PIRAEUS
BANK
GROUP

CAPITAL ADEQUACY & RISK MANAGEMENT

REGULATORY DISCLOSURES ON A

CONSOLIDATED BASIS

FOR THE YEAR

2011

(PILLAR III)

PIRAEUS GROUP

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PIRAEUS GROUP

Introduction

Since January 2008 Piraeus Group has implemented the regulatory capital adequacy framework (Basel II), in line with the Greek Law 3601/2007, the Bank of Greece Governor's Act 2655/16.03.2012 «Technical criteria on transparency and disclosure of prudential information by financial institutions», as well as, with the rest of the related Governor's Acts of the Bank of Greece. In the context of implementing the Basel II requirements as well as the related legislation, financial Institutions are obliged to disclose regulatory figures regarding their capital adequacy and the management of their risks. The present regulatory disclosures constitute the Pillar III of Piraeus Bank Group with reference data as of 31.12.2011.

The information included in this report (Pillar III) intends to comply with the requirements set by the existing legislation and explain the calculation framework and the juxtaposition of capital adequacy figures, according to the regulatory framework Basel II, as well as the depiction of the overall risk management framework of Piraeus Group. Therefore, this report does not constitute either a form of financial statement or an evaluation of the future financial situation or business expectation for Piraeus Group. However, any differentiations between capital adequacy figures and those presented in 31.12.2011 Consolidated Financial Statements are sufficiently reasoned.

This report is available on the Bank's website:

http://www.piraeusbank.gr/Documents/internet/Enimerosi_Ependiton/Etairiki_Diakibernisi/pylonas_3_2011_en.pdf

PIRAEUS GROUP

1 General Information

Accounting Consolidation

Accounting Consolidation of Piraeus Group is conducted in accordance with the International Financial Reporting Standards (IFRS). The Consolidated Financial Statements consist of Piraeus Bank as well as its Subsidiaries and Associates Companies. The subsidiaries are consolidated using the full consolidation method, while the associates are consolidated using the equity method.

- Subsidiaries: Companies directly controlled by the Bank or indirectly through other subsidiaries, holding more than 50% of the voting rights. Control also exists when the Bank owns half or less of the voting rights of a company and when the following are in force:
  - i. the right of control is more than half of the voting rights, under an agreement with other investors
  - ii. the right to direct the financial and operating policies of the other company under a statutory or contractual term,
  - iii. the right to appoint or remove the majority of the Board of Directors or any equivalent governing body that runs the company or
  - iv. the right of influence of the majority of the members at the Board of Directors meetings or equivalent governing body that runs the company.

- Associates: Companies over which the Group exercises significant influence in line with I.A.S. 28, but does not have the control. In general, significant influence occurs when the Group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are immediately exercisable or convertible is taken into account in the evaluation process of the exercise of significant influence over the Group.

Regulatory Consolidation

The Group's Regulatory Consolidation for regulatory reporting to Bank of Greece is not differentiated from the accounting consolidation.

The proportional consolidation method is not used in any of the Group's companies, neither regulatory wise, nor accounting wise. The associate insurance company «European Reliance General Insurance SA» is substracted from the Group's Own Funds, while there are no other companies that are not consolidated and not deducted from Own Funds.

Under the present conditions, there is no material, practical or legal impediment to the transfer of funds or repayment of liabilities by the parent company to the subsidiaries of the Group.

In the Appendix, a detailed list of the Group's subsidiaries and associate companies that are included in the regulatory/accounting consolidation is presented, along with a concise description of their activity.

Major Remarks

- The terms and definitions of exposure and capital differ between IFRS and the regulatory, capital adequacy framework.
- Delinquent loans for less than 90 days which are classified as "Regulatory High Risk" **are not** considered as non-performing for IFRS purposes

EBA Stress Tests' Result for Piraeus Bank Group

Piraeus Bank Group participated successfully in the pan-European stress test (2011 EU Wide Stress Testing Exercise of European Banks) conducted by European Banking Authority (EBA), in cooperation with Bank of Greece (BOG), European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board.

The 2011 EU-wide stress test exercise, carried out across 91 banks covering over 65% of the EU banking system total assets, seeked to assess the resilience of European banks to severe shocks and their specific solvency to hypothetical stress events under certain restrictive conditions.

The assumptions and methodology were established to assess banks' capital adequacy against a 5% Core Tier 1 capital benchmark and are intended to restore confidence in the resilience of the banks tested. The adverse stress test scenario was set by the ECB and covers a two-year time horizon (2011-2012). The stress test has been carried out using a static balance sheet assumption as at December 2010. The stress test does not take into account the future business strategies and management actions and is not a forecast of Piraeus Bank profits.

As a result of the assumed shocks, the estimated consolidated Core Tier 1 capital ratio of Piraeus Bank would change to 5.3% under the adverse scenario in 2012 compared to 8.0% as of end of 2010. This result incorporates only measures that have been publicly announced and fully committed up to 30 April, and does not take into account the future actions planned by Piraeus Bank in order to reduce its risks. It is noted that this result incorporates also the effect of substantial haircuts applied to Greek sovereign exposure.

The results of the exercise showed that Piraeus Bank meets the capital benchmark set out for the purpose of the stress test.

BlackRock Solutions' diagnostic exercise

The quality of the domestic loan portfolio of the Greek banks and their domestic subsidiaries was thoroughly examined, in 2011, during the diagnostic exercise of BlackRock Solutions, following a relevant mandate by Bank of Greece. The results of the exercise, which are incorporated in the banks' recapitalization plans, confirm the prudent credit policy that Piraeus Bank has pursued over time, as the expected loss as a percentage on loans was estimated at 10% versus 11%for the Greek market, exhibiting a significantly better performance in loans to SBLs, among the best performances in Small and Medium Sized Enterprises, better performance in corporate and consumer credit and similar to the market performance in mortgages.

Economic Crisis Impact on Piraeus Bank Group & PSI impact

The year 2011 was the second year of implementation of the Economic Adjustment Programme of Greece, which was agreed with the EU, the International Monetary Fund (IMF) and the European Central Bank (ECB). During this year greek economy contracted for the fourth year in a row, having a drop in GDP of 6,9% (-3,5% in 2010). Main characteristics of the macroeconomic environment were the further drop in domestic demand (-7,5%), the drop in inflation (3,3% from 4,7% in 2010) ,but also the rapid rise of unemployment at 17,7% in 2011 from 12,5 in 2010 at accelerating pace. Deep and prolonged recession combined with the continuing austerity measures put pressure on the households and business's ability to meet their liabilities and significantly increased credit risk.

At the same time, economic crisis along with political uncertainty affected banks by shrinking their deposit base by 17% (BoG source) , and by impeding their access to the international money and capital markets resulted in increased borrowing from the Eurosystem. The liquidity reduction, the loans contraction as well as the deteriorating quality of loans portfolio due to the significant deterioration of the financial condition of businesses and Households contributed to a considerable increase in the non-performing loans ratio.

In March 2012, within the framework of the EU Summit decisions of 21 February 2012 which defined the PSI Programme principles to reduce the public debt by 53.5%, the Greek Government bonds (GGB) exchange process was implemented. Private GGB holders (individuals and legal entities) participating in the programme received new GGBs with a face value equal to 31.5% of the nominal value of the exchanged bonds, and notes (annual and biannual) issued by the European Financial Stability Facility (EFSF), with a face value equal to 15% of the nominal value of the exchanged bonds. The PSI process was concluded smoothly and the exchange terms were implemented through bonds with a face value of €199 bn or 97% of the total nominal value of the exchanged bonds (€ 206 bn). However Greek banks' participation in the PSI had a significant negative impact on their equity and capital adequacy. For this reason, the EU/ECB/IMF, through the 2nd economic adjustment programme, has already fully safeguarded the capital adequacy of the banking system and its capability to finance the Greek economy up to the amount of 50bn.On March 28th, 2012 HFSF provided the amount of €18 bn to the 4

largest Greek banks as an advance of its forthcoming participation in their impending share capital increase. In this framework Piraeus Bank received € 4,7bn

In this economic downturn Piraeus Group continued to focus on preserving loan portfolio credit quality at adequate levels, compared to the market and to the prevailing conditions, as well as undertaking initiatives to ensure its capital adequacy and strengthen balance sheet by better provisioning in order to cope with the increased risks.

2 Regulatory Own Funds

2.1 Regulatory Own Funds Structure

According to Bank of Greece regulatory capital is comprised of: Tier I and Tier II Capital.

For the calculation of regulatory capital, own share capital must undergo some regulatory adjustments, such as the deduction of intangible assets and goodwill, the deduction of a part from the revaluation gain of investment property, the deduction of part of the available of sale reserve, the deduction of the proposed distribution of dividend etc.

Table 1: Regulatory Own Funds Structure *In € '000*

Tier I Capital	**31.12.2011**
Ordinary shares	342.998
Share premium	2.953.356
Preference shares	750.000
Less: treasury shares	-192
Minority Interest	135.228
Available for sale reserve	-72.922
Legal reserve and other reserves	-72.665
Retained earnings	-5.975.642
Hybrid capital	159.601
Less: intangible assets	-348.934
Total regulatory adjustments on Tier I capital	58.334
Total Tier I Capital	**-2.070.838**
Tier II Capital	
Subordinated debt	335.383
Total regulatory adjustments on Tier II capital	-9.412
Total Tier II Capital	**325.971**
Regulatory Capital	**-1.744.867**
HFSF Advance	**4.650.600**
«Pro-forma» Regulatory Funds	**2.905.733**

Hybrid Capital amounts to €909.601 thousand and poses no incentive for acquisition, while it incorporates the Greek Government preference shares under the Law 3723/2008 "for the liquidity enhancement of the Greek economy", amounting to €750.000 thousand. Additionally, the amount of preference shares reached the above-mentioned amount after the completion of the share capital increase by 380.000.000 on December 30, 2011 with the issuance of 1.266.666.666 new non-voting preference shares of nominal value €0,30 each and elimination of the preferential right of existing shareholder undertaken by the Greek State.

2.2 Capital Adequacy

2.2.1 Capital Requirements - Standardised Approach

Bank of Greece requires from each Financial Institution a minimum level of regulatory capital according to the level of the undertaken risks.

The Capital Adequacy Ratio is defined as the ratio of Regulatory Capital over Risk Weighted on and off balance sheet Assets. Based to the new legislative and regulatory framework, total capital adequacy ratio should be at least 8%. It should be noted that, according to the Bank of Greece and in view of the recapitalization of the Greek banking system, Greek Banking Groups will be required to comply with a 9% Tier I Capital Adequacy Ratio by September 2012 and with a 10% Ratio by June 2013.

Piraeus Bank Group applies the regulatory capital adequacy framework "Basel II" since January 1st 2008, following the Greek Law (L.3601/2007).

Recognizing the importance of maintaining a strong capital base of Piraeus Bank Group, capital adequacy is monitored at regular intervals by the competent bodies of the Bank and is submitted quarterly to the supervisory authority, the Bank of Greece.

The main objectives of the Group regarding the management of capital adequacy are summarized below:

- Comply with the regulatory requirements against undertaken risks according to the Greek regulatory framework.
- Sustain Piraeus Group's ability to continue its activities smoothly in order to produce profits and benefits to the equity holders.
- Retain a sound capital base to support the Group's business plan.

In March 2012, the finalized program for the exchange of Greek government bonds (PSI +) was put into practice, for the purpose of restructuring of public debt. Piraeus Bank Group, following the resolution of the Bank's Board of Directors, accepted the invitation to private investors by the Greek Republic and participated in the exchange process of all eligible G.G.B. and loans it held with face value amounting to €7,7 bil. As a result of the successful completion of the exchange process, Piraeus

Bank Group recorded a loss of €5,9 billion for the year 2011, which strongly affected the total regulatory capital, and had a negative impact on capital adequacy ratios. At the same time, on the 31st of December 2011, a related to PSI deferred tax (income) amounting to €0,8 bil. was recognized. Group's Regulatory Own Funds increased by €0,4 bil. during the first semester of 2012 due to the formation of the equivalent amount regarding the PSI related deferred tax.

In the context of the recapitalization process of the Greek banks, Bank of Greece (BoG) requested and received (at end January 2012) their detailed Strategic-Business Plans for the period 2012-2015. The banks' capital needs will be based on these plans, including the PSI impact and the results of BlackRock Solutions diagnostic exercise - commissioned by Bank of Greece - on the domestic loan portfolios of the Greek banking groups. At the same time, the capital plans of the Greek banks were submitted to the BoG at the end of March 2012. According to the Memorandum of Economic and Financial Policies, "banks submitting viable capital raising plans will be given the opportunity to apply for and receive public support in a manner that preserves private sector incentives to inject capital and thus minimizes the burden for taxpayers. Specifically, banks will be able to access capital from the Hellenic Financial Stability Fund (HFSF) through common shares and contingent convertible bonds". It shall be noted that on the 28th of May 2012 the HFSF has already provided in this framework an advance of €4,7 billion for its participation in the forthcoming share capital increase of Piraeus Bank. Following the HFSF participation, the Group's Regulatory Funds and Capital Adequacy are restored to the required regulatory levels. Hence, the Total (pro-forma) Capital Adequacy Ratio was formed to 8,4% as of 31.12.2011.

Subsequently, Group's Capital Adequacy Ratios on 31/12/2010 are presented in the following table:

Table 2: Group's Capital Adequacy Ratios (pro-forma with HFSF €4,7 bil. Guaranteed Participation)

Capital Adequacy Ratios 31.12.11	
Tier I Capital Adequacy Ratio	7,4%
Total Capital Adequacy Ratio	8,4%

Table 3: Capital Requirements for Credit, Market and Operational Risk *In (€ '000)*

Credit Risk Capital Requirements	**31.12.2011**
Central Governments/ Central Banks	28.111
Regional Governments, Local Authorities and Public Sector Entities	16.351
Administrative bodies and non-profit organizations	9.498
Financial Institutions	43.907
Corporate customers	1.054.622

Retail customers	345.412
Exposures Secured by real estate property	282.652
UCITS	6.981
Regulatory High Risk categories	115.906
Past due items	316.929
Equities & Participations in Associate companies	231.595
Other Assets	20.028
Securitisation positions	57.161
Total	**2.529.153**
Market Risk Capital Requirements	
Position Risk	16.813
Counterparty & Settlement Risk	14.896
Foreign Exchange Risk	28.378
Total	**60.087**
Operational Risk Capital Requirements	**188.542**
Total Capital Requirements	**2.777.782**

Table 4: Exposures – Credit Risk Mitigation Techniques – Basel II in € ('000)

Credit Risk Exposures	Exposure (after deduction of provisions)	Value of Exposure (after the implication of credit risk mitigation techniques & deduction of provisions)
Central Governments/ Central Banks	7.354.219	8.180.651
Regional Governments, Local Authorities and Public Sector Entities	214.175	210.579
Administrative bodies and non-profit organizations	213.188	213.085
Financial Institutions	1.782.945	1.788.519
Corporate customers	17.248.369	17.028.840
Retail customers	8.379.489	8.261.103
Exposures Secured by real estate property	8.402.617	8.298.207
UCITS	87.261	87.261
Cover bonds	1.251.761	1.251.761
Regulatory High Risk categories	1.191.339	1.168.157
Equities & Participations in Associate companies	5.503.355	5.503.355
Past due items	3.673.292	3.310.493
Total	**55.302.011**	**55.302.011**

2.2.2 Internal Capital Adequacy Assessment Process

Piraeus Group is conducting an Internal Capital Assessment Process (ICAAP). This procedure involves the identification and assessment of the Group's undertaken and potential risks in order to determine the level of capital requirements regarding the Group's risk profile. The existence of sufficient financial resources (capital) is thus ensured against essential undertaken risks.

The calculation of capital requirements under this specific process is based on the regulatory determined approaches, but it extends beyond it for the following reasons:

- The internally calculated capital requirements correspond to the most important risks undertaken by the Group, including also those not covered or not faced sufficiently in Pillar I.
- Moreover, alternative methodologies are used in order to calculate Pillar I risks from those applied for relative capital requirements' calculation, such as the Value at Risk (VaR) method for market risk, based on Group's internal models.

Specifically, the methodology for the estimation of the internal capital for the operational risk has been developed in order to utilize the main elements of the Group Operational Risk Management Framework and adopts well-established quantification techniques and methodologies. The following main datasets are used:

• Internal losses and Risk and Control Self Assessment (RCSA) data.

• Extreme Scenario Analysis data.

Loss distributions derived from internal loss data, RCSA data and Extreme Scenario Analysis are combined through simulation to provide aggregate loss distributions for the Bank.

Furthermore, the risk mitigating effect of the insurance coverage in each loss category, provided by numerous insurance contracts at group level, has been calculated and incorporated in the internal capital calculation model.

For the internal capital requirements' calculation, the existing capabilities for risk measurement in the form of capital requirements are taken into consideration as well as the assessment of the risk management framework in Group level for every risk and for all Group subsidiaries according to the level of importance.

The adequacy and effectiveness of risk management framework affects directly capital requirements via i.e. the adoption of more conservative estimations where their further improvement is required.

In every case, the Management aims at the continuous improvement of the management of material risks and not only for holding sufficient capital. Continuous improvement is realized on a regular basis where it is necessary according to the Group's risk management strategic planning.

The assessment of undertaken risks and consequently the internal capital requirements do not concern only ongoing operations but also the Group's future activities. Thus, scenarios and analyses are performed, including stress test scenarios. The scenarios cover expected but also unfavorable conditions in the economy and risk parameters' behaviors.

In all cases, Management determines the size and type of risks that the Group wishes to undertake, taking into consideration the Group's risk strategy as defined by the Board of Directors.

3 Financial Institution's exposure to risks and their assessment

3.1 General Obligations

3.1.1 General Risk Management Framework

Financial risk management and the Group's business activity are mutually implicative. Management, aiming at maintaining the stability and continuity of its operations, places high priority on the goal of implementing and continuously improving an effective risk management framework to minimize potential negative effects on the Group's financial results.

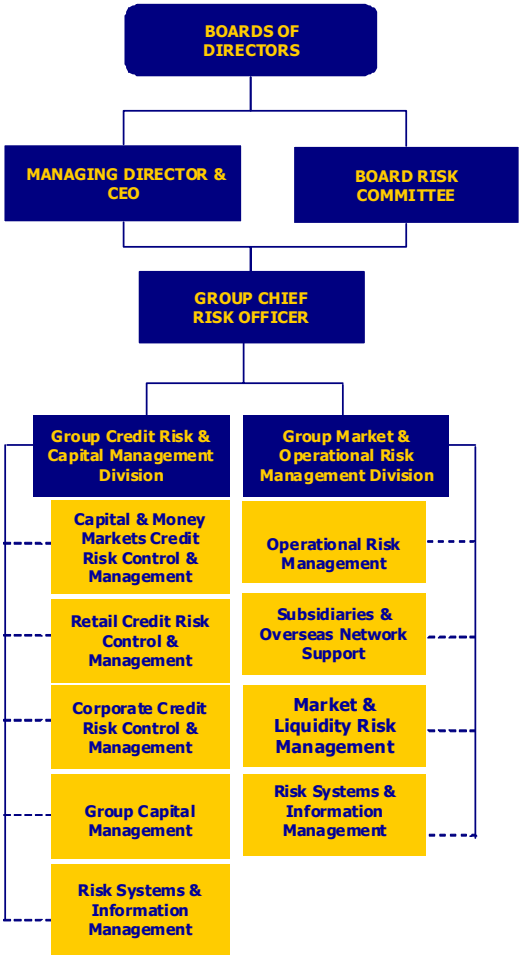
The Bank's Board of Directors has full responsibility for the development and supervision of the risk management framework. In order to coordinate and timely address all risks, a Risk Management Committee has been established at the Board level, responsible for the implementation and supervision of the financial risk management policy and principles. The Board Risk Management Committee convenes at least on a quarterly basis and reports to the Board of Directors on its activities. It is noted that, during 2011 the Board Risk Management Committee held 8 meetings.

Both the principles and the existing risk management policy have been created for timely identifying and analyzing the risks assumed by the Group, establishing the appropriate limits and control systems, as well as systematically monitoring risks and ensuring compliance with established limits. The Group re-examines the adequacy and effectiveness of the risk management framework annually in order to ensure it keeps pace with market dynamics, changes in the banking products offered, and international best practices.

The Group Compliance Policy complies with the requirements set by the existing legislation and regulatory framework. Bank's Board of Directors approves while having full responsibility for the Group compliance to the existing legislation, internal rules and corporate governance principles. Group has established proper policies and procedures which ensure that the risk of suffering economic loss, legal or regulatory sanctions, or reputational damage due to inadequate or non-existing compliance, is efficiently managed.

In Piraeus Bank Group, the Group Risk Management Division is entrusted with the executive responsibility for the planning and the implementation of the risk management framework, according to the directions of the Board Risk Management Committee. The Group Risk Management consists of the Group Credit Risk & Capital Management Division as well as of the Group Market Risk & Operational Risk Management Division. Its activities are supervised by Group Internal Audit, which evaluates the effectiveness and efficiency of the risk management procedures applied.

Chart 1: Organization Chart of Group Risk Management Unit



The Group systematically monitors the below mentioned material risks resulting from the use of financial instruments: credit risk, market risk, liquidity risk, and operational risk.

3.1.2 Credit Risk

3.1.2.1 Strategies and Procedures for Credit Risk Management

Banking activity and the Group's profits are closely related to credit risk undertaking. Credit risk is the risk of financial loss for the Group that results when the debtors are in no position to fulfil their contractual/ transactional obligations.

Credit risk is considered the most significant for the Group, and its efficient monitoring and management constitutes a top priority for Management.

The Group's overall exposure to credit risk mainly results from approved credit limits and financing of corporate and retail credit, from the Group's investment and transaction activities, from trading activities in the derivative markets, as well as from the settlement of transactions. The level of risk associated with any credit exposure depends on various factors, including the general economic and market conditions prevailing, the debtors' financial condition, the amount, the type, and duration of the exposure, as well as the presence of any collateral/security (guarantees).

The implementation of the credit policy that describes the principles of credit risk management at the Group, ensures effective and uniform credit risk monitoring and control. Piraeus Bank Group applies a uniform policy and practice with respect to the credit assessment, approval, renewal and monitoring procedures. All credit limits are reviewed and/ or renewed at least once annually and the responsible approval authorities are determined, based on the size and the category of the total credit risk exposure assumed by the Group for each debtor or group of interrelated debtors (one obligor principle).

Under the Group Risk Management Division, a separate Credit Risk Management and Capital Management Division operates with its mission the continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises, individuals, banks and central governments.

3.1.2.2 Credit Risk Measurement and Reporting Systems

Reliable credit risk measurement is of top priority within the Group's risk management framework. The continuous development of infrastructure, systems, and methodologies aimed at quantifying and evaluating credit risk is an essential precondition in order to timely and efficiently support management and the business units in relation to decision making, policy formulation and the fulfilment of supervisory requirements.

1. Credit Risk Measurement of Loans and Advances

For credit risk measurement purposes involved in the Group's loans and advances at the counterparty level:

- a customer's creditworthiness and the probability of defaulting on their contractual obligations is systematically assessed,
- the Group's exposure to credit risk arising from the claim is monitored and
- the Group's probability of potential recovery, in the event of the debtor defaulting on its obligations is estimated, based on existing collateral and security - guarantees provided.

All these three credit risk measurement parameters are incorporated into the Group's day to day operations.

(i) Systematic evaluation of the customers' creditworthiness and assessment of the probability of defaulting on their contractual obligations

The Group assesses the creditworthiness of its borrowers and estimates the probability of defaulting on their obligations by applying credit rating models appropriate for their special characteristics and features. These models have been developed internally and combine financial and statistical analysis together with the expert advice of responsible officers. Whenever possible, these models are tested by benchmarking them against externally available information.

According to the Group's policy, each borrower is rated when their credit limit is initially determined and thereafter, they are systematically re-rated on at least an annual basis. The ratings are also updated in cases when there is updated available information that may have a significant impact on the level of credit risk. The Group regularly tests the predictive capability of the creditworthiness evaluation and rating models used both for Corporate and Retail Credit, thus ensuring its potential of accurately depicting any credit risk and allowing for the timely implementation of measures addressing potential problems.

(ia) Corporate Credit

As far as Corporate Credit is concerned, the credit rating models applied depend on the type of operations and size of the enterprise. For large and medium-sized enterprises, Piraeus Bank Group applies the Moody's Risk Advisor borrower credit rating system since 2005. During 2006 Moody's Risk Advisor borrower credit rating system was also launched to all Group's foreign subsidiary banks.

As part of efforts to continuously improve its credit rating systems, the Group has optimised the existing Moody's Risk Advisor (MRA) borrower credit rating model for all Bank corporate customers that keep "C" category accounting books and have a turnover > €2.5 million and has introduced a new credit rating model for all Bank corporate customers having "C" category accounting books and turnover <= €2.5 million.

The basic key components of the MRA borrower rating are the following for both models: a) the financial assessment segment (through which the company's operations, liquidity, debt coverage and capital structure is being evaluated through the use of financial indicators) and b) the business analysis segment (that evaluates the company standing, management quality and industry risk).

The financial indicators, the weights and the subjective questions that have been selected and incorporated in the two new MRA Models, are considered to be the most appropriate for the specific

customer categories of the Banks' business portfolio and have led to increasing levels of predictive capability for the undertaken credit risk. Note that for the above two models, validation exercises are conducted on an annual basis by the responsible Group Credit Risk & Capital Management Division.

Regarding the small to medium-sized enterprises an internally developed rating system as well as scoring system is applied. In accordance to the mandates of the new banking supervisory framework (Basel II), a separate credit rating model has been developed and is applied for specialized lending, which concerns the shipping portfolio (object finance).

All Corporate Credit customers are assigned to credit rating grades, which correspond to different levels of credit risk and relate to different default probabilities. Each rating grade is associated with a specific customer relationship policy.

(iβ) Retail Credit

As far as retail credit is concerned, the Group, focusing on the application of modern credit risk measurement methods, evaluates applicants using application scoring models, while it implements models for the evaluation of existing customers' transactional behaviour (behaviour scoring) for each product but also at the borrower level (Behaviour models have been already implemented at the Bank level).

Additionally during the approval process, Credit Bureau Scoring Models are used (Tiressias Scoring Models). These models take into account the exposures of the applicants in the Greek Market. The usage of Bureau Scoring Models improves the efficiency of the existing application and behaviour scoring models. All the models that are used by the Bank are Validated every six months (at minimum).

The results of the internal scoring models constitute the main source of information that feed the Basel II Models (Probability of Default Models – Loss Given Default Models) that are used in the Retail Portfolio of Piraeus Bank. Basel II models are examined in detail each six months (at minimum) in order to ensure:

- The Stability of the Population Rating between the Development and the Recent Period.
- Whether the changes in the PD / LGD parameters are statistically significant
- Whether the models retain their discrimination power

Hence possible problems in the application of the models are detected as soon as they occur and as a result corrective measures are taken.

(ii) Monitoring credit risk exposure

The Group monitors the credit risk exposure of its loans and advances to customers, based on their nominal amount.

(iii) *Recovery based on existing collateral, security and guarantees*

Along with the rating of the counterparties' creditworthiness, the Group estimates during the setting/review of credit limits, the recovery rate related to the exposure, in the event the debtors default on their contractual obligations. The estimation of the recovery rate is based on the type of credit and the existence and quality of any collateral / security. According to standard practice, the lower the credit rating of a borrower, the greater the collateral/security required, so that the recovery rate is as high as possible in case of borrower's default on their contractual obligations to the Group.

2. Securities and other bills

For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used, such as Moody's, Standard & Poor's or Fitch. The amount of the Group's exposure to credit risk from debt securities and other bills is monitored according to the relevant IFRS provisions per portfolio category.

3. Credit Risk Limits

Piraeus Bank Group applies credit limits in order to manage and control its credit risk exposure and concentration. Credit limits define the maximum acceptable risk per counterparty, per group of counterparties, per credit rating, per product, per sector of economic activity and per country. The Group's total exposure to borrower credit risk, including financial institutions, is further controlled by the application of sub-limits that address on and off-balance sheet exposures.

In order to set customer limits, the Group takes into consideration any collateral or security which reduces the level of risk assumed. The Group categorizes the risk of credits into risk classes, based on the type of collateral / security associated and their potential liquidation. The maximum credit limits that may be approved per risk class are determined by the Board of Directors. In Piraeus Bank Group, no credit is approved by one sole person, since the procedure regularly requires the approval of a minimum of three authorized officers, with the exception of consumer loans and credit cards, if the criteria that are set under the credit policy are met. Approval authorities are designated based on the level of risk exposure and their role in contributing to the quality of the Group's total credit portfolio is particularly significant.

Credit limits of the Group are set with an effective duration of up to twelve months and they are subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a shorter duration than twelve months. The outstanding balances along with their

corresponding limits are monitored on a daily basis, and any limit excesses are timely reported and dealt with accordingly.

4. Stress Testing Exercises

Stress testing exercises constitute an integral part of the Group's credit risk measurement and quantification, providing estimates of the size of financial losses that could occur under extreme financial / market conditions. Piraeus Bank Group systematically runs credit risk stress testing exercises in accordance with the instructions issued by the Bank of Greece (Governor of the Bank of Greece's Decree 2577/ 9.3.2006), the results of which are presented to and evaluated by the Board Risk Management Committee.

These stress tests are performed by the Group Credit Risk and Capital Management Division. The methodology uses as a basis the requirements of exercises performed by the International Monetary Fund for the Greek banking system under the Financial Sector Assessment Program (FSAP), and is further enhanced with internally developed scenarios and models adapted to the particular risk characteristics of the Group. In addition, credit risk stress-testing scenarios are developed for each country where the Group has presence, according to directions provided by local supervisory authorities. These scenarios are reviewed by Group Credit Risk and Capital Management Division. Within this stress testing framework, loans and claims of the Group to borrowers located in Greece and abroad are examined, as well as bond market credit exposures.

In 2011, the Group participated successfully in the pan-European stress test (2011 EU Wide Stress Testing Exercise of European Banks), which was conducted by the European Banking Authority (EBA), in cooperation with the Bank of Greece, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

3.1.2.3 Credit Risk Measurement and Reporting Systems

Credit Risk Mitigation techniques are analyticaly stated in §3.2.2

3.1.3 Market Risk

3.1.3.1 Market Risk Management Framework

Market risk is defined as the risk of incurring losses due to adverse changes in the level or the volatility of market prices and rates, including equity prices, interest rates, commodity prices and currency exchange rates, as well as changes in their correlation.

The Group has established a Group-wide market risk limit system. The adequacy of the system and the limits are reviewed annually. The adherence to the limits structure is monitored by the Group Market

and Liquidity Risk Unit and the responsible Units at subsidiary's level as well. Piraeus Bank has adopted and applied widely accepted techniques for the measurement of market risk.

Due to the expansion of international activities, the Group constantly enhances its infrastructure and closely monitors the evolution of market risks at subsidiary level, as well as on a consolidated basis. A Market Risk Management Policy has been in place in all Group units since the beginning of 2003. On the basis of this policy, every Group unit has been assigned specific market risk limits, which are monitored on a continuous basis, both from local as well as from Group risk units.

During 2011, the Group's market risks undertaken ranged within acceptable limits. It is worth mentioning that the Group does not hold highly structured or high risk transactions.

1. Market Risk Measurement

The Value-at-Risk measure is an estimate of the maximum potential loss in the net present value of a portfolio, over a specified period and within a specified confidence level. The Group implements the parametric Value-at-Risk methodology, assuming a one-day holding period and utilizing a 99% confidence level. Value-at-Risk is measured for the positions in the trading book as well as the available for sale portfolio (paragraph 3.4.3).

The Group tests the validity of the estimated Value-at-Risk by conducting back-testing on the trading book. The Value-at-Risk estimate is compared on a daily basis against the actual change in the value of the portfolio, due to changes in market prices.

Additionally, the Group monitors the evolution of assumed risks using sensitivity indicators and thus calculating the effect of changes in the level of market prices to the value of all on and off balance sheet items, so as to have a complete view on the level and evolution of risk factors. An additional key method for the measurement of assumed risks is the regular application of stress testing scenarios, measuring the effect of extreme adverse changes in market prices on the value of the Group's assets & liabilities.

2. Interest Rate Risk

Interest rate risk is a major risk category and pertains to the potential negative effects on the Group's financial position, as a result of exposure to general interest-rate variability. It is imperative for the Group to assume this type of risk, on a going concern basis. However, the maintenance of significant interest rate positions may adversely affect the Group's interest income and financial position.

Interest rates variations affect the Group's results, changing the net interest income, as well as the value of other revenues or expenses that are sensitive to interest rate changes. Interest rate changes also affect the value of assets and liabilities, since the present value of future cash flows (or even the cash flows themselves) changes upon interest rate variations. Therefore, it is imperative for the Group

to apply an efficient risk management process that assesses and monitors interest rate risk and keeps it within acceptable and approved levels (through the effective use of hedging techniques when appropriate).

The Interest Rate Gap Analysis allows for the assessment of interest rate risk through the "Earnings-at-Risk" measure, which expresses the impact on projected earnings over a specified period, caused by a change in interest rates across all maturities and currencies.

3. Market Risk Stress Testing

Piraeus Bank Group applies a number of methodologies to assess the impact of market stress events. Specifically, the Group has created a series of stress scenarios on the level and volatility of stock market indices, interest rates, foreign exchange rates and commodities, as well as on the level of credit spreads of sovereign and corporate issues.

In each case the risk factor scenario chosen (interest rates, foreign exchange rates, stock prices, credit spreads) has an adverse impact on the value of the current position of the Bank. The criterion for the choice of different scenario assumptions is the portfolio exposure to the various risk factors. The risk factors and the level of change of each risk factor correspond to the composition of the portfolio. Different scenarios are chosen, according to the composition of the portfolio and market conditions, and each scenario is a combination of assumptions.

The approach for the estimation of the impact of stress events is consistent with the methods used for the calculation of internal capital for market risk. Finally, the approach takes into account the portfolio categorization according to International Financial Reporting Standards (Held at Fair value, Available for sale etc) as this has an impact on the way the activity's profit and loss impacts bank capital calculation.

3.1.4 Liquidity Risk Management

Liquidity risk management is associated with Piraeus Bank's ability to maintain adequate liquidity positions in order to meet its payment obligations. In order to manage this risk, future liquidity requirements are monitored thoroughly, along with the respective needs for funding, depending on the projected maturity of outstanding transactions. In general, liquidity management is a process of balancing cash flows within time bands, so that, under normal conditions, the Group may meet all its payment obligations, as they fall due.

The Group considers liquidity risk management as a key priority. Due to the adverse liquidity conditions that prevailed in the Greek economy, functions related to the close monitoring of the Bank's liquidity position, regular flow of relevant information to senior management and evaluation of measures to sustain adequate liquidity were enhanced further during 2011.

In addition, subsidiary liquidity needs were successfully met, even as local regulatory liquidity requirements strengthened, specifically in countries where the Group is active.

The ability to refinance the Bank's assets (Bonds, Loans) via the European Central Bank and the Bank of Greece, contributed significantly towards the maintenance of satisfactory liquidity levels.

Piraeus Bank also participates in the provisions of the law for the enhancement of liquidity in the economy (3723/2008). Specifically, liquidity has been drawn through guarantees given under the Pillar II and Special Bonds (Pillar III) schemes amounting to a notional of €13.573 m. on 31.12.2011. Furthermore, during 2011 the Bank issued a three year covered bond (€1.250 million), through the covered bond issuance programme.

Important areas under constant monitoring are the following (indicatively):

- the evolution and concentration of deposits
- intra-day change of deposit balances per customer, product and branch
- evolution of maturity mismatches
- loans to deposits ratio
- cost of deposits
- loan disbursements

1. *Evolution of Liquid Assets*

Special attention is paid to the monitoring of Liquid Assets and other balance sheet Assets that can be used to draw additional funding. Specific items that are monitored systematically are the following:

- The value of Bonds and other instruments (after appropriate haircuts) that are available for Central Bank or interbank financing
- Availability of non traded assets (loans) that may be used for Central Bank funding

2. *Group Liquidity Management Framework*

Since the end of 2003, all Group units have applied a uniform Liquidity Risk Management Policy. This policy is consistent with the globally applied practices and supervisory regulations, and adapted to the individual activities and structures of Piraeus Bank Group. This policy outlines the principal liquidity risk assessment definitions and methods, defines the roles and responsibilities of the units and staff involved and sets out the guidelines to manage liquidity crisis. The policy is focused on the liquidity needs expected to emerge, in a week's or month's time, on the basis of hypothetical liquidity crisis scenarios.

Furthermore, the policy includes a Liquidity Crisis Management Plan, which is applied in the event of a crisis due to either a specific event associated with the Group's activities, or the general market conditions. There are activation conditions and increased readiness indicators that trigger the activation of the Liquidity Crisis Management Plan.

At the same time, liquidity ratios are measured daily, taking into account all balance-sheet items, according to the Liquidity Risk Management Policy and the Bank of Greece supervisory framework for liquidity.

3. Liquidity Stress testing

In addition, stress testing scenarios are performed on a regular and ad hoc basis, so as to calculate the impact of potential extreme market conditions on the Group's liquidity position. The scenarios applied are based on potential adverse effects including deposits withdrawal, devaluation of liquid assets (e.g. debt securities and equities). During 2011, Piraeus Bank participated in the Liquidity Risk Assessment exercise conducted by the European Banking Authority (EBA Liquidity Risk Assessment).

3.1.5 Operational Risk

3.1.5.1 Operational Risk Management Framework

Piraeus Bank Group acknowledges its exposure to operational risk deriving from its daily operations and from the implementation of its business and strategic objectives.

In 2011, the Group proceeded with the coherent implementation of the Operational Risk Management Framework across the Units of the Bank, as well as its Subsidiaries.

The aforementioned framework covers the identification, assessment, quantification, monitoring and mitigation of operational risk. The continuous development of the framework ensures the timely and effective support to the business functions of the Group and the fulfilment of the regulatory requirements.

The Operational Risk Management Framework relies on the following fundamental principles:

- Operational Risk is assumed and managed locally, at a Unit level, as close as possible to the source of the risk. The implementation of the framework at Group level is supervised and coordinated centrally by the Group Market and Operational Risk Management Division.
- The Operational Risk Management framework:
  - Includes documented methodologies and procedures and its scope extends to all business activities and support functions of the Bank and its Subsidiaries.
  - Promotes a common culture of risk awareness and provides clear roles and responsibilities as well as sufficient training and skills to all employees involved.
  - Ensures the systematic monitoring of the relevant data (including loss data).

- Is regularly reviewed and adjusted in accordance with the risk appetite of the Group and its risk profile.

By implementing the Operational Risk Management Framework across its activities, the Group aims at achieving business and strategic goals, including:

- improvement of its operations and its Internal Control System
- minimization of financial losses caused by Operational Risk incidents
- enhancement of human resources efficiency and reduction of operating costs
- prevention of unexpected and severe losses from potential Operational Risk incidents

The Operational Risk Management Framework which is implemented across the Subsidiaries of the Group is adjusted to the size and scope of activities of each Subsidiary, as well as to any local supervisory requirements.

With regard to the assessment of the level of potential exposure to Operational Risk, the Group continued in 2011 to implement the Risk and Control Self-Assessment (RCSA) methodology in all business and support Units of the Bank and Bank Subsidiaries. Furthermore, in 2011, the Loss Data Collection methodology was implemented to collect internal data on actual losses caused by Operational Risk incidents. These losses were allocated and mapped into nine (9) regulatory Business Lines and seven (7) Loss Event Type Categories.

3.1.5.1 Operational Risk Mitigation Techniques

In order to control and mitigate Operational Risk, the Group has adopted suitable approaches and qualitative/quantitative techniques, which are summarized as follows:

1. *Internal Control System (ICS)*

   The Group monitors systematically the adequacy and effectiveness of the existing Internal Control System and takes immediate actions, as required, to constantly manage and mitigate the Operational Risk. At the same time, the Group uses appropriate early warning mechanisms to control the consistent implementation of the Internal Control System in its Units, as well as the full compliance of all involved parties with the principles and objectives of the ICS.

2. *Insurance Coverage*

   The Group acknowledges that insurance policies serve as an efficient Operational Risk mitigating technique. According to the current insurance framework, these policies cover partial or total recovery of the actual losses induced by Operational Risk incidents.

3. Human Resources Training

The Group provides its personnel with complete information and training in Operational Risk issues, thus making them more knowledgeable of and sensitive to the management and mitigation of this risk.

An indicative sample of training activities includes:

- Educational programs on the implementation of Operational Risk Management framework.
- Specialized training programs on mitigation of External Fraud (i.e. authenticity of bank notes and customer documents, dealing with Robberies) including anti-money laundering and combating financing of terrorism.
- Effective use of Intranet for the fast dissemination of critical information and instructions.

4. Business Continuity Plan

The Bank has proceeded to the development and implementation of a comprehensive Business Continuity Plan, in order to minimize potential negative effects of crisis situations on its activities. This plan, coupled with the Disaster Recovery Site, ensures continuity of operations in all its business units and entities, effective management of Operational Risk and full alignment with the regulatory framework.

3.2 Credit Risk

3.2.1 General Disclosures

3.2.1.1 Definitions

- ***Loans not delinquent or impaired***

Current claims without any delinquencies or provisions.

- ***Delinquent Loans and Advances, not impaired***

The category includes all delinquent loans that have not been impaired. This category contains the actual amount of claim from the customer. Delinquent loans and claims, before provisions, not impaired are analyzed per portfolio (Retail Credit: mortgages, consumer/personal loans, credit cards and other loans), (Corporate Credit: loans to small and medium size companies, corporate) and according to bucket of delay as follows: 1) 1-90 days in delay, 2) 91-180 days in delay, 3) over 180 days in delay.

- ***Impaired Loans and Advances***

The category includes all the impaired loans irrespective of the days past due. A claim has been impaired when the book value exceeds the expected recovery amount. (paragraph 3.2.1.2 for impairment definition).

3.2.1.2 Impairment and Provisioning Policy

Piraeus Bank Group systematically examines whether there is solid and objective evidence that a claim's value has been impaired. To this end as of the date of each published financial statement, it conducts an impairment test concerning the value of its loans, according to the general principles and methodology described in the International Accounting Standards, and proceeds with assuming the respective provisions.

A claim is considered impaired when its book value exceeds its anticipated recoverable amount. The recoverable amount is estimated by the sum of the present value of future cash flows from anticipated repayments and the present value of the liquidation of any collateral/ guarantees in case the borrower fails to service the loan. In the event that there are indications that the Group will not be able to receive all payments due, a specific provision is made for the impaired amount associated with the loan. The amount of the provision is set as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate of the loan.

The Group, according to its IAS 39, considers the criteria and objective evidence that a loan or group of loans has been impaired.

Objective evidence that a loan or group of loans is impaired or it is not collectable is the following events:

- Significant financial difficulty of the issuer or the obligor.
- A breach of contract (i.e. default or delinquency in interest or principal payments).
- The Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or financial reorganisation.
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - Adverse changes in the payment status of borrowers in the group (i.e. increase in the number of delayed payments due to sector problems), or
  - National or local economic conditions that correlate with defaults on the assets in the group (i.e. increase in the unemployment rate for a geographical area of borrowers, decrease in the value of property placed as guarantee for the same geographical area, or unfavourable changes in the operating conditions of a sector, which affect the borrowers of this specific group).

The estimation concerning the existence of impairment and any resulting provisioning is conducted individually at loan level (for both retail and corporate portfolios) for those considered by the Group as significant, and collectively on a loan group level for those considered less significant. The estimation of impairment is conducted collectively for claims (portfolios of claims) with common risk

characteristics, which are not considered significant on an individual basis. Also collective assessment includes loans that have been tested individually for impairment but no impairment has occurred.

For impairment estimation on a collective basis, financial assets are grouped according to their similar credit risk characteristics (e.g. according to assessment criteria of the Group which take into consideration the nature of each asset, the sector where it belongs, the geographical area, the type of security and other such factors). These characteristics are correlated to the estimation of future cash flow for such groups of assets, indicating the customer's ability to pay amounts due, according to the contractual terms of the financial assets under evaluation.

Future cash flows in a group of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reduced and the difference is recognised in the Income Statement.

3.2.1.3 Credit Risk Exposure as of 31/12/2011[1]

Table 5: Credit Risk Summary in (€'000)

Loans and Advances (after provisions)*	31.12.2011	31.12.2010	Average
Loans to individuals:	**9.953.321**	**10.723.047**	**10.338.184**
Mortgages	6.686.006	6.825.420	6.755.713
Consumer/personal loans	2.657.625	3.211.646	2.934.635
Credit cards	609.690	685.981	647.836
Loans to corporate entities	**24.545.554**	**26.915.028**	**25.730.291**
Total	**34.498.875**	**37.638.075**	**36.068.475**
Other Receivables			
Loans and advances to credit institutions	519.487	1.476.856	998.171
Derivative financial instruments – assets [2]	379.238	143.967	261.602
Bonds and Treasury Bills of trading portfolio	453.882	633.233	543.557
Bonds at fair value through Profit & Loss	4.043	12.805	8.424
Debt securities – receivables	1.804.968	2.512.337	2.158.653

[1] *Both credit risk exposure of specific loans or loans' classification may differ under the IFRS and capital adequacy regulatory framework. Egypt balances are included in the above figures.*

[2] *Total credit risk exposure of derivatives and off-balance sheet assets differs under the IFRS and capital adequacy regulatory framework due to different calculation rules.*

** Netting is not applied to either on or off balance sheet items for regulatory capital calculation purposes.*

Repos	57.395	955.401	506.398
Bonds of investment portfolio	3.778.008	6.681.857	5.229.932
Other assets	1.005.140	997.735	1.001.438
Total	**8.002.162**	**13.414.190**	**10.708.176**
Exposures relating to off-balance sheet assets			
Letters of guarantee	2.661.546	2.872.163	2.766.855
Letters of credit	58.266	129.312	93.789
Unused credit limits	1.737.346	3.609.990	2.673.668
Total	**4.457.158**	**6.611.465**	**5.534.312**
Total Credit Risk exposures	**46.958.194**	**57.663.730**	**52.310.962**

Table 6: Geographical distribution of Group's major credit exposures (31/12/2011 - € thous.)

Loans and Advances to Customers (net of provisions)	Greece	Southeast Europe	Other Countries[3]	Total
Loans to individuals	**8.116.925**	**1.625.222**	**211.174**	**9.953.321**
- Mortgages	**5.951.009**	**642.004**	**92.993**	**6.686.006**
EAST MACEDONIA & THRACE	257.058			
ATTICA	2.434.707			
NORTH AEGEAN	94.512			
WEST GREECE	251.846			
WEST MACEDONIA	119.442			
EPIRUS	188.282			
THESSALY	251.323			
IONIAN ISLANDS	115.842			
CENTRAL MACEDONIA	1.155.941			
CRETE	434.958			
SOUTH AEGEAN	246.284			
PELOPONESSOS	180.566			
CENTRAL GREECE	220.248			
- Consumer / personal loans	**1.606.167**	**945.270**	**106.188**	**2.657.625**
EAST MACEDONIA & THRACE	61.544			
ATTICA	773.359			
NORTH AEGEAN	24.749			
WEST GREECE	65.150			
WEST MACEDONIA	27.887			
EPIRUS	32.298			
THESSALY	63.027			
IONIAN ISLANDS	24.507			

[3] *Southeast Europe: Bulgaria, Romania, Ukraine, Serbia, Albania, Cyprus*
Other countries: Egypt, USA, United Kingdom, Luxembourg and other

CENTRAL MACEDONIA	256.902			
CRETE	92.986			
SOUTH AEGEAN	56.886			
PELOPONESSOS	52.895			
CENTRAL GREECE	73.979			
- Credit cards	**559.749**	**37.948**	**11.993**	**609.690**
EAST MACEDONIA & THRACE	16.947			
ATTICA	327.007			
NORTH AEGEAN	5.452			
WEST GREECE	17.300			
WEST MACEDONIA	6.098			
EPIRUS	7.834			
THESSALY	15.398			
IONIAN ISLANDS	6.639			
CENTRAL MACEDONIA	87.978			
CRETE	22.500			
SOUTH AEGEAN	18.602			
PELOPONESSOS	13.641			
CENTRAL GREECE	14.350			

Loans and Advances to Customers (net of provisions)	Greece	Southeast Europe	Other Countries[3]	Total
Loans to corporate entities	**18.049.622**	**2.914.851**	**3.581.081**	**24.545.554**
EAST MACEDONIA & THRACE	437.081			
ATTICA	10.566.147			
NORTH AEGEAN	77.054			
WEST GREECE	508.522			
WEST MACEDONIA	212.800			
EPIRUS	424.573			
THESSALY	669.712			
IONIAN ISLANDS	222.635			
CENTRAL MACEDONIA	2.492.440			
CRETE	993.413			
SOUTH AEGEAN	582.687			
PELOPONESSOS	446.667			
CENTRAL GREECE	415.890			

Other Receivables	Greece	Southeast Europe	Other Countries[3]	Total
Loans and advances to credit institutions	139.013	168.503	211.972	**519.487**
Derivative financial instruments - assets	375.795	3.442		**379.238**
Bonds and Treasury Bills of trading portfolio	125.106	328.776		**453.882**
Bonds at fair value through profit or loss	4.043			**4.043**
Bonds of investment portfolio	3.317.671	349.365	110.972	**3.778.008**

Debt securities - receivables	1.425.318	198.024	181.626	**1.804.968**
Repos	57.127	268		**57.395**
Other assets	887.522	86.230	31.388	**1.005.140**
Total	**32.498.142**	**5.674.682**	**4.328.213**	**42.501.037**

Table 7: Geographical break down of impaired loans and past due loans over 90 days (€ thousand)

	Loans to individuals			Loans To Corporate Entities	Total
	Mortgages	Consumer/ Personal loans	Credit cards		
Greece	**931.750**	**583.538**	**219.964**	**4.024.564**	**5.759.816**
> 90 days	**573.519**	**78.560**	**25.707**	**969.545**	**1.647.332**
EAST MACEDONIA & THRACE	21.712	2.978	971	34.834	60.495
ATTICA	210.741	38.528	13.931	373.457	636.657
NORTH AEGEAN	11.516	1.242	196	11.894	24.848
WEST GREECE	35.381	2.862	1.093	82.634	121.971
WEST MACEDONIA	9.961	1.110	256	8.392	19.719
EPIRUS	13.528	3.226	352	15.452	32.558
THESSALY	25.258	2.619	1.127	50.499	79.503
IONIAN ISLANDS	9.465	931	329	71.609	82.334
CENTRAL MACEDONIA	104.857	11.877	3.797	154.517	275.048
CRETE	51.515	4.845	1.070	64.596	122.026
SOUTH AEGEAN	21.124	2.312	882	17.463	41.781
PELOPONESSOS	27.317	2.571	858	54.920	85.667
CENTRAL GREECE	31.145	3.458	844	29.279	64.726
Impaired loans	**358.231**	**504.978**	**194.257**	**3.055.019**	**4.112.484**
EAST MACEDONIA & THRACE	14.626	16.499	6.792	56.635	94.552
ATTICA	149.841	271.938	105.730	2.251.659	2.779.168
NORTH AEGEAN	6.642	7.036	2.176	10.129	25.983
WEST GREECE	16.690	20.945	8.078	52.043	97.756
WEST MACEDONIA	4.572	6.053	2.678	11.217	24.521
EPIRUS	6.474	6.878	2.247	9.345	24.944
THESSALY	16.829	17.050	6.590	89.759	130.228
IONIAN ISLANDS	3.997	7.400	2.802	9.925	24.124
CENTRAL MACEDONIA	68.762	64.259	30.533	342.022	505.576
CRETE	29.985	30.172	8.095	100.994	169.246
SOUTH AEGEAN	12.987	14.553	6.709	30.446	64.695
PELOPONESSOS	10.343	18.276	5.352	35.662	69.632
CENTRAL GREECE	16.482	23.919	6.475	55.182	102.059
Southeast Europe[3]	**70.765**	**251.600**	**14.299**	**928.690**	**1.265.354**

>90 days	35.366	22.094	1.244	78.896	137.600
Impaired loans	35.400	229.506	13.056	849.793	1.127.754
Other Countries[3]	**1.704**	**21.768**	**4.761**	**1.381.172**	**1.409.405**
>90 days	474	2.088	227	180.145	182.934
Impaired loans	1.231	19.680	4.534	1.201.027	1.226.471
Total past due and impaired loans					
>90 days	**609.359**	**102.742**	**27.178**	**1.228.587**	**1.967.866**
Impaired loans*	**394.861**	**754.163**	**211.847**	**5.105.838**	**6.466.709**
Total	**1.004.220**	**856.905**	**239.025**	**6.334.425**	**8.434.575**

** Impaired loans as of 31/12/2011 include loans ~ €3,3 billion, which are not past due over 90 days.*
[3] Southeast Europe: Bulgaria, Romania, Ukraine, Serbia, Albania, Cyprus
Other countries: Egypt, USA, United Kingdom, Luxembourg and other

Table 8: Movement in allowance (impairment) for losses on loans and advances to customers[4]

Loans to individuals	Amounts in € '000
Balance at 1/1/2011	682.349
Charge of the year	300.897
Loans written off	-108.527
FX Differences	2.408
Balance at 31/12/2011	**877.127**
Loans to corporate entities	
Balance at 1/1/2011	750.729
Charge of the year	1.294.648
Loans written off	-235.468
FX Differences	10.359
Balance at 31/12/2011	**1.820.268**
Total Balance at 31/12/2011	**2.697.395**

[4] The movement in allowance (impairment) does not include impairment related to PSI.

Credit Risk – Standardised Approach

External Credit Assessment Institutions (ECAIs)

Piraeus Bank Group uses external credit ratings of the following institutions, for regulatory capital calculation purposes, under the Standardised Approach:

- Moody's
- Fitch
- Standard & Poor's
- ICAP

These Institutions have been evaluated and accepted by the Bank of Greece as approved external credit assessment institutions. Piraeus Group uses Moody's, Fitch and Standard & Poor's ratings for the following asset classes:

- Credit exposures against Central Governments/Central Banks
- Credit exposures against Regional Governments and Local Authorities
- Long and short term credit exposures against Financial Institutions in Greece and abroad
- Credit exposures against Administrative bodies & non-profit undertakings in Greece and abroad
- Long and short term credit exposures against Corporate Customers in Greece and abroad

ICAP's ratings are used for Corporate Customers residing in Greece.

If there are multiple ratings for a specific exposure, the Group follows the directions of Bank of Greece in order to determine the exposure's risk weight. In particular, if for a specific exposure there are two available ratings then the rating leading to the higher risk weight is selected. In case, that there are more than two available ratings, initially the two ratings leading to the lower risk weights are chosen and then from the aforesaid two choices, the one corresponding to the higher risk weight is selected.

3.2.2 Credit Risk Mitigation – Standardised Approach

3.2.2.1 Collateral Valuation Process

- Bonds received as collateral are valued on a daily basis and monitored through a collateral system that takes into account the specific characteristics of every contract (price, accrued interest, valuation date, source of valuation).
- For regulatory capital adequacy ratio calculation, only shares and equities listed in the stock exchange are taken into account. Their valuation is based on the official daily closing prices of the previous day for each share while the entire valuation process is conducted in the Collateral system.
- According to the Capital Adequacy regulatory framework, real-estate collateral is evaluated at least once a year in case of commercial real estate and once every three years in case of

residential real estate. For the valuation of residential and commercial real estate, Piraeus Bank uses specific methods and statistical models of valuation and re-evaluation.

3.2.2.2 Types of collateral accepted by the Bank

The Group receives collateral or security that reduces the overall credit risk exposure and ensures the prompt repayment of claims.

For that purpose, it has defined and included in its credit policy, the following main types of acceptable collateral and security[5]:

- Pledged deposits
- Greek government guarantees
- Guarantees by the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME)
- Bank letters of guarantee
- Pledged financial instruments such as stocks, bonds, bills or mutual fund shares
- Pledged cheques
- Mortgages on real estate property
- Ship mortgages
- Receivables

Collateral/security is valued initially during the approval of claim based on its current or fair value and is then revalued regularly. In general, collateral/security is not taken for exposures against financial institutions, unless it concerns reverse-repos or other securities' lending activities. Netting is not applied to either on or off balance sheet items for regulatory capital calculation purposes.

The following table portrays the Group's exposures secured with eligible collaterals and guarantees (reference date 31/12/2011), according to Bank of Greece's Governor's Act 2588/20.08.2007. For the better understanding of figures presented in the table bellow, the following should be noted:

1. In the secured by collateral/guarantee type value of exposures, off balance sheet items, derivatives' potential future exposures, as well as the exposures (including the retained portion of securitized loans) and collaterals of repurchase agreements and securities borrowing, are included.
2. Only **regulatory eligible** according to the Standardised Approach, guarantees and financial collaterals are included, which are considerably fewer compared to those accepted by Piraeus Group for business purposes.

[5] *For the calculation of capital requirements, eligible collateral are only those mention in the Governor's Act 2588/20.8.2007, which constitute a significantly smaller subset of the types of collateral/security accepted by Piraeus Group in its business activities.*

3. The exposures secured with real estate collateral are fully covered by commercial and residential real estate and exclude Greek Government guarantees which are presented in a separate column. Residential and commercial real estate collateral does not affect the value of the exposure, as occurs in other asset classes, but is reflected in a more favorable risk weight against credit risk according to the regulatory framework.
4. The majority of delinquent loans and of those classified as regulatory high risk, are covered, apart from the regulatory eligible guarantees and financial collateral, with commercial and residential real estate as well. The additional coverage does not affect the value of the exposure as occurs in other asset classes, but is reflected in a more favorable risk weight against credit risk according to the regulatory framework.

Table 9: Credit and Counterparty Risk exposures secured by eligible credit risk mitigation instruments as of 31.12.2011

In € '000

Exposure Type	Financial Collateral	Guarantees	Secured by Real Estate
Central Governments/ Central Banks	145.384		
Regional governments and local authorities	1.506	3.596	
Administrative Bodies & Non-Profit Organizations	26.237	103	
Financial Institutions	259.279		
Corporate entities	1.038.311	219.529	
Retail customers	118.386	269.072	
Claims secured by real estate property		104.410	8.502.337
Regulatory high risk exposures & past due items.	51.310	385.981	1.168.064

3.2.3 Counterparty Credit Risk

Concerning positions in derivatives, counterparty credit risk exposure is calculated according to the Mark to Market Method, as defined in Bank of Greece Governor's Act 2594/20.08.2007. In particular, the exposure value is the sum of the contract's replacement cost (market value), given it has a positive value, and the potential future exposure, which depends on the nominal value, the type and the residual maturity of the contract.

Regarding repo and reverse-repo positions, the calculation of counterparty credit risk exposure is based on the Analytical Method for Financial Collaterals, as described in Bank of Greece Governor's Act 2588/20.08.2007.

The total initial exposure to counterparty credit risk at the group level as of 31st of December 2011, amounted to €1.153 mio. and the gross positive fair value amounted to €305,3 mio. The adjusted for

volatility and maturity mismatches value of the corresponding financial collaterals that mitigates part of the relevant credit exposure, amounted to €610,9 mio.

It is noted that the total exposure to credit risk from derivative products under IFRS, differs from the exposure measured according to the Basel II regulatory framework due to methodological differences. Furthermore, the Bank's Policy regarding Credit Limits is described in detail in section 3.1.2.2 «Systematic evaluation of the customers' creditworthiness and assessment of the probability of defaulting on their contractual obligations», paragraph «Credit Risk Limits», and is also applicable to Counterparty Credit Risk.

3.2.4 Securitisation

The objectives of (originator) credit institution regarding the activity of securitisation

Piraeus Bank Group did not initiate any new securitisation programs during 2011. In the past, the Group has successfully completed nine (9) securitisations (three (3) concerning mortgage loans, three (3) concerning corporate loans, two (2) concerning consumer loans and one (1) concerning financial leases), in accordance with L. 3156/2003, amounting to €9,6 mio., for liquidity raising purposes. The type of all securitisations is traditional[6]. Furthermore, for the calculation of the capital requirements arising from securitisation positions, the Group applies the Standardized Approach.

It should be noted that the first and third securitisation of corporate loans, as well as the first and second consumer loan backed securitisation, continue to be retained by Piraeus Bank. The third securitisation of mortgage loans, was called back in February 2011 and the first leasing receivables securitisation of €540 mιο. was called back in March 2011.

The role and the level of the Bank's involvement in the Securitisation process

Piraeus Bank acts as originator, servicer, and sponsor in the process of asset securitization, while it sponsors through subordinated loans the formation of special purpose financing entities (SPEs) for various purposes including asset securitisation.

Although there is no shareholder relation to the Group, Special purpose entities are consolidated. This is provided under the SIC Interpretation 12, and is applied when the Group exercises control over the SPE. When assessing whether the Group controls an SPE in addition to the criteria in IAS 27 it evaluates a range of factors, including whether:

(a) the activities of the SPE are being conducted on the Group's behalf according to its specific business needs so that the Group obtains the benefits from the SPEs operations,

[6] *Traditional securitisation: Securitisation involving the economic transfer of the exposures being securitised to a securitisation special purpose entity which issues securities. This shall be accomplished by the transfer of ownership of the securitised exposures from the originator credit institution or through sub-participation. The securities issued do not represent payment obligations of the originator credit institution.*

(b) the Group has the decision making power to obtain the majority of the benefits of the activities of the company, or the Group has delegated these decision-making power by setting up an "autopilot" mechanism,

(c) the Group obtains the majority of the benefits of the SPE's activities but at the same time is exposed to risks arising from them,

(d) the Group retains the majority of the residual or ownership risks related to the SPE or its assets.

The Group reassesses its treatment of SPEs for consolidation when there is an overall change in the SPEs arrangements or when there has been a significant change in the relationship between the Group and the SPE. The trigger events that would indicate the need for such reassessment include the following:

- significant changes in the ownership of the SPE,

- changes in the contractual arrangements of the SPE,

- changes in the financing structure of the SPE.

The Group, following IFRS rules, does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it makes judgments about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE. In many instances, elements may indicate control or lack of control over an SPE when considered in isolation, but when considered combined, they make it difficult to reach a clear conclusion. In such cases, the SPE is consolidated.

Existing Securitisations as of 31/12/2011

Exposures, characterized by Basel II regulatory framework as securitized, amounted to €1.292 mio. as of 31/12/2011.

Positions in securitised exposures, where the Group acts as the Originator, include the first bond issuance from securitisation of mortgage loans (ESTIA Mortgage Finance Plc) and the second bond issuance of mortgage loans (ESTIA Mortgage Finance II Plc).

- The first bond issuance from securitisation of mortgage loans amounted to €750 mio. was performed by ESTIA Mortgage Finance Plc, which was established for this purpose in the United Kingdom in 2005. The bonds provide the issuer with recall right at 9 years and the average cost amounts to Euribor 3M plus 18 basis points.

- The second bond issuance of mortgage loans amounted to €1.250 mio. was performed by ESTIA Mortgage Finance II Plc, which was established for this purpose in the United Kingdom in 2007.

The bonds provide the issuer with recall right at 7 years and the average cost amounts to Euribor 3M plus 18 basis points.

Regarding securitization programs, where the Group is not an investor, risk weighted assets and capital charges as of 31/12/2011 are calculated based on underlying exposures before securitisation, according to Bank of Greece Governor's Act 2645/2011 and 2588/2007. Capital charges from ESTIA I securitised exposures amount to €8,7 mio., while capital charges deriving from ESTIA II securitised exposures amount to €35 mio. as of 31/12/2011. Moreover, securitised positions and capital charges where the Group acts as an Investor are €43 mio. and €13,5 mio., respectively.

Doubtful and over 90 days delinquent securitised loans, amount to €397 mio. The Piraeus Group uses for securitisation the available ratings of the following ECAIs: Moody's, Fitch, Standard & Poor's.

The tables below present securitized positions, where the Group acts as the Originator.

Securitised positions (initial exposure before the application of risk weights)

In € '000

	Senior Tranche	Mezzanine Tranche	First Loss Positions	
	Rated (350%)	**Rated (350%)**	**Rated (1250%)**	**Non-Rated (1250%)**
ESTIA I	46.354	9.629	6.353	5.429
ESTIA II	305.350			30.544
Total	**351.704**	**9.629**	**6.353**	**35.973**

Total and Retained Securitisation positions

In € '000

Securitisation Name	Total amount of Securitised Exposures	Type of Securitisation	Securitised Exposure Type	Book Value of Retained/ Acquired Positions 31/12/2011
ESTIA I	750.000	Traditional	Mortgage	62.336
ESTIA II	1.250.000	Traditional	Mortgage	305.350

3.3 Operational Risk

3.3.1 Operational Risk – Standardized Approach

Piraeus Bank has adopted the Standardized Approach for calculating Operational Risk Capital Requirements on solo and on consolidated basis, through the allocation of its Gross Income (GI) into the eight (8) regulatory Business Lines.

The following income categories are allocated to the eight (8) regulatory Business Lines:

- Net Interest Income
- Fees & Commissions
- Net Trading Income
- Other Operating Income
- Dividend Income

Net Interest Income is calculated and allocated across all Bank Units, within the Funds Transfer Pricing (FTP) system, based on the average balances of fund raising and lending activities (Gross FTP).
Internal Pricing is based on interbank market rates depending on currency, maturity of fixed interest rate products or repricing period of variable interest rate products (Multiple Pool – FTP).

The income that accrues from activities that cannot be classified in any of the 8 regulatory business lines is assigned to a "**Group Financial Cost Centre (Unclassified)**" and receives the highest operational risk capital charge factor (18%), as it is mapped to the "**Trading & Sales**" regulatory Business Line, according to regulatory requirements.

It should be noted that the above mentioned framework is not applied to the Group Subsidiaries that do not belong to the financial sector. The Gross Income (GI) of these Subsidiaries is fully allocated to the **"Asset Management"** regulatory Business Line.

3.4 Market Risk

3.4.1 Equities: Disclosures for those exposures not included in the trading book

Available for Sale (AFS) shares are those, for which there is no specific holding period, and which can be liquidated according to the liquidity needs, the changes in interest-rates or equities prices.

Regular purchase and sale of the AFS portfolio shares is recognised based on the transaction date, at which the Bank commits to purchase or sale the assets.

Available for sale equities are initially recognised at fair value (plus transaction costs) and subsequently are carried at fair value according to current market prices or valuation models, where the market prices are not available (in accordance with IAS 39 provisions).

For athens stock exchange listed shares and foreign stock exchange listed shares, fair value is based on current market prices. It is noted that the value of listed shares in the available for sale portfolio of Piraeus Group is particularly low (47,5 m. total)

Not realised profits or losses due to changes in equities fair value, classified in the AFS portfolio, are recognised in a special reserve own funds account. If shares of the AFS portfolio are sold, the corresponding accumulated profits/losses are transferred from the special reserve own funds account to the profits & loss account.

The shares of the available for sale portfolio are recognized when it is no longer possible to receive their cash flow or when the Group has transferred the majority of risks and benefits to third parties.

The Group performs on a quarterly basis impairment test (significant or extended reductions of fair value) of these shares using various valuation models. These models include valuation based on the price to book value (P/BV), the price to earnings per share (P/E) or the divergence from their market value for investments which are listed in a stock market. If the above mentioned models show indication of impairment, the Group evaluates thoroughly the possibility of recovering the acquisition cost based on the historical volatility of each share separately.

When there are objective indications that the AFS asset has been permanently impaired, then the realised accumulated loss in own funds, is transferred to the profit and loss account. This loss is the difference between the acquisition cost and the market value after deducting any losses which have been recognised in previous period's results. Impairment loss of the AFS shares that has been recognised in the Financial Statements can not be reversed.

Table 12: Shares and Mutual Funds in AFS 31.12.2011 (€ 000.)

Athens stock exchange listed shares	29.177
Foreign stock exchange listed shares	27.435
Unlisted shares	161.585
Mutual funds	87.261
Total	**305.457**

Additionally, the sum of realized profit/loss from sales and liquidation of available for sale equities and mutual funds amounted to €0,6 m. profit in 2011. The total net amount of non realized loss from the above equities' value adjustments amounted to € 2,4 m. on 31/12/2011. This amount was included in the AFS reserve and deducted from Group's Tier I Capital.

3.4.2 Interest Rate Risk

Interest Rate Risk arises from both the execution of core banking activities, such as taking deposits and granting loans, as well as the undertaking of investment and trading positions on financial instruments such as bonds, whose market value is affected by the level and/or the volatility of interest rates. Interest rate risk is generated mainly by financial instruments that carry a fixed interest rate, especially those whose rate is fixed for a long period of time, such as mortgage or consumer loans and fixed rate debt securities.

Piraeus Bank Group monitors and controls interest rate risk closely and on a continuous basis, by applying an interest rate risk management policy and by adopting risk assessment techniques based on the Interest Rate Gap Analysis. This analysis reflects the interest rate profile of all interest rate bearing assets and liabilities, including off balance sheet items. According to this analysis, assets and liabilities are allocated to time periods according to their remaining maturity (fixed rate assets and liabilities), or next interest rate re-pricing date (variable rate assets and liabilities). Assets or Liabilities lacking a predetermined contractual maturity or interest rate re-fixing periodicity (e.g. overdraft loan facilities, sight and saving deposits), are mapped on the overnight time period.

On the basis of the Interest Rate Gap, the Group measures the sensitivity of its balance sheet items, to potential changes in interest rates, having set risk appetite limits expressed in terms of the impact of changes in interest rates by 100 basis points (1%). More specifically, the Group measures its interest rate risk, through the anticipated change in the net present value of Assets and Liabilities (PV100 – Present Value of 100 basis points), as well as the impact on its interest income over one year (EaR – Earnings at Risk), caused by the aforementioned move in interest rates by 100 basis points.

Indicatively, interest rate sensitivity estimates for the Balance Sheet value and Earnings at Risk, for a potential parallel 100 basis points move in yield curves for main currencies as of 31.12.2011, are as follows:

Table 13: Interest rate sensitivity estimates (€ mio)

	EUR	USD	CHF	Other
PV 100	-116,44	-0,07	-2,29	+1,11
EaR	-45,64	-5,11	-2,30	-2,57

Above sensitivity estimates remain at very low levels, as a percentage of regulatory capital (risk bearing capacity) of the bank. The monitoring and control of the interest rate risk positions is performed on a daily basis at the Bank level and on a monthly basis at the Group level.

The Interest Rate Risk that stems from the core banking activities (i.e. loans and deposits), is transferred to the Units which are responsible for the management of this risk (i.e. Treasury Units). The transfer is performed through an appropriate internal Funds Transfer pricing mechanism, applied at the transaction level, taking into account the interest rate behaviour of individual transactions. As a result, the monitoring and control of exposure is fast and continuous and covers the full breadth of activities in all currencies.

The maintenance of the interest rate risk within approved limits, is achieved through the execution of hedging transactions such as interest rate swaps, interest rate futures and bond futures etc, aiming to immunise the risk on a portfolio or on a total balance sheet basis, per currency.

In order to mitigate the fixed rate loans and deposits prepayment/early termination risk, the Bank applies a methodology for the calculation of the potential cost to the Bank for individual transactions, on the basis of relevant market rates for the residual fixed rate period of the transaction. This cost is carried by the customer when this is provided for within the terms of the transaction, or by law.

3.4.3 Trading Book Value at Risk

The Value-at-Risk estimate for the Group's total trading book was €8,81 million on 31/12/2011. Total VaR is broken down to €8,06 million for interest rate risk, €0,04 million for equity risk, €2,41 million for foreign exchange risk and €0,21 million for commodities risk. The diversification effect for the total portfolio amounted to €-1,91 million, which reduces the overall trading book Value at Risk. During 2011 there was an increase in the Group's trading book Value at Risk due to the increase in the volatility of Greek Government interest rates.

Table 14: Group Trading Book Value at Risk (€ mio)

	Group Trading Book - Total VaR	VaR - Interest rate risk	VaR - Equity Risk	VaR - Foreign Exchange Risk	VaR - Commodity Risk	Diversification Effect
2011	8,81	8,06	0,04	2,41	0,21	-1,91
2010	4,05	0,86	3,08	2,68	0,16	-2,73

PIRAEUS GROUP

4 Remuneration Policy Disclosures

A remuneration policy is established as an integral part of the Group's Corporate Governance. This policy aims at discouraging excessive risk taking, while enhancing the values and long term interests of the Group.

The Remuneration Policy is in line with the Group's corporate strategy and supports performance-driven culture, which aligns organization's goals with those of interested parties – employees, management, shareholders- and also motivates employees to act on the Group's best interest.

The policy aims at aligning compensation with profitability, risk and capital adequacy. It was introduced in order to maximize performance, to attract and retain talents, and to ensure compliance with regulatory requirements and internal transparency.

Procedures on defining remuneration are clear, written and transparent throughout the organization.
The Remuneration Committee is responsible for reviewing, monitoring the implementation and periodically updating the remuneration policy. Committee consists of non-executive Board Members. Most of them, including the Chairman of the Committee, are independent non-executive Board Members.

In order to guarantee transparency, the Group publishes both quantitative and qualitative data related to remuneration policy on an annual basis.

(Group data 2011, amounts in thousand €.)

	i. Senior Management	ii. Risk Takers	iii. Staff responsible for control functions
Total number of staff, part of which:	71	37	22
Large Corporates-Investment Banking	16	25	22
Retail Banking	6	2	
Asset Management	3	0	
Other	46	10	
Total Annual Remuneration, part of which:	7.500	3.647	1.542
Large Corporates-Investment Banking	2.452	2.335	1.542
Retail Banking	785	225	
Asset Management	264	0,00	

Other	3.999	1.086	
Total Variable Remuneration, part of which :	37	40	1
Large Corporates-Investment Banking	29	4	1
Retail Banking	0	0	
Asset Management	0	0	
Other	8	37	

PIRAEUS GROUP

5 APPENDIX

Appendix: Regulatory / Accounting Consolidation

5.1 Subsidiary Companies (full consolidation method)

Name of Company	Activity	% Holding	Country
Marathon Banking Corporation	Banking Activities	98,43%	U.S.A.
Tirana Bank I.B.C. S.A.	Banking Activities	98,48%	Albania
Piraeus Bank Romania S.A.	Banking Activities	100,00%	Romania
Piraeus Bank Beograd A.D.	Banking Activities	100,00%	Serbia
Piraeus Bank Bulgaria A.D.	Banking Activities	99,98%	Bulgaria
Piraeus Bank Egypt S.A.E.	Banking Activities	98,03%	Egypt
JSC Piraeus Bank ICB	Banking Activities	99,99%	Ukraine
Piraeus Bank Cyprus Ltd	Banking Activities	100,00%	Cyprus
Piraeus Asset Management Europe S.A.	Mutual Funds Management	100,00%	Luxemburg
Piraeus Leasing Romania S.R.L.	Finance Leases	100,00%	Romania
Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance & Reinsurance Brokerage	100,00%	Greece
Tirana Leasing S.A.	Finance Leases	100,00%	Albania
Piraeus Securities S.A.	Stock exchange operations	100,00%	Greece
Piraeus Group Capital LTD	Debt Securities Issue	100,00%	United Kingdom
Piraeus Leasing Bulgaria EAD.	Finance Leases	100,00%	Bulgaria
Piraeus Auto Leasing Bulgaria EAD.	Auto Leases	100,00%	Bulgaria
Piraeus Group Finance P.L.C.	Debt Securities Issue	100,00%	United Kingdom
Piraeus Factoring SA	Corporate Factoring	100,00%	Greece
Picar SA	Motor vehicles trading	100,00%	Greece

Bulfina S.A.	Property Management	100,00%	Bulgaria
General Construction and Development Co S.A.	Property development/ holding company	66,67%	Greece
Piraeus Direct Services S.A.	Call center services	100,00%	Greece
Komotini Real Estate Development S.A.	Property Management	100,00%	Greece
Piraeus Real Estate S.A.	Construction Company	100,00%	Greece
ND Development S.A.	Property Management	100,00%	Greece
Property Horizon S.A.	Property Management	100,00%	Greece
ETVA Industrial Estates S.A.	Property Management	65,00%	Greece
Piraeus Development S.A.	Property Management	100,00%	Greece
Piraeus Asset Management S.A.	Mutual Funds Management	100,00%	Greece
Piraeus Buildings S.A.	Property Management	100,00%	Greece
Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom
Euroinvestment & Finance Public LTD (*)	Asset Management, Real Estate Operations	90,89%	Cyprus
Lakkos Mikkelli Real Estate LTD	Property Management	50,66%	Cyprus
Philoktimatiki Public LTD	Land and Property development	53,31%	Cyprus
Philoktimatiki Ergoliptiki LTD	Property Management	53,31%	Cyprus
New Evolution S.A.	Property Management	100,00%	Greece
Imperial Stockbrokers Limited	Stock Exchange Operations	100,00%	Cyprus
Imperial Eurobrokers Limited	Stock Exchange Operations	100,00%	Cyprus
EMF Investors Limited	Investment Company	100,00%	Cyprus
Euroinvestment Mutual Funds Limited	Mutual Funds Management	100,00%	Cyprus
Bull Fund Limited	Investment Company	100,00%	Cyprus

Piraeus Green Investments S.A.	Holding Company	100,00%	Greece
New Up Dating Development Real Estate and Tourism S.A.	Property, Tourism & Development Company	100,00%	Greece
Sunholdings Properties Company LTD	Land and Property Development	26,66%	Greece
Piraeus Cards S.A.	Financial services and consultancy	100,00%	Greece
Polytropon Properties Limited	Land and Property development	39,98%	Cyprus
Capital Investments & Finance S.A.	Investment Company	100,00%	Liberia
Maples Invest & Holding S.A.	Investment Company	100,00%	British Virgin Islands
Margetson Invest & Finance S.A.	Investment Company	100,00%	British Virgin Islands
Vitria Investments S.A.	Investment Company	100,00%	Panama
Piraeus Insurance Brokerage EOOD	Insurance brokerage	99,98%	Bulgaria
Trieris Real Estate Management LTD	Property Management	100,00%	British Virgin Islands
Piraeus Egypt Asset Management Co.	Property Administration	98,03%	Egypt
Piraeus Egypt Leasing Co.	Finance Leases	98,03%	Egypt
Piraeus Egypt for Securities Brokerage Co.	Stock Exchange Operations	98,02%	Egypt
Piraeus Insurance - Reinsurance Broker Romania S.R.L.	Insurance and Re-insurance Brokerage	100,00%	Romania
Piraeus Real Estate Consultants S.R.L.	Property Management	100,00%	Romania
Πειραιώς Leasing S.A.	Finance Leases	100,00%	Greece
Multicollection S.A.	Assessment and collection of commercial debts	51,00%	Greece
Olympic Commercial & Tourist Enterprises S.A.	Oper. Leases, Rent-a-car and long term rental of Vehicl.	94,98%	Greece
Piraeus Rent Doo Beograd	Operating Leasing	100,00%	Serbia
Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom

Piraeus Leasing Doo Beograd	Finance Leases	100,00%	Serbia
Piraeus Real Estate Consultants Doo	Property Management	100,00%	Serbia
Piraeus Real Estate Bulgaria EOOD	Property Management	100,00%	Bulgaria
Piraeus Real Estate Egypt LLC	Property Management	99,80%	Egypt
Piraeus Bank Egypt Investment Company	Investment Company	97,93%	Egypt
Piraeus Best Leasing Bulgaria EAD	Auto leasing	99,98%	Bulgaria
Piraeus Insurance Agency S.A.	Insurance - Agency	100,00%	Greece
Piraeus Capital Management S.A.	Venture Capital Fund	100,00%	Greece
Estia Mortgage Finance III PLC	SPE for securitization of mortgage loans	-	United Kingdom
Piraeus Insurance Brokerage Egypt	Insurance Brokerage	96,01%	Egypt
Intergrated Services Systems Co.	Warehouse & Mail Distribution Management	96,99%	Egypt
Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom
Piraeus Wealth Management A.E.P.E.Y.	Wealth Management	65,00%	Greece
Praxis Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom
Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom
Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom
Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom
PROSPECT N.E.P.A.	Yachting Management	100,00%	Greece
R.E Anodus LTD	Consultancy Serv. for Real Estate Devel. and Inv.	100,00%	Cyprus
PLEIADES Estate S.A. (ex Erechtheas Investments & Holdings S.A.)	Property management	100,00%	Greece

Solum Ltd Liability Co.	Property Management	100,00%	Ukraine
Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100,00%	Cyprus
O.F. Investments Ltd	Investment Company	100,00%	Cyprus
DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57,53%	Greece
Piraeus Equity Partners Ltd.	Holding company	100,00%	Cyprus
Piraeus Equity Advisors Ltd.	Investment advise	100,00%	Cyprus
Achaia Clauss Estate S.A.	Property management	74,47%	Greece
Piraeus Equity Investment Management Ltd	Investment management	100,00%	Cyprus
Piraeus FI Holding Ltd	Holding company	100,00%	British Virgin Islands
Piraeus Master GP Holding Ltd	Investment advice	100,00%	British Virgin Islands
Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100,00%	Cyprus
Piraeus Clean Energy LP	Renewable Energy Investment Fund	100,00%	United Kingdom
Piraeus Clean Energy Holdings Ltd	Holding Company	100,00%	Cyprus
Piraeus Wealth Management (Switzerland) S.A.	Wealth management	42,25%	Switzerland
CURDART HOLDING LTD	Holding Company	100,00%	Cyprus
Visa Rent a Car	Rent a car company	94,98%	Greece
ADFLIKTON INVESTMENTS LIMITED	Property management	100,00%	Cyprus
COSTPLEO INVESTMENTS LIMITED	Property management	100,00%	Cyprus
CUTSOFIAR ENTERPRISES LIMITED	Property management	100,00%	Cyprus
GRAVIERON COMPANY LIMITED	Property management	100,00%	Cyprus
KAIHUR INVESTMENTS LIMITED	Property management	100,00%	Cyprus

PERTANAM ENTERPRISES LIMITED	Property management	100,00%	Cyprus
ROCKORY ENTERPRISES LIMITED	Property management	100,00%	Cyprus
TOPUNI INVESTMENTS LIMITED	Property management	100,00%	Cyprus
ALBALATE COMPANY LIMITED	Property management	100,00%	Cyprus
AKIMORIA ENTERPRISES LIMITED	Property management	100,00%	Cyprus
ALACORNACO ENTERPRISES LIMITED	Property management	100,00%	Cyprus
Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100,00%	Greece
Parking Kosmopolis S.A.	Parking Management	100,00%	Greece
ZIBENO INVESTMENTS LTD(PIRAEUS PIRAEUS CLEAN ENERGY HOLDINGS LIMITED)	Holding Company	83,00%	Cyprus
BULFINACE E.A.D.	Property Management	100,00%	Bulgaria

5.2 Associate Companies (equity consolidation accounting method)

Name of Company	Activity	% Holding	Country
Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30,45%	Greece
Evros' Development Company S.A.	European community programs management	30,00%	Greece
Project on Line S.A.	Information technology & software	40,00%	Greece
Alexandria for Development & Investment	Investment Company	21,57%	Egypt
Nike Shoes Company	Footwear Seller – Manufacturer	38,56%	Egypt
APE Commercial Property Real Estate Tourist & develop. S.A.	Real Estate, development/ tourist services	27,80%	Greece
APE Fixed Assets Real Estate Tourist & Development S.A.	Property Management	27,80%	Greece

Trieris Real Estate LTD	Property Management	22,94%	British Virgin Islands
European Reliance Gen. Insurance Co. S.A.(*)	General and life insurance and reinsurance	30,23%	Greece
APE investment Property S.A.	Real Estate, development/ tourist services	27,20%	Greece
Sciens International Investment and Holding S.A.	Holding Company	28,10%	Greece
Ekathariseis Aktoploias S.A.	Ticket Settlements	49,00%	Greece
Trastor Real Estate Investment Company	Real Estate investment property	33,80%	Greece
Euroterra S.A.	Property Management	39,22%	Greece
Rebikat S.A.	Property Management	40,00%	Greece
Abies S.A.	Property Management	40,00%	Greece
ACT Services S.A.	Accounting and tax consulting	49,00%	Greece
Exodus S.A.	Information technology & software	50,10%	Greece
Good Works Energy Photovoltaics S.A.	Construction & operation PV solar projects	33,15%	Greece
Entropia Ktimatiki S.A.	Property Management	33,30%	Greece
Piraeus - TANEO Capital Fund	Venture capital fund	50,01%	Greece

(*) «European Reliance General Insurance SA» is subtracted from the Group's Own Funds.