Companies duly numbered 112 - 120 are special purpose vehicles for securitization of loans and advances to customers and issuance of debt securities. Company duly numbered 86 although presenting less than 50% holding percentage, is included in the Group's subsidiaries' portfolio due to majority on the Board of Directors of the company.

Furthermore, as at 30/9/2017 the companies duly numbered 32, 39, 48, 67, 111, 121 and 123 were under liquidation.

The subsidiaries that are excluded from the consolidation are as follows: a) "Hellenic Information Systems HIS S.A.", b) "The Museum Ltd", c) "Piraeus Bank Group Cultural Foundation", d) "Procas Holding Ltd", e) "Phoebe Investments SRL", f) "Core Investments Project SRL", g) "Amaryllis Investments Consultancy SRL", h) "Torborg Maritime Inc.", i) "Isham Marine Corp.", j) "Pallas Shipping S.A.", k) "Zephyros Marine INC", l) "Bayamo Shipping Co.", m) "Sybil Navigation Co.", n) "Axia III Holdings Ltd", o) "Praxis II Holdings Ltd" and p) "Kion Holdings Ltd". The consolidation of the above mentioned companies would not have a significant effect on the Statement of Financial Position and Income Statement of the Group.

**B) Subsidiaries from discontinued operations**

Piraeus Bank Group subsidiary companies Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A, ATE Insurance Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd, that are included in discontinued operations, are analysed below. Relevant reference for the disposal procedure, that is under process, for the companies Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd is provided in Note 9.

| s/n | Name of Company | Activity | % Holding | Country | Unaudited tax years [1] |
|---|---|---|---|---|---|
| 1. | Olympic Commercial & Tourist Enterprises S.A. | Operating leases- Rent-a-Car and long term rental of vehicles | 100.00% | Greece | 2010,2013-2016 |
| 2. | IMITHEA S.A. | Organization, operation and management of hospital units | 100.00% | Greece | 2010,2013-2016 |
| 3. | ATE Insurance Romania S.A. | Insurance | 99.54% | Romania | 2007-2016 |
| 4. | Piraeus Bank Beograd A.D. | Banking activities | 100.00% | Serbia | 2013-2016 |
| 5. | Piraeus Leasing Doo Beograd | Finance leases | 100.00% | Serbia | 2007-2016 |

Note [1]: 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 Greek Law 3842/2010, Article 80.

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.

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

**1. Associate companies**

| s/n | Name of Company | Activity | % Holding | Country | Unaudited tax years [1] |
|---|---|---|---|---|---|
| 1. | Piraeus - TANEO Capital Fund | Close end Venture capital fund | 50.01% | Greece | - |
| 2. | PJ Tech Catalyst Fund | Close end Venture capital fund | 30.00% | Greece | - |
| 3. | APE Commercial Property Real Estate Tourist and Development S.A. | Holding company | 27.80% | Greece | 2010,2013-2016 |
| 4. | Marfin Investment Group Holdings S.A. | Holding company | 31.49% | Greece | 2013-2016 |

**Amounts in thousand euros** (Unless otherwise stated)

| s/n | Name of Company | Activity | % Holding | Country | Unaudited tax years [1] |
|---|---|---|---|---|---|
| 5. | Sciens International Investments & Holding S.A. | Holding company | 28.10% | Greece | 2010,2013-2016 |
| 6. | APE Fixed Assets Real Estate Tourist & Development S.A. | Real estate, development/ tourist services | 27.80% | Greece | 2010,2013-2016 |
| 7. | APE Investment Property S.A. | Real estate, development/ tourist services | 27.20% | Greece | 2010,2013-2016 |
| 8. | Olganos Real Estate S.A. | Property management/electricity production from hydropower stations | 32.27% | Greece | 2014-2016 |
| 9. | Pyrrichos S.A. | Property management | 50.77% | Greece | 2012-2016 |
| 10. | Exodus S.A. | Information technology & software | 49.90% | Greece | 2010,2013-2016 |
| 11. | Hellenic Seaways Maritime S.A. | Maritime transport - Coastal shipping | 43.48% | Greece | 2013-2016 |
| 12. | Project on Line S.A. | Information technology & software | 40.00% | Greece | 2010-2016 |
| 13. | Evros' Development Company S.A. | European community programs management | 30.00% | Greece | 2010-2016 |
| 14. | Gaia S.A. | Software services | 26.00% | Greece | 2015-2016 |
| 15. | Crete Scient. & Tech. Park Manag. & Dev. Co. S.A. | Scientific and technology park management | 30.45% | Greece | 2010-2016 |
| 16. | Selonda Aquaculture S.A. | Fish farming | 32.92% | Greece | 2008-2016 |
| 17. | Nireus Aquaculture S.A. | Fish farming | 32.51% | Greece | 2009-2010,2013-2016 |
| 18. | Teiresias S.A. | Interbanking company of development, operation and management of information systems | 23.53% | Greece | 2010,2013-2016 |
| 19. | Trastor Real Estate Investment Company | Real estate investment property | 39.39% | Greece | 2010,2013-2016 |
| 20. | Unisoft S.A. | Software manufacturer | 23.07% | Greece | 2009-2016 |
| 21. | Trieris Real Estate Ltd | Property management | 32.37% | British Virgin Islands | - |
| 22. | Exus Software Ltd | IT products retailer | 49.90% | United Kingdom | 2016 |

Note [1]: 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 Greek Law 3842/2010, Article 80.

The aforementioned companies were assessed in the context of IFRS 10 by Piraeus Bank Group. Based on the relevant assessment, Piraeus Bank Group does not control these companies and as a result they are not subsidiaries of Piraeus Bank Group. According to the provisions of IAS 28, the criteria for classifying these companies as associates are met.

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 duly numbered 1 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 company duly numbered 9 is included in the associate companies portfolio as Piraeus Bank Group exercises significant influence and not control.

Furthermore, as at 30/9/2017 the company duly numbered 12 was under liquidation.

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 idle status. The consolidation of this company would not have a significant effect on the Statement of Financial Position and Income Statement of the Group.

The changes in the portfolio of consolidated companies are presented in Note 24.

**Amounts in thousand euros** (Unless otherwise stated)

**2. Joint ventures**

| s/n | Name of Company | Activity | % Holding | Country | Unaudited tax years [1] |
|---|---|---|---|---|---|
| 1. | AEP ELAIONA S.A. | Property management | 50.00% | Greece | 2012-2016 |

Note [1]: 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 Greek Law 3842/2010, Article 80.

## 15 Property and equipment

Property and equipment decreased from € 1,498.4 million as at 31/12/2016 to € 998.8 million as at 30/9/2017, mainly due to a) the decrease of property and equipment relating to discontinued operations (Note 9) as a result of the companies being transferred to discontinued operations during the period 1/1 - 30/9/2017 (Note 14B) and b) the decrease of the book value of own-use property Citylink (Note 7).

## 16 Due to credit institutions

Due to credit institutions as at 30/9/2017, includes refinancing operations through repo transactions within the eurosystem amounting to € 12,001.1 million (31/12/2016: € 20,900.8 million).The decrease in the refinancing raised from the eurosystem is mainly due to: a) the further deleveraging of the loan portfolio, b) the Bank´s participation in the ECB´s Program of Quantitative Easing (QE) and c) the Bank's participation in the bond exchange program of EFSF/ESM bonds. Further information with regard to points (b) and (c) is provided in Note 13.

Amounts in thousand euros (Unless otherwise stated)

## 17 Due to customers

| | 30 September 2017 | 31 December 2016 |
|---|---|---|
| **Corporate** | | |
| Current and sight deposits (1) | 7,845,213 | 7,976,520 |
| Term deposits | 2,445,807 | 2,471,052 |
| Blocked deposits, guarantee deposits and other accounts | 259,709 | 234,042 |
| **Total (A)** | **10,550,729** | **10,681,614** |
| **Retail** | | |
| Current and sight deposits (1) | 3,112,260 | 2,867,832 |
| Savings account | 14,284,658 | 14,995,287 |
| Term deposits | 13,719,313 | 13,708,008 |
| Blocked deposits, guarantee deposits and other accounts | 40,120 | 39,020 |
| **Total (B)** | **31,156,351** | **31,610,147** |
| **Cheques payable and remittances (C)** | **114,660** | **73,067** |
| **Total Due to Customers (A)+(B)+(C)** | **41,821,740** | **42,364,829** |

Note (1) : In lines "Current and sight deposits" as at 31/12/2016 an amount of € 221.5 million was reclassified for comparison purposes.

## 18 Debt securities in issue

### A) Securitisation of mortgage loans

| | 30 September 2017 | 31 December 2016 |
|---|---|---|
| Issuance € 750 million floating rate notes due 2040 | 11,545 | 12,720 |
| Issuance € 1,250 million floating rate notes due 2054 | 37,537 | 39,071 |
| Issuance € 600 million floating rate notes due 2051 | 16,415 | 17,724 |
| **Total debt securities in issue** | **65,497** | **69,515** |

From the above mentioned securitisation of mortgage loans issues, Piraeus Bank possesses as at 30/9/2017 bonds of nominal value amounting to € 94.4 million from the issuance of € 750.0 million, € 577.9 million from the issuance of € 1,250.0 million and € 30.2 million from the issuance of € 600.0 million.

Piraeus Bank, during the period 1/1 - 30/9/2017, proceeded with the buy back of bonds of securitised loans of total amount, after amortization, of € 0.4 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 30/9/2017 liabilities arising from securitisations of loans are retained by the Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750.0 million and € 2,352.2 million respectively, as well as the first and second consumer loan backed securitisation of € 725.0 million and € 558.0 million respectively.

As at 30/9/2017, a total amount of € 1,000.0 million covered bonds, issued by Piraeus Bank, are retained by Piraeus Bank. These covered bonds were issued under Piraeus Bank's global covered bond programme in February 2017 with an original amount of € 1,000.0 million, due February 2018 (Series 3). A total amount of € 5.0 million covered bonds, which were issued and retained by Piraeus Bank, matured in February 2017. These covered bonds came from a separate issue of € 1,250.0 million (Series 1), issued in February 2011. On July 3, 2015, Piraeus Bank had proceeded with the partial cancellation of € 1,245.0 million and the outstanding amount of Series 1 was formed to € 5.0 million.

Amounts in thousand euros (Unless otherwise stated)

### C) Euro Medium Term Note

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

The Bank has not issued any bonds under its EMTN Programme during the period 1/1 - 30/9/2017. The last outstanding issue, a € 1,750.0 million senior bond, matured in April 2016. This bond was issued in July 2015, through Piraeus Bank's EMTN programme, bearing the unconditional and irrevocable guarantee of the Hellenic Republic, pursuant to Article 2 of Greek Law 3723/2008.

## 19 Other liabilities

Other liabilities decreased from € 1,211.3 million as at 31/12/2016 to € 987.1 million as at 30/9/2017, mainly due to a) the decrease from the adjustment of leasing obligation of the subsidiary company Picar S.A. to the Hellenic Army Pension Fund for the Citylink by € 295.9 million (Note 7), b) the increase of other liabilities from discontinued operations (Note 9) by € 58.8 million as a result of the companies transferred to discontinued operations during the period 1/1-30/9/2017 (Note 14B), c) the increased payment orders of customers cleared through Interbanking Systems S.A. (DIAS S.A.) by € 209.5 million, and d) the repayment of obligations of € 60.4 million to creditors.

## 20 Contingent liabilities and commitments

### A) Outstanding Litigations

The Group's provision for outstanding litigations as at 30/9/2017 amounts to € 35.0 million from continuing operations against € 27.2 million respectively as at 31/12/2016, while there are no provisions for outstanding litigations from discontinued operations as at 30/9/2017 and 31/12/2016. The legal proceedings outstanding against the Group as at 30/9/2017 for which no provisions have been recorded, concern legal cases for which the Management of the Bank a) assumes that the legal outcome would be in favor of the Bank or b) cannot assess the possible loss of their final court ruling. The Management, taking into account the advice of the Legal Department, considers the amount of the provisions to be sufficient.

A number of individual lawsuits and a class action lawsuit have been filed against the Bank concerning the validity of specific terms of the loan contracts granted by the Bank in Swiss Francs (CHF). At first instance, judgments have been issued only for individual lawsuits, the majority of which are in favor of the Bank, whereas for the class action no judgment has been issued yet. The Management of the Bank, under advisory of the Legal Department, is monitoring the development of the cases mentioned above to determine the accounting implications, in accordance with the relevant requirements of IAS 37.

### B) Credit commitments

As at 30/9/2017 the Group had undertaken the following commitments:

| | 30 September 2017 | 31 December 2016 |
|---|---:|---:|
| Letters of guarantee | 2,722,663 | 2,823,918 |
| Letters of credit | 36,847 | 43,086 |
| Undrawn commited credit facilities | 388,520 | 342,554 |
| | **3,148,030** | **3,209,558** |

Amounts in thousand euros (Unless otherwise stated)

### C) Assets pledged

| | 30 September 2017 | 31 December 2016 |
|---|---|---|
| Cash and balances with Central Banks | 764,198 | 1,072,264 |
| Financial instruments at fair value through profit or loss | 48,126 | 14,063 |
| Investment securities | 1,260,657 | 1,285,581 |
| Loans and advances to customers | 23,184,853 | 27,831,368 |
| Debt securities - receivables | 2,511,247 | 7,242,929 |
| Loans and advances to credit institutions | 1,145 | 1,149 |
| | **27,770,226** | **37,447,354** |

The above mentioned assets pledged are mainly used for liquidity purposes through the Eurosystem. Under interbank repurchase agreement (repo) transactions, EFSF debt securities of nominal value € 850.0 million (31/12/2016: € 5,929.1 million), Greek government bonds of nominal value € 680.0 million and debt securities of own issue of nominal value € 1,001.4 million (31/12/2016: € 219.0 million) are also used for liquidity purposes.

It is also noted that the "Loans and advances to customers", that are presented in the above table, have been pledged under financing from the ELA.

### D) Operating lease commitments

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

| | 30 September 2017 | 31 December 2016 |
|---|---|---|
| Up to 1 year | 48,092 | 50,612 |
| From 1 to 5 years | 169,721 | 183,142 |
| More than 5 years | 290,927 | 285,910 |
| | **508,739** | **519,664** |

## 21 Share capital and contingent convertible securities

| | Share Capital | Share Premium | Contingent convertible securities | Treasury Shares | Total |
|---|---|---|---|---|---|
| **Opening balance at 1 January 2016** | **2,619,955** | **13,074,688** | **2,040,000** | **(460)** | **17,734,183** |
| (Purchases)/ sales of treasury shares | - | - | - | (381) | (381) |
| **Balance at 31 December 2016** | **2,619,955** | **13,074,688** | **2,040,000** | **(842)** | **17,733,801** |
| | | | | | |
| **Opening balance at 1 January 2017** | **2,619,955** | **13,074,688** | **2,040,000** | **(842)** | **17,733,801** |
| (Purchases)/ sales of treasury shares | - | - | - | 308 | 308 |
| **Balance at 30 September 2017** | **2,619,955** | **13,074,688** | **2,040,000** | **(534)** | **17,734,109** |

Amounts in thousand euros (Unless otherwise stated)

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 |
| **Opening balance at 1 January 2016** | **8,733,183,280** | **(1,678,630)** | **8,731,504,650** |
| Purchases of treasury shares | - | (36,312,237) | (36,312,237) |
| Sales of treasury shares | - | 33,906,014 | 33,906,014 |
| **Balance at 31 December 2016** | **8,733,183,280** | **(4,084,853)** | **8,729,098,427** |
| **Opening balance at 1 January 2017** | **8,733,183,280** | **(4,084,853)** | **8,729,098,427** |
| Adjustment (decrease) in the number of ordinary shares due to reverse split (20:1) | (8,296,524,116) | 3,880,610 | (8,292,643,506) |
| **Adjusted opening balance at 1 January 2017** | **436,659,164** | **(204,243)** | **436,454,921** |
| Purchases of treasury shares | - | (2,394,333) | (2,394,333) |
| Sales of treasury shares | - | 2,433,943 | 2,433,943 |
| **Balance at 30 September 2017** | **436,659,164** | **(164,633)** | **436,494,531** |

On 31/12/2016 the Bank’s share capital amounted to € 2,619,954,984.00, divided into 8,733,183,280 ordinary voting registered shares, each with a nominal value of € 0.30.

Following the decision of the Bank’s Annual Ordinary General Meeting of Shareholders which was held on 28/6/2017, the Bank resolved the increase in the nominal value of each ordinary voting share from € 0.30 to € 6.00 with simultaneous reduction in the aggregate number of the Bank’s old ordinary registered voting shares from 8,733,183,280 down to 436,659,164 new ordinary registered voting shares, each with a nominal value of € 6.00, by means of a reverse split at a rate of twenty (20) old ordinary shares of the Bank to one (1) new ordinary share of the Bank.

As a result, the Bank’s share capital on 30/9/2017 amounted to € 2,619,954,984.00, divided into 436,659,164 ordinary registered shares with a nominal value of € 6.00 each.

In addition, the contingent convertible securities of the Bank that were issued in the context of the share capital increase completed in December 2015 and were covered exclusively by the Hellenic Financial Stability Fund (HFSF) with bonds issued by ESM, on 31/12/2016 and 30/9/2017 corresponded to the amount of € 2,040.0 million.

On 5 July 2017, with regards to the HFSF warrants exercise process, the Bank announced that no warrant on shares issued by the Bank and owned by the HFSF has been exercised. Consequently, the issued warrants outstanding on 5 July 2017, amounted to 843,637,022 and corresponded to 37,759,281 shares of the Bank owned by the HFSF. Following the aforementioned increase in the nominal value of each ordinary voting share from € 0.30 to € 6.00 during the year 2017, the shares of the Bank owned by the HFSF, as of 30/9/2017 corresponded to 1,887,964.

It is noted that within the frame of the SSM and according to the EU Regulation No 1024/2013, credit institutions are subject to the provisions of the ECB Recommendation (ECB/2016/44) on dividend distribution policies during the year 2017 for the fiscal year 2016 and the respective provisions of the Executive Committee Act No 117/12.4.2017 of the Bank of Greece on dividend distribution policies during the year 2017 for the fiscal year 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 Greek Law 4261/2014.

Additional restrictions are provided for by Greek Law 3864/2010, as in force for the Banks that participate in the capital support programs and the Cabinet Act 36/2015. Given the above and the fact that until the earlier of i) 31/12/2017 or (ii) the repayment of the contingent convertible securities issued by the Bank, which were covered from HFSF in the context of capital enhancement, the Bank is not allowed to distribute any dividends, the Bank’s Annual Ordinary General Meeting of Shareholders, held on 28/6/2017, decided not to distribute dividend.

Amounts in thousand euros (Unless otherwise stated)

Finally, pursuant to para. 1, art. 16C of Greek 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 the year ended 31 December 2016 and the 9 month period ended 30 September 2017, as well as the treasury shares owned as at 30/9/2017 and 31/12/2016, 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 2017 | 31 December 2016 |
|---|---|---|
| Legal reserve | 110,818 | 110,354 |
| Extraodinary reserve | 13,883 | 13,883 |
| Available for sale reserve | 27,002 | (7,877) |
| Currency translation reserve | (208,415) | (204,373) |
| Reserve of defined benefit obligations | (24,790) | (24,806) |
| Other reserves | 44,148 | 46,975 |
| **Total other reserves** | **(37,354)** | **(65,845)** |

| Other reserves movement | 30 September 2017 | 31 December 2016 |
|---|---|---|
| Opening balance for the period | (65,845) | 14,096 |
| Movement of available for sale reserve | 34,879 | (51,657) |
| Transfer from other reserves to retained earnings | (2,362) | 6,767 |
| Acquisitions, disposals and movement in participating interest | - | (179) |
| Change in reserve of defined benefit obligations | 16 | (18,384) |
| Foreign exchange differences and other adjustments | (4,042) | (16,488) |
| **Closing balance for the period** | **(37,354)** | **(65,845)** |

| Available for sale reserve movement | 30 September 2017 | 31 December 2016 |
|---|---|---|
| Opening balance for the period | (7,877) | 43,780 |
| Opening balance of discontinued operations | 103 | - |
| Gains/ (losses) from the valuation of bonds and Greek Government Treasury Bills | 51,919 | 17,988 |
| Gains/ (losses) from the valuation of shares and mutual funds | 16,013 | (1,477) |
| Recycling to income statement of shares and mutual funds impairment | - | 14,803 |
| Recycling of the accumulated fair value adjustment of disposed securities | (19,482) | (70,936) |
| Deferred income taxes | (13,673) | 10,308 |
| Available for sale reserve from disposed companies | - | (21,863) |
| Foreign exchange differences and adjustments | - | (480) |
| **Closing balance for the period** | **27,003** | **(7,877)** |

| Retained earnings movement | 30 September 2017 | 31 December 2016 |
|---|---|---|
| Opening balance for the period | (8,004,333) | (7,840,634) |
| Profit/ (loss) after tax attributable to the owners of the parent entity | (87,916) | (34,987) |
| Profit/ (loss) from sales of treasury shares | 120 | (142) |
| Payment to the holders of contingent convertible securities (net of tax) | - | (117,803) |
| Transfer between other reserves and retained earnings | 2,362 | (6,767) |
| Disposals, liquidations and movements in participating interest | (10,512) | (4,000) |
| **Closing balance for the period** | **(8,100,280)** | **(8,004,333)** |

Amounts in thousand euros (Unless otherwise stated)

## 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, 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 helds ordinary shares in the share capital of the Bank benefits from the special rights stated in article 10 of Greek Law 3864/2010, as amended and in force.

The transactions with the above related parties are under the usual market terms. 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 significant transactions with the HFSF during the period 1/1-30/9/2017 and the year 2016.

| | 30/9/2017 | | 31/12/2016 | |
|---|---|---|---|---|
| | Board of Directors' members and key management personnel | Other related parties | Board of Directors' members and key management personnel | Other related parties |
| Loans and advances to customers | 10,901 | 1,964 | 13,422 | 21,968 |
| Due to customers | 1,054 | 883 | 2,162 | 3,164 |
| Letters of guarantee and letters of credit | - | - | - | 2,964 |

| | 1/1-30/9/2017 | | 1/1-30/9/2016 | |
|---|---|---|---|---|
| | Board of Directors' members and key management personnel | Other related parties | Board of Directors' members and key management personnel | Other related parties |
| Income | 87 | 218 | 146 | 717 |
| Expense | 2 | 204 | 8 | 429 |

| Members of the Board of Directors and key management personnel benefits | 1/1-30/9/2017 | 1/1-30/9/2016 |
|---|---|---|
| Short term benefits | 4,993 | 4,717 |
| Post employment benefits | (246) | 160 |

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 and for the 3rd quarter of 2017 it has been positively affected from the reversal of part of the formed provisions as at 31/12/2016, as a result of the net revenues from the benefit settlement of the period.

The aggregate provisions for post employment benefits to Members of the Board of Directors and key management personnel as at 30/9/2017 amounted to € 7.8 million compared to € 9.0 million as at 31/12/2016. The full amount of the above post ermployment benefits has been included in the retirement benefit obligations.

Amounts in thousand euros (Unless otherwise stated)

The transactions with associate companies are analysed as follows:

| | Associates | |
|---|---|---|
| | 30 September 2017 | 31 December 2016 |
| Due to customers and other liabilities | 72,978 | 72,993 |
| Loans and advances to customers and other receivables | 1,307,334 | 1,077,491 |
| Derivative financial instruments - assets | 5,531 | 3,283 |
| Derivative financial instruments - liabilities | 9,397 | - |

The allowance for impairment on loans and advances to associate companies as at 30/9/2017 amounted to € 72.5 million compared to € 56.2 million as at 31/12/2016.

| | Associates | |
|---|---|---|
| | 1/1-30/9/2017 | 1/1-30/9/2016 |
| Total expense & capital expenditure | (10,077) | (11,012) |
| Total income | 61,223 | 57,266 |

Letters of guarantee to associates of the Group as at 30/9/2017 amounted to € 8.6 million (31/12/2016: € 10.5 million). The liabilities from property operating leasing of the Group's associate companies as at 30/9/2017 amounted to € 29.6 million.

The transactions with joint ventures are analysed as follows:

| | Joint ventures | |
|---|---|---|
| | 30 September 2017 | 31 December 2016 |
| Loans and advances to customers and other receivables | 51,259 | 50,495 |

The allowance for impairment on loans and advances to joint ventures as at 30/9/2017 amounted to € 0,5 million (31/12/2016: € 0.2 million).

| | Joint ventures | |
|---|---|---|
| | 1/1-30/9/2017 | 1/1-30/9/2016 |
| Total income | 578 | 445 |

## 24 Changes in the portfolio of consolidated companies

During the period 1/1 - 30/9/2017, Piraeus Bank and its subsidiaries paid for the acquisition and participation in share capital increases/ decreases of subsidiary companies a total amount of € 6.0 million. In addition, they paid for the acquisition and participation in share capital increases of associate companies, a total amount of € 9.9 million. The analysis of changes of the consolidated companies' portfolio is presented below:

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

On 30/6/2017, the share capital increase of Unisoft S.A. by € 210 thousand was concluded, through bond conversion, owned by Piraeus Bank, into shares. As a result, Piraeus Bank became shareholder of the aforementioned company with percentage of 25.43%, thus incorporating the said participation in the portfolio of associate companies.

**b) Participation in share capital increases / decreases - Changes of participation:**

On 23/1/2017, due to share capital increase of Trastor REIC, 57.91% subsidiary company of Piraeus Bank, without the participation of the latter, its participation percentage decreased to 39.39% and the company was classified in the associates' portfolio of the Group. As a result, its subsidiary company, Rembo S.A. is no longer a subsidiary of the Group.

On 25/1/2017, Piraeus Bank paid to its associate participation, Piraeus - TANEO Capital Fund, the amount of € 48 thousand, without altering its shareholding of 50.01% in the company.

On 27/1/2017, Piraeus Bank acquired an additional 0.49% of the share capital of its associate company Selonda Aquaculture S.A., increasing its shareholding percentage to 32.92%.

On 22/2/2017, Piraeus Bank acquired an additional 20.00% of the share capital of Group’s 100.00% subsidiary company, Special Financial Solutions S.A. for the amount of € 56 thousand. As a result, Piraeus Bank owns 100.00% of the company.

On 27/3/2017, Piraeus Bank acquired an additional 16.48% and 84.02% of Group’s 100.00% subsidiary companies, New Up Dating Development Real Estate and Tourism S.A. and Pleiades Estate S.A. for the amount of € 1 thousand each. As result, Piraeus Bank owns 100.00% of the above mentioned companies.

During Q1 2017, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 239 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank, covered its ratio by paying in total € 72 thousand, without altering its shareholding percentage in the company.

On 14/6/2017, Piraeus - TANEO Capital Fund, 50.01% associate participation of Piraeus Bank S.A., increased its assets by € 239 thousand. As a result, Piraeus Bank S.A. covered its ratio by paying in total € 120 thousand, without altering its shareholding percentage in the company.

During Q2 2017, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 274 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 82 thousand, without altering its shareholding percentage in the company.

On 30/6/2017, Piraeus Bank S.A. acquired an additional 6.00% of its subsidiary company Olympic Commercial & Tourist Enterprises S.A. As a result, Piraeus Bank S.A. owns the 100.00% of the company.

On 7/7/2017, Piraeus Bank acquired an additional 3.04% of the share capital of its associate company Hellenic Seaways Maritime S.A., for the amount of € 9.4 million. As a result, Piraeus Bank owns 43.48% of the company.

On 14/7/2017, the participation percentage of Piraeus Bank in the associate company Unisoft S.A., was decreased by 2.36% due to bond conversion, owned by third parties, into shares. As a result, Piraeus Bank owns 23.07% of the company.

On 8/9/2017, Piraeus Bank acquired an additional 74.19% of the share capital of Group's 100.00% subsidiary company, Piraeus Direct Solutions S.A., for the amount of € 3.8 million. As a result, Piraeus Bank owns 100.00% of the company.

On 13/9/2017, Piraeus Direct Services S.A., 100.00% subsidiary company of Piraeus Bank, decreased its share capital by € 300 thousand. From the said decrease, the shareholding percentage of Piraeus Bank in the company did not alter.

In addition, on 13/9/2017, APE Fixed Assets Real Estate Tourist and Development S.A., 27.80% associate company of the Bank, increased its share capital by € 130 thousand. Piraeus Bank covered its ratio by paying € 36 thousand, without altering its shareholding percentage in the company.

During Q3 2017, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 363 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 109 thousand, without altering its shareholding percentage in the company.

**c) Liquidation and disposal:**

During Q1, 2017 the entities Kion CLO Finance No.1 PLC and Kion Mortgage Finance No.3 PLC. were dissolved.

On 30/9/2017, Litus Advisory S.A., 50.00% associate company of the Group, which was set under liquidation from 23/6/2017, was deleted from the relevant Company Registry.

**d) Further changes – Transfers:**

On 4/5/2017, Special Business Services S.A., 100.00% subsidiary company of the Group, increased its share capital by € 3.8 million as a result of spin-off and contribution sector procedure from Piraeus Direct Services S.A., 100.00% subsidiary company of Piraeus Bank S.A. The participation percentage of the Group in the company Special Business Services S.A. did not alter. On the same date, Special Business Services S.A was renamed to Piraeus Direct Solutions S.A.

In the context of the liquidation process of Piraeus Clean Energy LP, 100.00% subsidiary company of the Group, Piraeus FI Holding, 100.00% subsidiary company of the Group, acquired the 100.00% of the share capital of Piraeus Clean Energy Holdings Ltd.

Amounts in thousand euros (Unless otherwise stated)

## 25 Capital adequacy

From January 2014 onwards, Piraeus Bank Group complies with the CRD IV regulatory framework (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 aforementioned regulatory framework requires financial institutions to maintain on a consolidated level a minimum level of regulatory capital related to the undertaken risks. The minimum thresholds for the capital adequacy ratios, as per article 92 of the CRR, are as follows:

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

Following the activation of the SSM on 4 November 2014, Piraeus Bank Group came under the direct supervision of the ECB.

Further to the conclusion of the SREP (Supervisory Review and Evaluation Process) for year 2016, the ECB informed Piraeus Group of its total capital requirement, valid from January 2017.

According to the decision, Piraeus Bank has to maintain, on a consolidated basis, an overall capital requirement ratio of 13.0%, which includes: (a) the minimum Pillar I total capital requirements as per article 92(1) of Regulation 575/2013/EU, (b) the additional Pillar II capital requirement as per article 16(2) of Regulation 1024/2013/EU, and (c) the transitional capital conservation buffer of Regulation 575/2013/EU, which for 2017 is set at 1.25%.

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 30/9/2017 and 31/12/2016 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 2017 | 31 December 2016 |
|---|---|---|
| Common Equity Tier 1 Capital | 8,811,152 | 9,002,626 |
| Tier 1 Capital | 8,811,152 | 9,002,626 |
| Total regulatory capital | 8,811,152 | 9,002,626 |
| Total risk weighted assets (on and off-balance sheet items) | 52,401,218 | 53,237,589 |
| CET1 Capital ratio | 16.8% | 16.9% |
| T1 Capital ratio | 16.8% | 16.9% |
| Total capital ratio | 16.8% | 16.9% |

The Total Regulatory Capital and the Total Risk Weighted Assets as of 31/12/2016, as published in the Financial Statements incorporated in the Annual Financial Report for the year 2016, have been restated (reduced) by € 28.5 million, with insignificant impact on the Bank's capital adequacy ratios, in order to incorporate the outcome of the inspection performed by SSM.

As of 30 September 2017, the above mentioned ratios are far exceeding minimum regulatory requirements, confirming the strong capital base of Piraeus Bank Group.

## 26 Restatements/ reclassifications of comparative periods

The restatements/ reclassifications that took place in the Consolidated Interim Income Statement and the Consolidated Interim Statement of Total Comprehensive Income for the comparative periods 1/1-30/9/2016 and 1/7-30/9/2016, as well as in the Consolidated Interim Cash Flow Statement of the comparative period 1/1-30/9/2016, are presented below. The restatements took place due to the transfer of IMITHEA S.A., Olympic Commercial & Tourist Enterprises S.A., Piraeus Bank Beograd AD and Piraeus Leasing Doo Beograd to the discontinued operations. Furthermore, the comparative amounts of the Consolidated Interim Income Statement for the period 1/1 - 30/9/2017, relating to interest income and cost of risk have been equally reduced by € 92.6 million, following calibration in the interest income recognition model of impaired loans.

Amounts in thousand euros (Unless otherwise stated)

| Consolidated Interim Income Statement | From 1 January to 30 September 2016 | | |
|---|---|---|---|
| | Published amounts | Restatements | Restated amounts |
| Interest and similar income | 2,011,681 | (107,034) | 1,904,647 |
| Interest expense and similar charges | (561,592) | 3,342 | (558,250) |
| **Net interest income** | **1,450,089** | **(103,692)** | **1,346,397** |
| | | | |
| Fee and commission income | 267,744 | (2,186) | 265,557 |
| Fee and commission expense | (33,041) | 1,312 | (31,730) |
| **Net fee and commission income** | **234,702** | **(874)** | **233,828** |
| | | | |
| Dividend income | 6,384 | (3) | 6,381 |
| Net income from financial instruments designated at fair value through profit or loss | 2,671 | (1,637) | 1,035 |
| Results from investment securities | 124,022 | - | 124,022 |
| Other income/ (expenses) | 59,020 | (56,666) | 2,354 |
| **Total net income** | **1,876,889** | **(162,872)** | **1,714,017** |
| | | | |
| Staff costs | (470,964) | 35,429 | (435,535) |
| Administrative expenses | (414,209) | 16,772 | (397,437) |
| Depreciation and amortization | (82,766) | 3,871 | (78,895) |
| Gains/ (losses) from sale of owned assets | 685 | 14 | 699 |
| **Total operating expenses before provisions** | **(967,254)** | **56,086** | **(911,168)** |
| | | | |
| **Profit before provisions, impairment and income tax** | **909,635** | **(106,786)** | **802,849** |
| Impairment losses on loans and advances to customers | (796,804) | 94,804 | (702,000) |
| Impairment losses on other assets | (39,575) | 3,998 | (35,577) |
| Impairment losses on other debt securities - receivables | (5,118) | - | (5,118) |
| Impairment of property & equipment and intangible assets | (13,032) | - | (13,032) |
| Other provisions and impairment | (6,081) | (82) | (6,163) |
| Share of profit of associates | (7,928) | - | (7,928) |
| **Profit/ (loss) before income tax** | **41,096** | **(8,066)** | **33,030** |
| | | | |
| Income tax | (28,890) | 7,405 | (21,485) |
| **Profit/ (loss) for the period from continuing operations** | **12,206** | **(661)** | **11,545** |
| | | | |
| Profit/ (loss) after income tax from discontinued operations | (34,507) | 661 | (33,847) |
| **Profit/ (loss) for the period** | **(22,301)** | **0** | **(22,301)** |
| | | | |
| **From continuing operations** | | | |
| Profit/ (loss) attributable to equity holders of the parent entity | 14,031 | 166 | 14,197 |
| Non controlling interest | (1,825) | (827) | (2,652) |
| | | | |
| **From discontinued operations** | | | |
| Profit/ (loss) attributable to equity holders of the parent entity | (34,505) | (166) | (34,671) |
| Non controlling interest | (2) | 827 | 825 |
| | | | |
| **Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):** | | | |
| From continuing operations | | | |
| - Basic and Diluted | 0.0016 | 0.0309 | 0.0325 |
| | | | |
| From discontinued operations | | | |
| - Basic and Diluted | (0.0040) | (0.0755) | (0.0794) |

**Amounts in thousand euros** (Unless otherwise stated)

| Consolidated Interim Income Statement | From 1 July to 30 September 2016 | | |
|---|---|---|---|
| | Published amounts | Restatements | Restated amounts |
| Interest and similar income | 655,768 | (37,061) | 618,707 |
| Interest expense and similar charges | (168,064) | 891 | (167,173) |
| **Net interest income** | **487,704** | **(36,170)** | **451,534** |
| Fee and commission income | 94,277 | (785) | 93,492 |
| Fee and commission expense | (12,368) | 688 | (11,680) |
| **Net fee and commission income** | **81,909** | **(97)** | **81,812** |
| Dividend income | 688 | (1) | 687 |
| Net income from financial instruments designated at fair value through profit or loss | (10,627) | (522) | (11,149) |
| Results from investment securities | 20,807 | - | 20,807 |
| Other income/ (expenses) | 26,131 | (26,143) | (12) |
| **Total net income** | **606,613** | **(62,934)** | **543,679** |
| Staff costs | (151,361) | 13,259 | (138,102) |
| Administrative expenses | (142,867) | 5,727 | (137,140) |
| Depreciation and amortization | (27,536) | 1,343 | (26,193) |
| Gains/ (losses) from sale of owned assets | 54 | (2) | 51 |
| **Total operating expenses before provisions** | **(321,711)** | **20,328** | **(301,383)** |
| **Profit before provisions, impairment and income tax** | **284,902** | **(42,606)** | **242,296** |
| Impairment losses on loans and advances to customers | (242,090) | 32,330 | (209,761) |
| Impairment losses on other assets | (16,019) | 2,048 | (13,971) |
| Impairment losses on other debt securities - receivables | (5) | - | (5) |
| Impairment of property & equipment and intangible assets | (2,460) | - | (2,460) |
| Other provisions and impairment | (412) | 5 | (406) |
| Share of profit of associates | 16,435 | - | 16,435 |
| **Profit/ (loss) before income tax** | **40,350** | **(8,223)** | **32,127** |
| Income tax | (10,782) | 3,898 | (6,885) |
| **Profit/ (loss) for the period from continuing operations** | **29,568** | **(4,325)** | **25,243** |
| Profit/ (loss) after income tax from discontinued operations | (11,406) | 4,325 | (7,080) |
| **Profit/ (loss) for the period** | **18,162** | **0** | **18,162** |
| **From continuing operations** | | | |
| Profit/ (loss) attributable to equity holders of the parent entity | 30,644 | (3,790) | 26,854 |
| Non controlling interest | (1,076) | (535) | (1,611) |
| **From discontinued operations** | | | |
| Profit/ (loss) attributable to equity holders of the parent entity | (11,405) | 3,790 | (7,615) |
| Non controlling interest | (1) | 535 | 534 |
| **Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):** | | | |
| From continuing operations | | | |
| - Basic and Diluted | 0.0035 | 0.0580 | 0.0615 |
| From discontinued operations | | | |
| - Basic and Diluted | (0.0013) | (0.0161) | (0.0174) |

Amounts in thousand euros (Unless otherwise stated)

| Consolidated Interim Statement of Total Comprehensive Income | From 1 January to 30 September 2016 | | |
|---|---|---|---|
| | Published amounts | Restatements | Restated amounts |
| **CONTINUING OPERATIONS** | | | |
| **Profit/ (loss) for the period (A)** | **12,206** | **(661)** | **11,545** |
| **Other comprehensive income, net of tax:** | | | |
| **Amounts that can be reclassified in the Income Statement** | | | |
| Change in available for sale reserve | (53,183) | (99) | (53,281) |
| Change in currency translation reserve | (7,933) | 1,378 | (6,555) |
| **Amounts that cannot be reclassified in the Income Statement** | | | |
| Change in reserve of defined benefit obligations | 38 | - | 38 |
| **Other comprehensive income, net of tax (B)** | **(61,078)** | **1,280** | **(59,798)** |
| **Total comprehensive income, net of tax (A+B)** | **(48,871)** | **619** | **(48,253)** |
| - Attributable to equity holders of the parent entity | (47,099) | 1,446 | (45,653) |
| - Non controlling interest | (1,773) | (827) | (2,600) |
| | | | |
| **DISCONTINUED OPERATIONS** | | | |
| **Profit/ (loss) for the period (C)** | **(34,507)** | **661** | **(33,847)** |
| **Other comprehensive income, net of tax:** | | | |
| **Amounts that can be reclassified in the Income Statement** | | | |
| Change in available for sale reserve | (21,417) | 99 | (21,318) |
| Change in currency translation reserve | 73 | (1,378) | (1,305) |
| **Amounts that cannot be reclassified in the Income Statement** | | | |
| Change in reserve of defined benefit obligations | 67 | - | 67 |
| **Other comprehensive income, net of tax (D)** | **(21,276)** | **(1,280)** | **(22,556)** |
| **Total comprehensive income, net of tax (C+D)** | **(55,784)** | **(619)** | **(56,403)** |
| - Attributable to equity holders of the parent entity | (55,782) | (1,446) | (57,228) |
| - Non controlling interest | (2) | 827 | 825 |

Amounts in thousand euros (Unless otherwise stated)

| Consolidated Interim Statement of Total Comprehensive Income | From 1 July to 30 September 2016 | | |
|---|---|---|---|
| | Published amounts | Restatements | Restated amounts |
| **CONTINUING OPERATIONS** | | | |
| **Profit/ (loss) for the period (A)** | **29,568** | **(4,325)** | **25,243** |
| **Other comprehensive income, net of tax:** | | | |
| **Amounts that can be reclassified in the Income Statement** | | | |
| Change in available for sale reserve | 8,482 | (70) | 8,413 |
| Change in currency translation reserve | (1,400) | (14) | (1,414) |
| **Amounts that cannot be reclassified in the Income Statement** | | | |
| Change in reserve of defined benefit obligations | 219 | - | 219 |
| **Other comprehensive income, net of tax (B)** | **7,301** | **(84)** | **7,218** |
| **Total comprehensive income, net of tax (A+B)** | **36,869** | **(4,408)** | **32,461** |
| - Attributable to equity holders of the parent entity | 37,933 | (3,873) | 34,060 |
| - Non controlling interest | (1,064) | (535) | (1,599) |
| **DISCONTINUED OPERATIONS** | | | |
| **Profit/ (loss) for the period (C)** | **(11,406)** | **4,325** | **(7,080)** |
| **Other comprehensive income, net of tax:** | | | |
| **Amounts that can be reclassified in the Income Statement** | | | |
| Change in available for sale reserve | (21,594) | 70 | (21,524) |
| Change in currency translation reserve | 67 | 14 | 81 |
| **Amounts that cannot be reclassified in the Income Statement** | | | |
| Change in reserve of defined benefit obligations | 67 | - | 67 |
| **Other comprehensive income, net of tax (D)** | **(21,459)** | **83** | **(21,376)** |
| **Total comprehensive income, net of tax (C+D)** | **(32,865)** | **4,408** | **(28,456)** |
| - Attributable to equity holders of the parent entity | (32,865) | 3,874 | (28,991) |
| - Non controlling interest | - | 535 | 535 |

| Consolidated Interim Cash Flow Statement | From 1 January to 30 September 2016 | | |
|---|---|---|---|
| | Published amounts | Restatements | Restated amounts |
| Net cash inflow/ (outflow) from operating activities | 24,240 | (65,405) | (41,165) |
| Net cash inflow/ (outflow) from investing activities | (63,804) | 90,011 | 26,207 |
| Net cash inflow/ (outflow) from financing activities | (40,421) | - | (40,421) |
| Total cash inflows/ (outflows) for the period | **(79,984)** | **24,606** | **(55,378)** |
| Effect of exchange rate fluctuations on cash and cash equivalents | (10,835) | 8,273 | (2,563) |
| **Net increase/ (decrease) in cash and cash equivalents of the period from continuing operations (A)** | **(90,820)** | **32,879** | **(57,941)** |
| **Net increase/ (decrease) in cash and cash equivalents of the period from discontinued operations (B)** | **143,646** | **(32,879)** | **110,767** |
| **Cash and cash equivalents at the beginning of the period (C)** | **2,276,758** | **0** | **2,276,758** |
| **Cash and cash equivalents at the end of the period (A)+(B)+(C)** | **2,329,585** | **0** | **2,329,585** |

Amounts in thousand euros (Unless otherwise stated)

During the period 1/1-30/9/2017, the Group as well as the Bank, in view of better presentation of the derivative financial instruments in the Statement of Financial Position, amended the presentation of derivative financial instruments. More specifically, in the previous period part of the derivatives' valuation was presented in line "other liabilities", whereas in the current period it is presented in the respective accounts of derivative financial instruments. Consequently, the derivative financial instruments are recorded at fair value in lines "Derivative financial instruments – assets" and "Derivative financial instruments – liabilities". As a result, the Group's and Bank's Statement of Financial Position as of 31 December 2016 was restated as follows:

| Consolidated Interim Statement of Financial Position | As at 31/12/2016 | | |
|---|---|---|---|
| | Published amounts | Restatements | Restated amounts |
| Derivative financial instruments - assets | 445,645 | 3,837 | 449,482 |
| **TOTAL ASSETS** | **81,500,534** | **3,837** | **81,504,371** |
| Derivative financial instruments - liabilities | 461,676 | 195,451 | 657,127 |
| Other liabilities | 1,402,867 | (191,614) | 1,211,252 |
| **TOTAL LIABILITIES** | **71,676,796** | **3,837** | **71,680,633** |

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

- On 21 November 2017, Piraeus Bank announced regarding the sale of its subsidiary Olympic Commercial and Tourism Enterprises (Olympic) – which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece -that Avis Budget Group, through its subsidiary Zodiac Europe Limited, exercised its rights held under the terms of the franchise agreements for its brands. The relevant terms include Zodiac Europe Limited's Right of First Refusal to acquire the Olympic shares either directly or through a third party nominee under the same financial and contractual terms. Avis Budget Group has indicated its intention to designate as the ultimate purchaser of Olympic a special purpose company, having as sole shareholders Avis Europe Holdings Limited and an Otokoc Group company with which the Avis Budget Group maintains a longstanding cooperation in many countries. The consideration for the Transaction will amount to € 80.6 million, implying an enterprise value for Olympic of € 318.1 million, and will be paid fully in cash. The completion of the transaction is subject to the approvals of HFSF and the Competition Authorities.

- On 20 November 2017, Piraeus Bank issued € 1,000 million of floating rate covered bonds maturing on May 2019 and bearing a coupon of 3M Euribor + 150 bps, through a new (5$^{th}$) series of its € 10 billion covered bond program. The cover for the bond consists of a pool of Greek residential mortgages. The issue was retained by the Bank to be used as collateral for providing liquidity in the interbank repo market.

- On 31 October 2017, Piraeus Bank issued € 500 million of 5 year covered bonds through a new (4$^{th}$) series of its covered bond program. The issue was placed privately and was fully subscribed by European Investment Bank (EIB), the European Investment Fund (EIF) and the European Bank for Reconstruction and Development (EBRD). It is the first covered bond issuance by Piraeus Bank since the beginning of the financial crisis. The cover for the bond consists of a pool of Greek residential mortgages, while the funds raised from the issue will be used to finance Greek SMEs from all sectors of the economy. The covered bonds are floating rate, bearing a coupon of 3M Euribor + 250 bps.

- On 20 October 2017, Piraeus Bank received from the Bank of Greece (BoG) the audit report, conducted by the BoG in the course of its Annual Audit Plan, which focused on a review of the implementation by Piraeus Bank of the regulatory framework and risk management procedures, as well as special credit issues. Piraeus Bank does not anticipate any material financial or capital impact to arise from the aforementioned audit. During the last six months, Piraeus Bank has proceeded with a significant overhaul of its management structure and internal procedures whilst it is currently implementing a brisk review and reinforcement of its internal control and corporate governance framework, including appropriate corrective actions covering the findings of the audit report.

- On 17 October 2017, Piraeus Bank announced that it has entered into an agreement to dispose of its Serbian banking and leasing operations to Direktna Banka A.D., a local Serbian banking group, for a total cash consideration between € 58 million and € 61 million, depending on the financial performance of the divested assets until completion of the transaction, through a combination of direct sale and simultaneous reduction of capital in Piraeus Bank Beograd AD. The transaction is expected to close in the 1st quarter of 2018, following the receipt of all necessary corporate and regulatory approvals, including those of the National Bank of Serbia and the HFSF, and is neutral to Piraeus' CET-1 ratio. BNP Paribas acted as financial adviser to Piraeus Bank on the transaction, whilst Clifford Chance and Andric Law Office acted as legal counsel.

Athens, 28 November 2017

| CHAIRMAN OF THE BOARD OF DIRECTORS | MANAGING DIRECTOR | CHIEF FINANCIAL OFFICER | DEPUTY CHIEF FINANCIAL OFFICER |
|---|---|---|---|
| GEORGE P. HANDJINICOLAOU | CHRISTOS I. MEGALOU | KONSTANTINOS S. PASCHALIS | GEORGE TH. MARINOPOULOS |