

PIRAEUS BANK



PIRAEUS BANK GROUP

Consolidated Interim Condensed Financial Information

31 March 2017

In accordance with the International
Financial Reporting Standards

The attached consolidated interim condensed financial information has been approved by the Piraeus Bank S.A. Board of Directors on May 24th, 2017 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

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

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CONSOLIDATED INTERIM INCOME STATEMENT	Note	Period from 1 January to	
		31 March 2017	31 March 2016
Interest and similar income		596,336	661,293
Interest expense and similar charges		(156,064)	(213,839)
NET INTEREST INCOME		440,273	447,455
Fee and commission income		91,983	83,214
Fee and commission expense		(10,972)	(9,591)
NET FEE AND COMMISSION INCOME		81,011	73,623
Dividend income		157	57
Net income from financial instruments designated at fair value through profit or loss		9,590	9,091
Results from investment securities	11	22,166	(3,293)
Other results		(1,539)	10,132
TOTAL NET INCOME		551,659	537,065
Staff costs		(144,423)	(151,596)
Administrative expenses		(122,818)	(126,802)
Depreciation and amortisation		(26,729)	(26,629)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		(293,969)	(305,028)
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		257,690	232,037
Impairment losses on loans and advances to customers	10	(258,457)	(259,251)
Impairment losses on other assets		(7,286)	(4,432)
Other provisions and impairment		(4,231)	(6,756)
Share of profit of associates and joint ventures		(7,125)	(298)
PROFIT/ (LOSS) BEFORE INCOME TAX		(19,410)	(38,699)
Income tax	7	12,927	2,908
PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		(6,483)	(35,792)
Profit/ (loss) after income tax from discontinued operations	6	(1,328)	(8,345)
PROFIT/ (LOSS) FOR THE PERIOD		(7,811)	(44,137)
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity		(6,035)	(35,334)
Non controlling interest		(448)	(457)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity		(1,421)	(8,452)
Non controlling interest		93	107
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):			
From continuing operations			
- Basic and Diluted	8	(0.0007)	(0.0040)
From discontinued operations			
- Basic and Diluted	8	(0.0002)	(0.0010)

CONSOLIDATED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME	Note	Period from 1 January to	
		31 March 2017	31 March 2016
CONTINUING OPERATIONS			
Profit/ (loss) for the period (A)		(6,483)	(35,792)
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	9	11,776	(15,670)
Change in currency translation reserve	9	(1,911)	(12,108)
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	9	(7)	9
Other comprehensive income, net of tax (B)	9	9,858	(27,768)
Total comprehensive income, net of tax (A+B)		3,375	(63,560)
- Attributable to equity holders of the parent entity		3,834	(63,150)
- Non controlling interest		(459)	(410)
DISCONTINUED OPERATIONS			
Profit/ (loss) for the period (C)		(1,328)	(8,345)
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	9	-	(1,953)
Change in currency translation reserve	9	(5)	25
Amounts that can not be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	9	-	-
Other comprehensive income, net of tax (D)	9	(5)	(1,927)
Total comprehensive income, net of tax (C+D)		(1,333)	(10,272)
- Attributable to equity holders of the parent entity		(1,426)	(10,379)
- Non controlling interest		93	107

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION	Note	31 March 2017	31 December 2016
ASSETS			
Cash and balances with Central Banks		2,820,786	3,071,788
Loans and advances to credit institutions		159,092	118,859
Financial assets at fair value through profit or loss		213,844	193,861
Derivative financial instruments - assets		423,018	445,645
Reverse repos with customers		24,770	30,005
Loans and advances to customers	10	47,416,932	49,707,608
Available for sale securities		3,115,155	2,740,246
Debt securities - receivables	11	10,525,616	13,246,257
Held to maturity		3,299	6,634
Assets held for sale		4,456	2,494
Investment property		1,249,152	1,208,647
Investments in associated undertakings and joint ventures		254,639	232,637
Property and equipment		1,053,355	1,498,411
Intangible assets		276,223	281,965
Deferred tax assets		5,330,102	5,318,348
Other assets		3,250,034	3,394,568
Assets from discontinued operations	6	526,825	2,562
TOTAL ASSETS		76,647,299	81,500,534
LIABILITIES			
Due to credit institutions	13	23,679,667	27,020,940
Due to customers	14	40,960,361	42,364,829
Financial liabilities at fair value through profit or loss		11,051	-
Derivative financial instruments - liabilities		433,110	461,676
Debt securities in issue	15	67,954	69,515
Current income tax liabilities		17,407	44,582
Deferred tax liabilities		38,480	47,061
Retirement benefit obligations		190,139	196,634
Other provisions		65,031	67,211
Other liabilities		1,286,049	1,402,867
Liabilities from discontinued operations	6	98,919	1,483
TOTAL LIABILITIES		66,848,168	71,676,796
EQUITY			
Share capital (ordinary shares)	17	2,619,955	2,619,955
Share premium	17	13,074,688	13,074,688
Contingent convertible securities	17	2,040,000	2,040,000
Less: Treasury shares	17	(1,235)	(842)
Other reserves	18	(57,115)	(65,845)
Retained earnings	18	(8,012,236)	(8,004,333)
Capital and reserves attributable to equity holders of the parent entity		9,664,057	9,663,623
Non controlling interest		135,074	160,115
TOTAL EQUITY		9,799,131	9,823,738
TOTAL LIABILITIES AND EQUITY		76,647,299	81,500,534

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	9	-	-	-	-	(29,743)	-	(29,743)	48	(29,695)
Results after tax for the period 1/1/2016 - 31/3/2016	18	-	-	-	-	-	(43,786)	(43,786)	(350)	(44,137)
Total recognized income for the period 1/1/2016 - 31/3/2016		0	0	0	0	(29,743)	(43,786)	(73,529)	(302)	(73,832)
(Purchases)/ sales of treasury shares	17, 18	-	-	-	460	-	(88)	372	-	372
Transfer between other reserves and retained earnings	18	-	-	-	-	793	(793)	0	-	0
Acquisitions, disposals and movements in participating interest	18	-	-	-	-	-	130	130	-	130
Balance as at 31 March 2016		2,619,955	13,074,687	2,040,000	0	(14,854)	(7,885,172)	9,834,617	112,580	9,947,197
Opening balance as at 1 April 2016		2,619,955	13,074,687	2,040,000	0	(14,854)	(7,885,172)	9,834,617	112,580	9,947,197
Other comprehensive income, net of tax		-	-	-	-	(56,785)	-	(56,785)	(12)	(56,798)
Results after tax for the period 1/4/2016-31/12/2016	18	-	-	-	-	-	8,799	8,799	(4,806)	3,994
Total recognized income for the period 1/4/2016-31/12/2016		0	0	0	0	(56,785)	8,799	(47,986)	(4,818)	(52,804)
Payment to the holders of contingent convertible securities (net of tax)	17	-	-	-	-	-	(117,803)	(117,803)	-	(117,803)
Prior year dividends of ordinary shares		-	-	-	-	-	-	0	(48)	(48)
(Purchases)/ sales of treasury shares	17, 18	-	-	-	(842)	-	(54)	(896)	-	(896)
Transfer between other reserves and retained earnings	18	-	-	-	-	5,974	(5,974)	0	-	0
Disposals, liquidations and movement in participating interest	18	-	-	-	-	(179)	(4,129)	(4,309)	52,402	48,093
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	9	-	-	-	-	9,864	-	9,864	(11)	9,853
Results after tax for the period 1/1/2017 - 31/3/2017	18	-	-	-	-	-	(7,456)	(7,456)	(356)	(7,811)
Total recognized income for the period 1/1/2017-31/3/2017		0	0	0	0	9,864	(7,456)	2,409	(366)	2,042
(Purchases)/ sales of treasury shares	17, 18	-	-	-	(393)	-	36	(357)	-	(357)
Transfer between other reserves and retained earnings	18	-	-	-	-	(1,134)	1,134	0	-	0
Movement in participating interest	18	-	-	-	-	-	(1,618)	(1,618)	(24,676)	(26,294)
Balance as at 31 March 2017		2,619,955	13,074,687	2,040,000	(1,235)	(57,115)	(8,012,236)	9,664,057	135,074	9,799,131

CONSOLIDATED INTERIM CASH FLOW STATEMENT	Note	Period from 1 January to	
		31 March 2017	31 March 2016
<i>Cash flows from operating activities from continuing operations</i>			
Profit/ (Loss) before tax		(19,410)	(38,699)
<i>Adjustments to profit/ loss before tax:</i>			
Add: provisions and impairment		269,975	270,439
Add: depreciation and amortisation charge		26,729	26,629
Add: retirement benefits		1,074	3,711
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		(518)	2,221
(Gains)/ losses from investing activities		6,197	3,647
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>		284,046	267,948
<i>Changes in operating assets and liabilities:</i>			
Net (increase)/ decrease in cash and balances with Central Banks		118,742	262,333
Net (increase)/ decrease in financial instruments at fair value through profit or loss		(13,449)	(17,204)
Net (increase)/ decrease in debt securities - receivables		2,720,719	(13,881)
Net (increase)/ decrease in loans and advances to credit institutions		239	1,827
Net (increase)/ decrease in loans and advances to customers		2,006,098	1,471,146
Net (increase)/ decrease in reverse repos with customers		5,235	(16,259)
Net (increase)/ decrease in other assets		513	(56,773)
Net increase/ (decrease) in amounts due to credit institutions		(3,341,273)	(631,690)
Net increase/ (decrease) in liabilities at fair value through profit or loss		11,051	(2,332)
Net increase/ (decrease) in amounts due to customers		(1,404,468)	(1,040,804)
Net increase/ (decrease) in other liabilities		(68,736)	(150,733)
<i>Net cash flow from operating activities before income tax payment</i>		318,717	73,579
Income tax paid		(3)	(47)
Net cash inflow/ (outflow) from continuing operating activities		318,714	73,532
<i>Cash flows from investing activities of continuing operations</i>			
Purchases of property, plant and equipment		(28,849)	(23,073)
Sales of property, plant and equipment		535	10,371
Purchases of intangible assets		(6,164)	(4,520)
Purchases of assets held for sale		(2,316)	(784)
Sales of assets held for sale		318	18,681
Purchases of investment securities		(1,694,646)	(1,281,428)
Disposals/ maturity of investment securities		1,342,885	1,347,795
Participation in share capital increases of associates and joint ventures	20	(119)	(889)
Dividends received		154	55
Net cash inflow/ (outflow) from continuing investing activities		(388,202)	66,208
<i>Cash flows from financing activities of continuing operations</i>			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(5,925)	(10,390)
Purchases/ sales of treasury shares and preemption rights		(357)	372
Net cash inflow/ (outflow) from continuing financing activities		(6,282)	(10,018)
Effect of exchange rate changes on cash and cash equivalents		(3,565)	(5,511)
Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)		(79,334)	124,212
Net cash flows from discontinued operating activities		21,479	23,135
Net cash flows from discontinued investing activities		(10,578)	(43,261)
Net cash flows from discontinued financing activities		-	-
Exchange difference of cash and cash equivalents		(6)	35
Net increase/ (decrease) in cash and cash equivalents from discontinued activities (B)		10,895	(20,090)
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)		1,746,512	2,380,880

1 General information about the Group

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

Piraeus Bank (parent company) is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis st., Athens. Piraeus Bank and its subsidiaries (hereinafter "the Group") provide services in the Southeastern and Western Europe. The Group employs in total 18,973 people of which 1,332 people, refer to discontinued operations (ATE Insurance Romania S.A., Olympic Commercial & Tourist Enterprises S.A. and IMITHEA S.A.).

Apart from the ATHEX General Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Large Cap, Banks), FTSE (All World, Emerging Markets, Med 100, FTSE4Good Emerging), MSCI (Emerging Markets, EM EMEA, Greece), Stoxx (TMI, All Europe, Greece TM) and S&P (Global, Greece BMI).

2. Basis of preparation of the consolidated interim condensed financial information

The consolidated interim condensed financial information for the three-month period ended March 31, 2017 (the "Interim Financial Information") has been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

The interim financial information includes selected explanatory notes and does not include all the information required for full annual financial statements. Therefore, the interim financial information should be read in conjunction with the annual consolidated financial statements of Piraeus Bank Group as at and for the year ended December 31, 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 considered that they do not have material impact in the presentation of financial information.

The interim financial information has been prepared based on the going concern principle, 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 financial statements 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 financial statements.

Going concern basis

The consolidated interim condensed financial information has been prepared on a going concern basis. Piraeus Bank's management, after taking into account the factors mentioned below, regarding the capital adequacy and the Group's liquidity and in spite of the uncertainties associated with completion of the 2nd assessment of the current economic adjustment program, is of the opinion that the financial statements of the Group have been appropriately prepared on a going concern basis.

Macroeconomic environment

Year 2016 was marked by the completion of the 1st review of the 3rd economic adjustment program and the adaption of new fiscal consolidation measures, the further ease of capital controls and the reinstatement by the ECB of the waiver affecting the eligibility of Greek bonds used as collateral in Eurosystem monetary policy operations. In 2016 the Greek economy had a marginally negative GDP growth rate (-0.1%) against -0.3% in 2015, however, at a fiscal level a significant primary surplus of the general government was achieved.

In August 2015, in an intensely volatile macroeconomic and financial environment, the government proceeded in signing a Financial Assistance Facility Agreement with the ESM in the context of the 3rd economic adjustment program. The total amount of the loans from the ESM for the period August 2015 – August 2018 is estimated it would reach up to € 86 billion. The disbursement of funds is linked to progress in implementing the policy conditions, agreed in the MoU.

In 2016, following the Eurogroup of 25th May and the signing of the Supplemental Memorandum of Understanding (SMoU), the first review of the programme was completed successfully leading on 17/6/2016 to the approval of the disbursement of the ESM tranche of € 10.3 billion in individual sub-tranches. Moreover, in the Eurogroup held at December 2016 the implementation of short-term relief measures was decided. Following that, the step-up interest rate margin of 2% on the € 11.3 billion EFSF loan tranche was waived for the year 2017, while a smoothening of the repayment profile of the EFSF loan was applied.

The economic sentiment indicator improved to 91.8 points in 2016 against 89.7 points in 2015, however the increased uncertainty in the beginning of 2017 reflects lower levels of ESI compared to the end of 2016 (93.4 points in Mar.2017 compared 95.1 points in Dec.16). In 2016 inflation stood at -0.8% (2015: -1.7%). However, in December 2016, after a 45-months period of deflation the consumer price index remained unchanged on an annual basis (0.0%) and returned to a positive trajectory in the 1st quarter of 2017. The unemployment rate, in 2016, fell to 23.5% from 24.9% in 2015. Moreover, in 2016 the current account balance showed a deficit of € -1.1 billion (-0.6% of GDP), compared with a surplus of € 206 million (0.1% of GDP) in 2015. In the Jan.-Feb. 2017 period, the current account deficit improved by € 392 million year-on year and stood at € -1.2 billion.

In 2016, the fiscal performance of the Greek economy was positive. The general government balance (excluding the impact of financial institutions' support) showed a surplus of 0.7% of GDP against a deficit of -3.2% of GDP in 2015, while the corresponding primary surplus reached 3.9% of GDP, compared with 0.4% in 2015. Based on the MoU methodology, which sets the targets to be achieved by the Greek government, for the year 2016 the primary surplus is estimated at 4.2% of GDP. It is significantly higher of the 0.5% of GDP target, as also of the estimate for 1.1% of GDP in 2016 based on the 2017 Budget introductory report.

Critical to the performance of the economy in 2017, at macroeconomic and public finance level, is the completion of the second review (it is expected by June 2017, according to developments to-date) and the timely disbursement of remaining tranches to cover the financing needs and the clearance of general government arrears as well as the implementation of further fiscal adjustment measures.

The economic and political situation in Greece remains the prime risk factor too for the domestic banking sector in general and for Piraeus Bank in particular. To this end, prolonged and adverse developments regarding the completion of periodic reviews of the country's economic adjustment program would potentially have 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 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).

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

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

Capital adequacy

The Comprehensive Assessment ("CA" i.e. Asset Quality Review and Stress Tests) which was carried out by ECB/ Single Supervisory Mechanism (SSM) in the second half of 2015 in order to quantify the capital shortfalls, after the legal framework was applied (i.e. transposition of the Bank Recovery and Resolution Directive). The announcement of the outcome of the CA by the relevant European regulatory authorities (ECB/ SSM), was made on October 31, 2015.

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

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

Liquidity

During the 1st quarter of 2017, domestic market deposits (private and public sector, on a comparative basis adjusted for Consignments and Loans Fund deposits) decreased -2% and amounted to €129.9 billion. The exposure of all Greek banks in the Eurosystem was reduced from € 67 billion at the end of December 2016 to € 60 billion at the end of March 2017, of which about € 42 billion, was covered by the Emergency Liquidity Assistance "ELA" (the provision of liquidity support by the ELA is granted to adequately capitalized credit institutions that have acceptable assets as collateral, and is assessed on a regular basis by the ECB) and €18 billion from ECB's main refinancing operations.

During the 1st quarter of 2017, Piraeus Bank's Group exposure to the Eurosystem reduced by € 5.5 billion to € 15.5 billion compared to € 20.9 billion in 31/12/2016, mainly assisted by the further improvement of access to international repo markets, the further deleveraging of the loan portfolio, as well as the Bank's participation in the ECB's program of Quantitative Easing ("QE") with the sale of EFSF bonds of notional amount € 0.7 billion during the period 1/1-31/3/2017 and its participation in ESM's bond exchange program with cash (€ 1.6 billion). Piraeus Bank's financing through the ELA was reduced by € 0.9 billion during the period 1/1-31/3/2017 and amounted to € 11.0 billion at the end of March 2017 versus € 11.9 billion at the end of December 2016. It is noted that during the 1st quarter of 2017, the deposits of Piraeus Bank Group decreased by € 1.4 billion or 3.3%.

On April 28, 2016 the last guarantees of the Hellenic Republic (Pillar II), used by Piraeus Bank for liquidity purposes under the framework of L.3723/2008 “The strengthening of the liquidity of the Economy for offsetting the impact of the international financial crisis,” were redeemed and therefore Piraeus Bank is no longer subject to the restrictions of the support program.

On June 22, 2016 the Governing Council of the ECB decided to reinstate the waiver affecting the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic as collateral for the supply of liquidity, subject to special “haircuts”. The reinstatement of the waiver excluded, already as of March 2, 2015 uncovered guaranteed bank bonds that have been issued by the counterparty itself or an entity closely linked to that counterparty, such as the government guaranteed bonds under the Second Pillar of the Greek Law 3723/2008, pursuant to the ECB Decisions ECB/2012/12 and ECB/2013/6. The waiver came into force on June 29, 2016 and for Piraeus Bank, has reduced ELA use by € 0.9 billion.

On January 23, 2017 the governing bodies of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) approved the implementation of a set short term measures for the relief of Greek public debt that was agreed on May 25, 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 Q1.2017 a first set of exchange occurred with the notional amount totaling at € 1.9 billion that was held by Piraeus Bank, for cash and new notes (€ 1.6 billion and € 0.3 billion respectively).

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 June 23, 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

The same accounting principles and calculation methods have been used as in the annual financial statements of the Group as of 31st December 2016.

There are no new accounting standards, amendments and improvements in IFRSs or interpretations effective from 1/1/2017, which have been issued by the IASB and have been endorsed by the European Union.

In relation to IFRS 9, the Group will fully implement the standard as of 1/1/2018. A detailed analysis is taking place in order to determine the impact from the IFRS 9 implementation and the Group has the intention to disclose the quantitative impact of the new standard when it becomes practically possible to produce reliable estimates. Relevant to the special project for the implementation of IFRS 9 is note 2.1 of the Consolidated Financial Statements of the Annual Financial Report for the year 2016.

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

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

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

b.1. Impairment losses on loans and advances to customers

The Group examines, at every reporting period, whether trigger for impairment exists for its loans or loan portfolios. If such triggers exist, the recoverable amount of the loan portfolio is calculated and the relevant provision for this impairment is raised. The provision is recorded in the 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. Then, the available for sale reserve is recycled to the consolidated income statement.

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

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

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 to the consolidated income statement.

b.3. Estimation of property fair value

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

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

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

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

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

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

b.4. Provisions and contingent liabilities

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

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

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

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

b.5. Recoverability of Deferred Tax Assets

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

For the calculation and evaluation of the deferred tax asset recoverability, management considers the appropriate estimates for the evolution of the Group's tax results in the foreseeable future.

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

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

Relative to the provisions of Law 4172/2013 for deferred tax assets is note 7 of the consolidated financial statements.

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 31 March 2017, the total carrying value of the Group's receivables from Greek Public Sector is as follows:

	31/3/2017	31/12/2016
Derivative financial instruments - assets	322,755	341,796
Bonds and treasury bills at fair value through profit or loss	9,246	8,428
Loans to corporate entities/ Public sector	255,501	2,061,031
Bonds, treasury bills and other variable income securities of investment portfolio	2,086,645	2,084,465
Other Assets	768,442	793,384
Total	3,442,589	5,289,105

4 Fair values of assets and liabilities

a) Assets and liabilities not measured at fair value

The following table summarises the fair values and the carrying amounts of those assets and liabilities not presented in the consolidated balance sheet at fair value.

Assets	Carrying Value		Fair Value	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Loans and advances to credit institutions	159,092	118,859	159,092	118,859
Loans and advances to customers	47,416,932	49,707,608	45,938,783	48,668,273
Debt securities - receivables	10,525,616	13,246,257	10,707,876	13,471,242
Reverse repos with customers	24,770	30,005	24,770	30,005
Held to maturity securities	3,299	6,634	3,299	6,634

Liabilities	Carrying Value		Fair Value	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Due to credit institutions	23,679,667	27,020,940	23,679,667	27,020,940
Due to customers	40,960,361	42,364,829	40,960,361	42,364,829
Debt securities in issue	67,954	69,515	55,259	56,520
Obligations under finance leases	359,466	356,400	359,466	355,902

The fair values as at 31/3/2017 of loans and advances to credit institutions, reverse repos with customers, due to credit institutions, due to customers and obligations under finance leases which are measured at amortized cost, are not materially different from the respective carrying values since they are very short term in duration and priced at current market rates. These rates are often repriced and due to their short duration they are discounted with the risk free rate.

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

Fair value for 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.

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

b) Assets and liabilities measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, at the measurement date, under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The Group considers relevant and observable market prices in its valuations where possible. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect the Group's market assumptions.

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

Level 1

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

Level 2

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

Level 3

The valuation of assets and liabilities is carried out by introducing variables that are not based on observable market data. Level 3 includes shares categorized in the available for sale portfolio, derivative financial instruments and investment property. Shares, derivative financial instruments and investment property within Level 3 are not traded in an active market or there are no available prices from external traders in order to determine their fair value.

Shares categorized in the available for sale portfolio

The valuation is carried out with variables that are not based on observable market data (unobservable inputs). For the determination of the fair value of the aforementioned shares, the 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. The fair value of the Group's shares in Level 3 is only taken into account in case that there is evidence of impairment, else these shares are recorded at cost.

Derivative financial instruments

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

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

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

Assets & Liabilities measured at fair value as at 31/3/2017	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	414,433	8,586	423,018
Financial instruments at fair value through profit or loss				
- Bonds	19,115	149,766	-	168,881
- Treasury bills	31,353	-	-	31,353
- Shares & other variable income securities	13,610	-	-	13,610
Available for Sale Securities				
- Bonds	763,247	301,013	-	1,064,260
- Treasury bills	1,698,855	46,078	-	1,744,933
- Shares & other variable income securities	116,313	2,950	186,698	305,962
Liabilities				
Derivative financial instruments - liabilities	-	433,110	-	433,110

Assets & Liabilities measured at fair value as at 31/12/2016	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	439,644	6,001	445,645
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	-	461,676	-	461,676

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

For assets and liabilities valued at fair value on 31/3/2017 and 31/12/2016, no transfer from level 1 to level 2 and vice versa occurred during 2016 and in the period 1/1-31/3/2017.

The following tables present the movement of derivative financial instruments - assets and shares of the available for sale portfolio within level 3 in the Q1 2017 and in 2016:

Reconciliation of level 3 items (for the period 1/1-31/3/2017)	Derivative financial instruments - assets	Available for sale shares & other variable income securities
Opening balance 1/1/2017	6,001	185,829
Profit/ (loss) for the period	2,585	-
Other comprehensive income	-	2,533
Disposals/ Settlements	-	(1,664)
FX differences and other movements	-	(1)
Closing balance 31/3/2017	8,586	186,697

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
FX 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:

Sensitivity analysis of level 3 hierarchy: (amounts in € million)	31/3/2017	
	Favourable changes	Unfavourable changes
Income Statement		
Available for sale shares & other variable income securities	-	(27)
Derivative financial instruments - assets	4	(7)
Equity Statement		
Available for sale shares & other variable income securities	18	(3)

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)
Equity Statement		
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 31/3/2017, will range between about +50% in the scenarios of favourable changes and -82% in the scenarios of unfavourable changes.

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

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

Also, factors that may adjust these values such as the industry and the business environment in which companies operate, current developments and prospects, have been taken into account, while the Group based on prior experience, adjusts further where necessary, these values so as to assess the possible changes.

5 Business segments

Piraeus Bank Group has defined the following business segments:

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

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

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

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

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

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

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

1/1-31/3/2017	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	349,875	121,967	72	5,247	(36,887)	440,273
Net fee and commission income	67,382	8,765	1,168	2,630	1,066	81,011
Other income	5,055	326	1,309	27,928	(4,244)	30,374
Net Income	422,313	131,058	2,549	35,805	(40,066)	551,659
Depreciation and amortisation	(7,104)	(589)	(83)	(608)	(18,343)	(26,729)
Other operating expenses	(218,660)	(23,262)	(2,526)	(13,132)	(9,661)	(267,240)
Profit before provisions, impairment and income tax	196,548	107,207	(60)	22,065	(68,070)	257,690
Impairment losses on loans and advances to customers	(198,404)	(60,053)	-	-	-	(258,457)
Impairment losses on other assets	(504)	(63)	39	-	(6,758)	(7,286)
Other provisions and impairment	(1,979)	(651)	-	-	(1,601)	(4,231)
Share of profit of associates and joint ventures	-	-	-	-	(7,125)	(7,125)
Profit/ (loss) before tax	(4,339)	46,440	(22)	22,065	(83,554)	(19,410)
Income tax						12,927
Profit/ (loss) for the period from continuing operations						(6,483)
Profit/ (loss) after income tax from discontinued operations						(1,328)
Profit/ (loss) for the period						(7,811)
As at 31 March 2017						
Total assets	39,283,192	10,737,838	60,103	14,611,852	11,954,315	76,647,299
Total liabilities	38,347,219	1,972,614	43,127	24,856,203	1,629,005	66,848,168
Capital expenditure	31,710	2,234	36	437	17,574	51,992

1/1-31/3/2016	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	352,715	138,765	110	18,148	(62,283)	447,455
Net fee and commission income	62,134	6,805	344	3,307	1,032	73,623
Other income	5,171	255	1,031	2,655	6,876	15,987
Net Income	420,020	145,824	1,485	24,110	(54,375)	537,065
Depreciation and amortisation	(7,680)	(704)	(81)	(647)	(17,518)	(26,629)
Other operating expenses	(229,074)	(21,239)	(2,952)	(14,813)	(10,321)	(278,398)
Results before provisions, impairment and income tax	183,266	123,882	(1,549)	8,651	(82,214)	232,037
Impairment losses on loans and advances to customers	(175,139)	(84,112)	-	-	-	(259,251)
Impairment losses on other assets	(808)	(30)	(3)	-	(3,591)	(4,432)
Other provisions and impairment	(5,269)	(998)	-	-	(489)	(6,756)
Share of profit of associates	-	-	-	-	(298)	(298)
Profit/ (loss) before tax	2,050	38,743	(1,552)	8,651	(86,591)	(38,699)
Income tax						2,908
Profit/ (loss) for the period from continuing operations						(35,792)
Profit/ (loss) after income tax from discontinued operations						(8,345)
Profit/ (loss) for the period						(44,137)
As at 31 December 2016						
Total assets	40,586,877	12,749,635	53,094	16,767,332	11,343,595	81,500,534
Total liabilities	39,511,810	2,041,176	41,477	27,772,366	2,309,967	71,676,796
As at 31 March 2016						
Capital expenditure	18,646	1,196	20	461	20,773	41,096

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

31/3/2017	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	20,580,856	(9,965,337)	10,615,519
Mortgages	4,713,898	(1,468,349)	3,245,549
Consumer	2,921,679	(1,899,140)	1,022,539
Total	28,216,433	(13,332,826)	14,883,607

31/12/2016	Balance before allowances and adjustments	Accumulated allowances and adjustments	Balance net of allowances and adjustments
Corporate	20,810,171	(10,261,519)	10,548,652
Mortgages	4,699,633	(1,435,289)	3,264,344
Consumer	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 € 395,588 thousand (31/12/2016: € 379,024 thousand).

6 Discontinued operations

A) Profit/ (loss)

Profit/ (loss) after income tax from discontinued operations for the period 1/1-31/3/2017 includes the results of ATE Insurance Romania S.A., IMITHEA S.A. and Olympic Commercial & Tourist Enterprises S.A. Profit/ (loss) after income tax from discontinued operations for the period 1/1-31/3/2016 includes the results of the aforementioned companies, ATE Insurance S.A and Piraeus Bank Cyprus LTD group of companies.

Relevant reference for the disposal procedure, that is under process, for the companies Olympic Commercial & Tourist Enterprises S.A. and IMITHEA S.A is provided in note 12B.

	1/1-31/3/2017	1/1-31/3/2016
Net interest income	406	8,524
Net fee and commission income	(20)	1,952
Net income from financial instruments designated at fair value through profit or loss	6	15
Other results	13,964	14,259
Total net income	14,356	24,751
Staff costs	(9,756)	(15,138)
Administrative expenses	(3,751)	(7,709)
Depreciation and amortization	(1,082)	(1,380)
Total operating expenses before provisions	(14,590)	(24,226)
Other provisions and impairment	(960)	(7,789)
Profit/ (loss) before income tax	(1,194)	(7,264)
Income tax	(135)	(1,081)
Profit/ (loss) after income tax from discontinued operations	(1,328)	(8,345)

B) Assets and liabilities

The following assets and liabilities as at 31/3/2017 relate to the companies ATE Insurance Romania S.A., IMITHEA S.A. and Olympic Commercial & Tourist Enterprises S.A. Respectively, the following assets and liabilities as at 31/12/2016 relate to the company ATE Insurance Romania S.A.

	31 March 2017	31 December 2016
ASSETS		
Cash and balances with Central Banks	15,768	12
Loans and advances to credit institutions	1,902	1,981
Loans and advances to customers	26,900	-
Property and equipment	352,671	11
Intangible assets	843	72
Other assets	128,741	486
Total Assets	526,825	2,562
LIABILITIES		
Deferred tax liabilities	7,436	17
Current income tax liabilities	30,915	-
Retirement benefit obligations	5,899	-
Other provisions	600	600
Other liabilities	54,069	866
Total Liabilities	98,919	1,483

7 Income tax

Continuing operations	1/1-31/3/2017	1/1-31/3/2016
Current tax	(3,450)	(4,057)
Deferred tax	16,481	6,965
Provisions for tax differences	(104)	-
Total	12,927	2,908

In accordance with the provisions of the enacted Greek Tax Law (Law 4172/2013), as amended by 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 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 1st quarter of 2017 amounting to € 12.9 million, was affected positively, mainly from the recognition of deferred tax asset on the additional provisions for loan impairments recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes. Additionally, the offset of current tax profits against previous years tax losses had a negative effect on the income tax.

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

As at 31/3/2017, deferred tax assets of the Group meeting the provisions of the Law, amounts to € 4.1 billion, of which € 1.4 billion relates to the remaining unamortized amount of debit difference from the participation on the Private Sector Involvement program ("PSI") and € 2.7 billion relates to the differences on International Financial Reporting Standards allowance for impairment on loans and advances to customers, and tax provisions respectively.

Audit Tax certificate

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

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

Unaudited tax years

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

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

The tax audit for the fiscal year 2013 has been completed and a relevant "Tax Compliance Report" has been issued and submitted to the Ministry of Finance. For the fiscal year 2013, Piraeus Bank has received a Tax Compliance report with an emphasis of matters on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other countries members of the European Union, according to which the above mentioned transactions are not subject to tax.

For the fiscal years 2014 and 2015, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non-qualified "Tax Compliance Report" has been issued. For the fiscal year of 2016, the tax audit is being performed unmodified.

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

For the fiscal year of 2016, the tax audit is being performed by their statutory auditors.

The unaudited tax years of the Group's subsidiaries, associates and joint ventures, are included in note 12 of the Consolidated Interim Condensed 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.

The Management does not expect that additional tax liabilities will arise, in excess of those already recorded and presented in the Consolidated Interim Condensed Financial Information, upon the completion of the tax audit.

8 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	1/1-31/3/2017	1/1-31/3/2016
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	(6,035)	(35,334)
Weighted average number of ordinary shares in issue	8,729,708,604	8,732,522,406
Basic and diluted earnings/ (losses) per share (in €) from continuing operations	(0.0007)	(0.0040)

Basic and diluted earnings/ (losses) per share from discontinued operations	1/1-31/3/2017	1/1-31/3/2016
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	(1,421)	(8,452)
Weighted average number of ordinary shares in issue	8,729,708,604	8,732,522,406
Basic and diluted earnings/ (losses) per share (in €) from discontinued operations	(0.0002)	(0.0010)

9 Analysis of other comprehensive income

A. Continuing operations

1/1-31/3/2017	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	16,595	(4,819)	11,776
Change in currency translation reserve	(1,911)	-	(1,911)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	(7)	-	(7)
Other comprehensive income from continuing operations	14,677	(4,819)	9,858

1/1-31/3/2016	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(21,904)	6,234	(15,670)
Change in currency translation reserve	(12,108)	-	(12,108)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	13	(4)	9
Other comprehensive income from continuing operations	(33,999)	6,230	(27,768)

B. Discontinued operations

1/1-31/3/2017	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	-	-	-
Change in currency translation reserve	(5)	-	(5)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	-	-
Other comprehensive income from discontinued operations	(5)	0	(5)

1/1-31/3/2016	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(1,953)	-	(1,953)
Change in currency translation reserve	25	-	25
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	-	-
Other comprehensive income from discontinued operations	(1,927)	0	(1,927)

10 Loans and advances to customers

	31 March 2017	31 December 2016
Mortgages	15,508,938	15,720,176
Consumer/ personal and other loans	3,747,394	3,872,001
Credit cards	858,135	889,588
Loans to individuals	20,114,467	20,481,766
Loans to corporate entities and Public sector	35,552,002	38,045,998
Total loans and advances to customers (before allowances for losses)	55,666,469	58,527,764
Less: Allowance for impairment on loans and advances to customers	(8,249,537)	(8,820,157)
Total loans and advances to customers	47,416,932	49,707,608

Please note that the amounts of 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 of 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 in the table above, as under IFRS 3 it has been included in the adjustment of loans and advances to customers to fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the allowance for impairment on loans and advances to customers.

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

	Mortgages	Consumer/ personal and other loans	Credit cards	Total loans to individuals	Loans to corporate entities and Public sector	Total
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	74,686	24,456	6,339	105,481	153,770	259,250
Loans written-off	(2,196)	(48,921)	(5,434)	(56,551)	(199,454)	(256,005)
Unwinding	(18,721)	(16,625)	(1,919)	(37,265)	(49,151)	(86,416)
Foreign exchange differences and other movements	(2,702)	962	(28)	(1,768)	(17,261)	(19,029)
Balance at 31/3/2016	1,313,318	875,552	238,300	2,427,170	6,829,753	9,256,923
Opening balance at 1/4/2016	1,313,318	875,552	238,300	2,427,170	6,829,753	9,256,923
Charge for the period	135,871	67,580	1,866	205,317	550,052	755,369
- From continuing operations	135,871	67,590	1,866	205,327	550,052	755,379
- From discontinued operations	-	(10)	-	(10)	-	(10)
Loans written-off	(13,699)	(118,238)	(74,411)	(206,348)	(765,134)	(971,482)
Provision of derecognised loans	(2,906)	(2,200)	(48)	(5,154)	(39,280)	(44,434)
Unwinding	(53,806)	(49,713)	(6,695)	(110,214)	(153,527)	(263,741)
Provision of disposed companies	-	(1,282)	-	(1,282)	(21,839)	(23,120)
Foreign exchange differences and other movements	6,172	(24,063)	278	(17,613)	128,255	110,642
Balance at 31/12/2016	1,384,950	747,636	159,291	2,291,876	6,528,281	8,820,157
Opening balance at 1/1/2017	1,384,950	747,636	159,291	2,291,876	6,528,281	8,820,157
Opening balance of discontinued operations	-	(1,215)	-	(1,215)	-	(1,215)
Charge for the period	69,903	31,761	15,571	117,235	141,222	258,457
Loans written-off	(42,918)	(105,074)	(31,336)	(179,328)	(540,496)	(719,824)
Provision of derecognised loans	-	-	-	0	(916)	(916)
Unwinding	(17,627)	(14,823)	(1,726)	(34,177)	(56,251)	(90,428)
Foreign exchange differences and other movements	2,499	4,905	(10)	7,394	(24,088)	(16,693)
Balance at 31/3/2017	1,396,807	663,189	141,789	2,201,786	6,047,752	8,249,537

11 Debt securities - receivables

	31 March 2017	31 December 2016
Corporate entities debt securities - receivables	28,193	27,816
Bank debt securities - receivables	5,111	5,012
EFSF bonds - receivables	9,413,835	10,507,342
ESM bonds - receivables	1,083,889	2,711,576
Total debt securities - receivables	10,531,028	13,251,746
Less: Allowance for impairment on debt securities - receivables	(5,412)	(5,489)
Total debt securities - receivables (less allowances for losses)	10,525,616	13,246,257

The balance of the EFSF and ESM bonds decreased due to the sale of EFSF bonds (nominal value € 348.5 million) and of ESM bonds (nominal value € 1,625.0 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 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 arose to € 20.6 million which mainly contributed to the "Results from investment securities" for Q1 2017.

12 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	2008-2010, 2013-2016
3.	Geniki Financial & Consulting Services S.A.	Financial & consulting services	100.00%	Greece	2010-2016
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 and 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

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years ⁽¹⁾
28.	General Construction and Development Co. S.A.	Property development/ holding company	66.66%	Greece	2010,2013-2016
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.	Special Business Services S.A.	Advising, consultancy, organizational and training 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.	Piraeus Direct Services S.A.	Call center services	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 Conculancy 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.	Bulfince E.A.D.	Property Management	100.00%	Bulgaria	2008-2016
58.	Delta Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	2015-2016

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years ⁽¹⁾
59.	Gama Asset Management EOOD	Real Estate Development	99.98%	Bulgaria	-
60.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2016
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	2009-2016
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	2006-2016
69.	Piraeus Clean Energy Holdings Ltd	Holding Company	100.00%	Cyprus	2010-2016
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	2010-2016
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	2009-2016
85.	Piraeus Equity Advisors Ltd	Investment advise	100.00%	Cyprus	2009-2016
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

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years ⁽¹⁾
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
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 Bank Beograd A.D.	Banking activities	100.00%	Serbia	2013-2016
104.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2016
105.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2016
106.	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2007-2016
107.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
108.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
109.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
110.	Marathon 1 Greenvale Rd LLC	Real estate development	99.95%	U.S.A.	2012-2016
111.	Piraeus Group Capital Ltd	Debt securities issue	100.00%	United Kingdom	2016
112.	Piraeus Group Finance PLC	Debt securities issue	100.00%	United Kingdom	2016
113.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2016
114.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
115.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
116.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
117.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
118.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
119.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
120.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
121.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years ⁽¹⁾
122.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
123.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
124.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
125.	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 Law 3842/2010, Article 80.

Companies numbered 114 - 122 are special purpose vehicles for securitization of loans and advances to customers and issuance of debt securities. Company numbered 86 although presenting less than 50% holding percentage, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Furthermore, as at 31/3/2017 the companies numbered 32, 39, 48, 67, 113, 123 and 125 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) "Cybele Management Company", k) "Alegre Shipping Ltd", l) "Maximus Chartering Co.", m) "Lantana Navigation Corp.", n) "Pallas Shipping S.A.", o) "Zephyros Marine INC", p) "Bayamo Shipping Co.", q) "Sybil Navigation Co.", r) "Axia III Holdings Ltd", s) "Praxis II Holdings Ltd" and t) "Kion Holdings Ltd". The company numbered (a) is fully depreciated, under liquidation status. The companies numbered (d)-(g) have not started operating yet. The companies numbered (h)-(i) are dormant and will be set under dissolution. The companies numbered (j)-(q) have been dissolved and set under liquidation. The companies numbered (r)-(t) have as exclusive scope the participation in special purpose vehicles for the securitization of loans and the issuance of debt securities, which are consolidated within the Group through the full consolidation method. The consolidation of the above mentioned companies does not have significant effect on the financial position and results of the Group.

B) Subsidiaries from discontinued operations

Piraeus Bank Group subsidiary companies Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A. and ATE Insurance Romania S.A. that are included in discontinued operations, are analyzed below:

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	94.00%	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

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 Law 3842/2010, Article 80.

During Q1 2017, the companies Olympic Commercial & Tourist Enterprises S.A. and IMITHEA S.A., Piraeus Bank's subsidiaries, were transferred to discontinued operations. For the above mentioned subsidiaries, the disposal process is in progress and is expected to be completed within one year.

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	31.37%	Greece	2013-2016
5.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010,2013-2016
6.	APE Fixed Assets Real Estate Tourist and 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	40.44%	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.	Litus Advisory S.A.	Consulting in the fields of European Programmes, Communication Strategy and International Affairs	50.00%	Belgium	2015-2016
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 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 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 companies numbered 9 and 20 are included in the associate companies portfolio as Piraeus Bank Group exercises significant influence and not control.

Furthermore, as at 31/3/2017 the company 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 does not have significant effect to the financial position and results of the Group.

The changes in the portfolio of consolidated companies are presented in note 20.

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 Law 3842/2010, Article 80.

13 Due to credit institutions

"Due to credit institutions" as at 31/3/2017, includes refinancing operations through repo transactions within the eurosystem amounting to € 15,451.1 million (31/12/2016: € 20,900.8 million). The decrease in the refinancing raised from the eurosystem is mainly due to a) the further improvement of access to international repo markets, b) the further deleveraging of the loan portfolio, c) the Bank's participation in the ECB's program of Quantitative Easing (QE) with the sale of EFSF bonds and d) the Bank's participation in the bond exchange program of EFSF/ESM bond. Further information with regard to points (c) and (d) is provided in note 11.

14 Due to customers

	31 March 2017	31 December 2016
Corporate		
Current and sight deposits	7,183,337	7,755,019
Term deposits	2,530,918	2,471,052
Blocked deposits, guarantee deposits and other accounts	233,361	234,042
Total (A)	9,947,616	10,460,113
Retail		
Current and sight deposits	3,149,836	3,089,333
Savings account	14,294,226	14,995,287
Term deposits	13,458,973	13,708,008
Blocked deposits, guarantee deposits and other accounts	39,478	39,020
Total (B)	30,942,514	31,831,648
Cheques payable and remittances (C)	70,231	73,067
Total Due to Customers (A)+(B)+(C)	40,960,361	42,364,829

15 Debt securities in issue

A) Securitisation of mortgage loans

	31 March 2017	31 December 2016
Issuance € 750 million floating rate notes due 2040	12,056	12,720
Issuance € 1,250 million floating rate notes due 2054	38,606	39,071
Issuance € 600 million floating rate notes due 2051	17,292	17,724
Total debt securities in issue	67,954	69,515

From the above mentioned securitisation of mortgage loans issues, Piraeus Bank possesses as at 31/3/2017 bonds of nominal value amounting € 100.4 million from the issuance of € 750.0 million, € 599.6 million from the issuance of € 1,250.0 million and € 33.6 million from the issuance of € 600.0 million.

Piraeus Bank, during the period 1/1 - 31/3/2017, 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 31/3/2017 liabilities arising from securitisations of loans are retained by Piraeus Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750.0 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 31/3/2017, 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.

C) Euro Medium Term Note

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

Piraeus Bank has not issued any bonds under its EMTN Programme during the period 1/1 - 31/3/2017. 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 Law 3723/2008.

16 Contingent liabilities and commitments

A) Outstanding Litigations

The Group's provision for outstanding litigations as at 31/3/2017 amounts to € 29.2 million from continuing operations against € 27.2 million respectively as at 31/12/2016, while there are no provisions from discontinued operations as at 31/3/2017 and 31/12/2016. The legal proceedings outstanding against the Group as at 31/3/2017 for which no provisions have been recorded, are not expected to have any significant impact on the financial statements of the Group.

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 developments of the cases mentioned above to determine the accounting implications, in accordance with the relevant requirements of IAS 37.

B) Credit commitments

As at 31/3/2017 the Group had undertaken the following commitments:

	31 March 2017	31 December 2016
Letters of guarantee	2,758,900	2,823,918
Letters of credit	40,816	43,086
Undrawn committed credit facilities	396,643	342,554
	3,196,359	3,209,558

C) Assets pledged

	31 March 2017	31 December 2016
Cash and balances with Central Banks	971,326	1,072,264
Financial instruments at fair value through profit or loss	41,516	14,063
Investment securities	1,640,149	1,285,581
Loans and advances to customers	24,167,663	27,831,368
Debt securities - receivables	2,446,064	7,242,929
Loans and advances to credit institutions	1,148	1,149
	29,267,867	37,447,354

The above mentioned assets pledged are mainly used for liquidity purposes either through Eurosystem or through interbank repurchase agreement (repo) transactions. Apart from the aforementioned assets, the Bank also pledges debt securities of own issue of nominal value € 5,978.0 million as at 31/3/2017 (31/12/2016: nominal value € 4,993.7 million) that are not included in the Bank's assets. The amount of € 5,978.0 million includes securities of nominal value € 4,978.0 million, that have been issued under the securitization of consumer, mortgage and corporate loans of the Bank and securities of nominal value € 1,000.0 million from the issuance of covered bonds of the Bank.

Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities of nominal value € 7,780.0 million (31/12/2016: € 5,929.1 million) and debt securities of own issue of nominal value € 307.3 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, include loans of € 23,011.7 million, which have been pledged under financing from the E.L.A.

D) Operating lease commitments

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

	31 March 2017	31 December 2016
Up to 1 year	47,725	50,612
From 1 to 5 years	175,615	183,142
More than 5 years	291,907	285,910
	515,248	519,664

17 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	13,074,687	2,040,000	(460)	17,734,183
Purchases/ sales of treasury shares	-	-	-	(381)	(381)
Balance at 31 December 2016	2,619,955	13,074,687	2,040,000	(842)	17,733,801
Opening balance at 1 January 2017	2,619,955	13,074,687	2,040,000	(842)	17,733,801
Purchases/ sales of treasury shares	-	-	-	(393)	(393)
Balance at 31 March 2017	2,619,955	13,074,687	2,040,000	(1,235)	17,733,408

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
Purchases of treasury shares	-	(16,420,309)	(16,420,309)
Sales of treasury shares	-	13,428,264	13,428,264
Balance at 31 March 2017	8,733,183,280	(7,076,898)	8,726,106,382

The share capital of the Bank on 31/12/2016 and 31/3/2017, amounts to € 2,619,954,984.00, divided into 8,733,183,280 ordinary registered shares with a nominal value of € 0.30 each. In addition, the contingent convertible securities of 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 31/3/2017 correspond to the amount of € 2,040.0 million.

On January 3rd, 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 currently outstanding, amount to 843,637,022 and correspond to 37,759,281 shares of the Bank owned by the HFSF.

It is noted that within the frame of the Single Supervisory Mechanism (SSM) and according to the Regulation (EU) No1024/2013, 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 Law 4261/2014. Additional restrictions are provided for by 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 Board of Directors of the Bank, although profit is being recognized for the year 2016, will propose the non – distribution of dividends for the fiscal year 2016 in the Annual General Meeting of Shareholders of 2017.

Finally, pursuant to par. 1, art. 16C of Law 3864/2010, the acquisition of treasury shares by the Bank is not permitted, without the approval of HFSF, for as long as the HFSF is a shareholder of the Bank. The purchases and sales of treasury shares during 2016 and Q1 2017, as well as the treasury shares owned as at 31/3/2017 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.

18 Other reserves and retained earnings

	31 March 2017	31 December 2016
Legal reserve	110,454	110,354
Extraordinary reserve	13,883	13,883
Available for sale reserve	3,904	(7,877)
Currency translation reserve	(206,283)	(204,373)
Other reserves	45,740	46,975
Reserve of defined benefit obligations	(24,813)	(24,806)
Total other reserves	(57,115)	(65,845)

Other reserves movement	31 March 2017	31 December 2016
Opening balance for the period	(65,845)	14,096
Movement of available for sale reserve	11,781	(51,657)
Transfer from other reserves to retained earnings	(1,134)	6,767
Acquisitions, disposals and movement in participating interest	-	(179)
Change in reserve of defined benefit obligations	(7)	(18,384)
Foreign exchange differences and other adjustments	(1,910)	(16,488)
Closing balance for the period	(57,115)	(65,845)

Available for sale reserve movement	31 March 2017	31 December 2016
Opening balance for the period	(7,877)	43,780
Gains/ (losses) from the valuation of bonds and Greek Government Treasury Bills	11,219	17,988
Gains/ (losses) from the valuation of shares and mutual funds	6,600	(1,477)
Recycling to income statement of shares and mutual funds impairment	-	14,803
Recycling of the accumulated fair value adjustment of disposed securities	(1,722)	(70,936)
Deferred income taxes	(4,316)	10,308
Foreign exchange differences and adjustments	-	(480)
Available for sale reserve from disposed companies	-	(21,863)
Closing balance for the period	3,904	(7,877)

Retained earnings movement	31 March 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	(7,456)	(34,987)
Profit/ (loss) from sales of treasury shares	36	(142)
Payment to the holders of contingent convertible securities (net of tax)	-	(117,803)
Transfer between other reserves and retained earnings	1,134	(6,767)
Disposals, liquidations and movements in participating interest	(1,618)	(4,000)
Closing balance for the period	(8,012,236)	(8,004,333)

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

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

Transactions with the Board of Directors members and the key management personnel and the Other related parties, that include related parties mentioned in points (b) and (c) above, are presented in the table below. It is noted that there were no significant transactions with the HFSF during the period 1/1-31/3/2017 and the year 2016.

	31/3/2017		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	13,354	12,950	13,422	21,968
Deposits	1,842	1,981	2,162	3,164
Letters of guarantee and letters of credit	-	2,964	-	2,964

	1/1-31/3/2017		1/1-31/3/2016	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	33	128	60	330
Expense	1	68	11	130

Members of the Board of Directors and key management personnel benefits	1/1-31/3/2017	1/1-31/3/2016
Short term benefits	1,565	1,491
Post employment benefits	125	(413)

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

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 9.1 million compared to € 9.0 million as at 31/12/2016. The full amount of the above provisions has been included in the retirement benefit obligations.

The transactions with associate companies are analysed as follows:

	Associates	
	31 March 2017	31 December 2016
Deposits and other liabilities	57,534	72,993
Loans and other receivables	1,069,210	1,077,491
Derivatives financial assets	5,268	3,283

The aggregate provisions on loans to associate companies as at 31/3/2017 amount to € 56.1 million compared to € 56.2 million as at 31/12/2016.

	Associates	
	1/1-31/3/2017	1/1-31/3/2016
Total expense & capital expenditure	(3,161)	(4,944)
Total income	15,480	20,214

Letters of guarantee to associates of the Group as at 31/3/2017 amount to € 9.8 million (31/12/2016: € 10.5 million).

The transactions with joint ventures are analysed as follows:

	Joint ventures	
	31 March 2017	31 December 2016
Loans and other receivables	50,731	50,495

The aggregate provisions on loans of joint ventures as at 31/3/2017 amount to € 1.3 million (31/12/2016: € 0.2 million).

	Joint ventures	
	1/1-31/3/2017	1/1-31/3/2016
Total income	202	-

20 Changes in the portfolio of consolidated companies

During the period 1/1 - 31/3/2017, Piraeus Bank and its subsidiaries paid for the participation in share capital increases of subsidiary companies a total amount of € 0.1 million. In addition, they paid for the acquisition and the participation in share capital increases of associate companies, a total amount of € 0.1 million. The analysis of changes of the consolidated companies' portfolio is presented below:

a) 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 company 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 percentage 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% of the share capital of Group's 100% subsidiary company, Special Financial Solutions S.A. for the amount of € 56 thousand. As a result, Piraeus Bank owns 100% of the company.

On 27/3/2017, Piraeus Bank acquired an additional 16.48% and 84.02% of Group's 100% 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% of the above mentioned companies.

During Q1 2017, PJ Tech Catalyst Fund, 30% associate participation of the Group, increased its assets by € 239 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary company of Piraeus Bank, covered its ratio by paying in total € 72 thousand, without altering its shareholding percentage in the company.

b) Liquidation and disposal:

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

21 Capital adequacy

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

The 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 Single Supervisory Mechanism on November 4th 2014, Piraeus Bank Group came under the direct supervision of the European Central Bank.

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 1st 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 31/3/2017 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.

	31 March 2017	31 December 2016
Common Equity Tier 1 Capital	8,901,593	9,031,142
Tier 1 Capital	8,901,593	9,031,142
Total regulatory capital	8,901,593	9,031,142
Total risk weighted assets (on and off-balance sheet items)	53,121,508	53,266,104
CET1 Capital ratio	16.8%	17.0%
T1 Capital ratio	16.8%	17.0%
Total capital ratio	16.8%	17.0%

As of March 31st, 2017, the abovementioned ratios are far exceeding minimum regulatory requirements, confirming the strong capital base of Piraeus Bank Group.

22 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 period 1/1-31/3/2016, as well as in the consolidated interim cash flow statement of the comparative period 1/1-31/3/2016, are presented below. The restatements took place due to the transfer of Olympic Commercial & Tourist Enterprises S.A. and IMITHEA S.A to the discontinued operations. Furthermore, the comparative amounts of the Consolidated Income Statement for Q1 2017, relating to interest income and cost of risk have been equally reduced by € 30.1 million, following calibration in the interest income recognition model of impaired loans.

Consolidated interim income statement	From 1 January to 31 March 2016		
	Published amounts	Restatements	Restated amounts
Interest and similar income	691,789	(30,496)	661,293
Interest expense and similar charges	(213,839)	-	(213,839)
Net interest income	477,950	(30,496)	447,455
Fee and commission income	83,214	-	83,214
Fee and commission expense	(9,612)	21	(9,591)
Net fee and commission income	73,602	21	73,623
Dividend income	57	-	57
Net income from financial instruments designated at fair value through profit or loss	9,091	-	9,091
Results from investment securities	(3,293)	-	(3,293)
Other results	23,567	(13,435)	10,132
Total net income	580,976	(43,911)	537,065
Staff costs	(160,024)	8,427	(151,596)
Administrative expenses	(130,608)	3,806	(126,802)
Depreciation and amortization	(27,513)	883	(26,629)
Total operating expenses before provisions	(318,145)	13,117	(305,028)
Profit before provisions, impairment and income tax	262,831	(30,794)	232,037
Impairment losses on loans	(289,351)	30,100	(259,251)
Impairment losses on other receivables	(5,384)	952	(4,432)
Other provisions and impairment	(6,756)	-	(6,756)
Share of profit of associates	(298)	-	(298)
Profit/ (loss) before income tax	(38,958)	258	(38,699)
Income tax	1,829	1,079	2,908
Profit/ (loss) for the period from continuing operations	(37,129)	1,337	(35,792)
Profit/ (loss) after income tax from discontinued operations	(7,008)	(1,337)	(8,345)
Profit/ (loss) for the period	(44,137)	0	(44,137)
From continuing operations			
Profit/ (loss) attributable to equity holders of the parent entity	(36,779)	1,445	(35,334)
Non controlling interest	(350)	(108)	(457)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the parent entity	(7,007)	(1,445)	(8,452)
Non controlling interest	(1)	108	107
Earnings/ (losses) per share attributable to equity holders of the parent entity (in €):			
From continuing operations			
- Basic and Diluted	(0.0042)	0.0002	(0.0040)
From discontinued operations			
- Basic and Diluted	(0.0008)	(0.0002)	(0.0010)

Consolidated interim statement of total comprehensive income	From 1 January to 31 March 2016		
	Published amounts	Restatements	Restated amounts
CONTINUING OPERATIONS			
Profit/ (loss) for the period (A)	(37,129)	1,337	(35,792)
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(15,670)	-	(15,670)
Change in currency translation reserve	(12,108)	-	(12,108)
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	9	-	9
Other comprehensive income, net of tax (B)	(27,768)	0	(27,768)
Total comprehensive income, net of tax (A+B)	(64,897)	1,337	(63,560)
- Attributable to equity holders of the parent entity	(64,595)	1,445	(63,150)
- Non controlling interest	(302)	(108)	(410)
DISCONTINUED OPERATIONS			
Profit/ (loss) for the period (C)	(7,008)	(1,337)	(8,345)
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(1,953)	-	(1,953)
Change in currency translation reserve	25	-	25
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	-	-	-
Other comprehensive income, net of tax (D)	(1,927)	0	(1,927)
Total comprehensive income, net of tax (C+D)	(8,935)	(1,337)	(10,272)
- Attributable to equity holders of the parent entity	(8,935)	(1,445)	(10,379)
- Non controlling interest	(1)	108	107

Consolidated interim cash flow statement	From 1 January to 31 March 2016		
	Published amounts	Restatements	Restated amounts
Net cash inflow/ (outflow) from operating activities	84,857	(11,324)	73,532
Net cash inflow/ (outflow) from investing activities	56,627	9,581	66,208
Net cash inflow/ (outflow) from financing activities	(10,018)	-	(10,018)
Total cash inflows/ (outflows) for the period	131,466	(1,744)	129,722
Effect of exchange rate fluctuations on cash and cash equivalents	(5,511)	-	(5,511)
Net increase/ (decrease) in cash and cash equivalents of the period from continuing operations (A)	125,956	(1,744)	124,212
Net increase/ (decrease) in cash and cash equivalents of the period from discontinued operations (B)	(21,834)	1,744	(20,090)
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)	2,380,880	0	2,380,880

23 Events subsequent to the end of the interim period

During the period subsequent to the end of the interim period and up to May 24, 2017, within the framework of the short-term measures for the relief of Greek public debt, floating rate EFSF and ESM notes with a nominal value of € 2,246.5 million held by the Bank had been exchanged with new fixed rate ESM bonds or cash.

Athens, May 24th, 2017

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