

PIRAEUS BANK



PIRAEUS BANK GROUP

**Consolidated Interim Condensed
Financial Information**

30 September 2014

**In Accordance with the International
Financial Reporting Standards**

The attached consolidated interim condensed financial information has been approved by the Piraeus Bank S.A. Board of Directors on November 25th, 2014 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

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

Index to the Consolidated Interim Condensed Financial Information

Statements	Page
Consolidated Interim Income Statement	2
Consolidated Interim Statement of Total Comprehensive Income	3
Consolidated Interim Statement of Financial Position	4
Consolidated Interim Statement of Changes in Equity	5
Consolidated Interim Cash Flow Statement	6
Notes to the Consolidated Interim Condensed Financial Information:	
1 General information about the Group	7
2 General accounting policies, critical accounting estimates and judgements	7
3 Basis of preparation of the consolidated interim condensed financial information	13
4 Fair values of assets and liabilities	15
5 Business segments	17
6 Net income from financial instruments designated at fair value through profit or loss	21
7 Results from investment securities	21
8 Other operating income	21
9 Profit/ (loss) and balance sheet from discontinued operations	22
10 Income tax	23
11 Earnings/ (losses) per share	24
12 Analysis of other comprehensive income	24
13 Cash and balances with Central Banks	25
14 Financial assets at fair value through profit or loss	26
15 Loans and advances to customers	26
16 Available for sale securities	28
17 Debt securities - receivables	28
18 Investments in subsidiaries and associate companies	29
19 Due to credit institutions	35
20 Due to customers	36
21 Debt securities in issue	36
22 Hybrid capital and other borrowed funds	37
23 Contingent liabilities and commitments	38
24 Share capital	39
25 Other reserves and retained earnings	40
26 Related parties transactions	41
27 Changes in the portfolio of subsidiaries and associates	42
28 Capital adequacy	45
29 Changes in presentation of financial information for the comparative period	46
30 Events subsequent to the end of the interim period	47

CONSOLIDATED INTERIM INCOME STATEMENT	Note	Period from 1 January to		Period from 1 July to	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
Interest and similar income		2,626,445	2,650,912	861,436	943,146
Interest expense and similar charges		(1,138,548)	(1,463,591)	(352,859)	(489,498)
NET INTEREST INCOME		1,487,897	1,187,321	508,577	453,648
Fee and commission income		276,036	227,034	96,394	85,780
Fee and commission expense		(29,430)	(31,624)	(9,792)	(12,156)
NET FEE AND COMMISSION INCOME		246,607	195,410	86,602	73,624
Dividend income		14,748	14,120	270	8,820
Net income from financial instruments designated at fair value through profit or loss	6	(63,965)	86,698	(21,114)	25,972
Results from investment securities	7	74,280	15,162	(2,259)	1,373
Other operating income	8	205,461	50,276	19,262	29,856
Negative goodwill due to acquisitions		-	3,810,338	-	-
TOTAL NET INCOME		1,965,027	5,359,325	591,338	593,293
Staff costs		(537,210)	(572,135)	(172,026)	(224,938)
Administrative expenses		(425,455)	(388,043)	(153,116)	(151,369)
Depreciation and amortisation		(122,347)	(92,765)	(33,800)	(32,501)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		(1,085,012)	(1,052,943)	(358,943)	(408,808)
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		880,015	4,306,382	232,395	184,485
Impairment losses on loans and other receivables	15	(3,319,550)	(1,612,192)	(2,256,181)	(514,572)
Impairment on participation and investment securities		(16,660)	(32,591)	(17)	(884)
Other provisions and impairment		(9,042)	(38,943)	(1,096)	(3,758)
Share of profit of associates		11,364	(4,330)	7,174	(399)
PROFIT/ (LOSS) BEFORE INCOME TAX		(2,453,872)	2,618,325	(2,017,725)	(335,128)
Income tax	10	814,338	607,707	460,139	56,687
PROFIT/ (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		(1,639,534)	3,226,032	(1,557,586)	(278,441)
Profit/ (loss) after income tax from discontinued operations	9	1,825	19,106	2,390	(2,039)
PROFIT/ (LOSS) AFTER TAX FOR THE PERIOD		(1,637,709)	3,245,138	(1,555,196)	(280,480)
From continuing operations					
Profit/ (loss) for the period attributable to equity holders of the parent entity		(1,640,079)	3,231,781	(1,557,736)	(277,142)
Non controlling interest		545	(5,749)	150	(1,300)
From discontinued operations					
Profit/ (loss) for the period attributable to equity holders of the parent entity		1,827	19,106	2,390	(2,039)
Non controlling interest		(2)	(1)	-	-
Earnings/ (losses) per share attributable to equity holders of the parent entity (in euros):					
From continuing operations					
- Basic and Diluted	11	(0.2843)	1.6094	(0.2553)	(0.0531)
From discontinued operations					
- Basic and Diluted	11	0.0003	0.0095	0.0004	(0.0004)

CONSOLIDATED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME	Note	Period from 1 January to		Period from 1 July to	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
CONTINUING OPERATIONS					
Profit/ (loss) after tax for the period (A)		(1,639,534)	3,226,032	(1,557,586)	(278,441)
Other comprehensive income, net of tax:					
Amounts that can be reclassified in the Income Statement					
Change in available for sale reserve	12	(86,455)	55,265	(46,671)	34,803
Change in currency translation reserve	12	2,062	10,691	4,603	4,093
Amounts that cannot be reclassified in the Income Statement					
Change in reserve of defined benefit obligations	12	282	-	(0)	-
Other comprehensive income for the period, net of tax (B)	12	(84,110)	65,956	(42,067)	38,896
Total comprehensive income for the period, net of tax (A+B)		(1,723,644)	3,291,988	(1,599,653)	(239,545)
- Attributable to equity holders of the parent entity		(1,724,338)	3,297,686	(1,599,910)	(238,257)
- Non controlling interest		694	(5,699)	257	(1,288)
DISCONTINUED OPERATIONS					
Profit/ (loss) after tax for the period (C)		1,825	19,106	2,390	(2,039)
Other comprehensive income, net of tax:					
Amounts that can be reclassified in the Income Statement					
Change in available for sale reserve	12	4,151	4,072	27	1,765
Change in currency translation reserve	12	185	(33)	(25)	(2)
Amounts that cannot be reclassified in the Income Statement					
Change in reserve of defined benefit obligations	12	-	-	-	-
Other comprehensive income for the period, net of tax (D)	12	4,336	4,039	2	1,763
Total comprehensive income for the period, net of tax (C+D)		6,162	23,145	2,392	(276)
- Attributable to equity holders of the parent entity		6,163	23,146	2,393	(275)
- Non controlling interest		(1)	(1)	(1)	(1)

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION	Note	30 September 2014	31 December 2013
ASSETS			
Cash and balances with Central Banks	13	3,323,191	2,874,771
Loans and advances to credit institutions		284,277	293,035
Financial instruments at fair value through profit or loss	14	254,935	214,113
Derivative financial instruments - assets		478,751	325,032
Reverse repos with customers		204,615	7,124
Loans and advances to customers (net of provisions)	15	56,294,813	62,365,774
Available for sale securities	16	1,341,514	1,377,749
Debt securities - receivables	17	14,443,349	15,628,221
Held to maturity		28,264	58,041
Assets held for sale		44,569	34,743
Inventories property		762,734	669,125
Investment property		975,778	902,859
Investments in associated undertakings		307,939	304,967
Property, plant and equipment		1,373,111	1,416,404
Intangible assets		293,833	300,345
Deferred tax assets		3,747,693	2,861,716
Other assets		1,935,396	2,017,917
Assets from discontinued operations	9	323,858	357,657
TOTAL ASSETS		86,418,619	92,009,592
LIABILITIES			
Due to credit institutions	19	20,112,467	26,274,952
Due to customers	20	54,824,476	54,279,320
Liabilities at fair value through profit or loss		-	549
Derivative financial instruments - liabilities		493,048	329,618
Debt securities in issue	21	748,276	305,361
Current income tax liabilities		48,722	35,390
Deferred tax liabilities		39,236	42,300
Retirement benefit obligations		168,901	161,397
Other provisions		41,545	39,882
Other liabilities		1,409,092	1,185,347
Hybrid capital and other borrowed funds	22	243,769	256,004
Liabilities from discontinued operations	9	520,212	556,574
TOTAL LIABILITIES		78,649,743	83,466,694
EQUITY			
Share capital	24	1,830,594	2,271,770
Share premium	24	11,393,315	10,008,734
Less: Treasury shares	24	(3)	(113)
Other reserves	25	4,419	82,604
Amounts recognized directly in equity relating to non-current assets from discontinued operations	25	22,441	18,106
Retained earnings	25	(5,601,742)	(3,957,192)
Capital and reserves attributable to equity holders of the parent entity		7,649,024	8,423,909
Non controlling interest		119,852	118,990
TOTAL EQUITY		7,768,876	8,542,899
TOTAL LIABILITIES AND EQUITY		86,418,619	92,009,592

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	Note	Attributable to owners of the parent						TOTAL
		Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	Non controlling interest	
Opening balance as at 1 January 2013		1,092,998	2,953,355	(36)	4,647	(6,503,767)	128,496	(2,324,307)
Other comprehensive income, net of tax	12				69,945		50	69,995
Results after tax for the period 1/1/2013 - 30/9/2013	25					3,250,887	(5,750)	3,245,138
Total recognised income for the period 1/1/2013 - 30/9/2013		0	0	0	69,945	3,250,887	(5,699)	3,315,133
Increase of share capital	24	1,487,471	6,746,680					8,234,151
Decrease of the nominal value of ordinary shares (Purchases)/ sales of treasury shares	24	(308,698)	308,698					0
Transfer between other reserves and retained earnings	24, 25			(41)		61		20
Expenses on Increase of share capital of subsidiary companies	25				6,193	(6,193)		0
Acquisitions, disposals, absorptions, liquidation and movement in participating interest	25					(1,626)	(1)	(1,626)
Balance as at 30 September 2013	25	2,271,770	10,008,734	(77)	80,785	(3,258,725)	119,929	9,222,416
Opening balance as at 1 October 2013		2,271,770	10,008,734	(77)	80,785	(3,258,725)	119,929	9,222,416
Other comprehensive income, net of tax					15,018		57	15,075
Results after tax for the period 1/10/2013-31/12/2013	25					(688,798)	(10,181)	(698,979)
Total recognised income for the period 1/10/2013 - 31/12/2013		0	0	0	15,018	(688,798)	(10,124)	(683,904)
Prior year dividends of ordinary shares	24, 25			(36)			(1,049)	(1,049)
(Purchases)/ sales of treasury shares	25				4,906	(4,906)		16
Transfer between other reserves and retained earnings								0
Acquisitions, disposals, absorptions and movement in participating interest	25					(4,816)	10,234	5,418
Balance as at 31 December 2013		2,271,770	10,008,734	(113)	100,709	(3,957,192)	118,990	8,542,898
Opening balance as at 1 January 2014		2,271,770	10,008,734	(113)	100,709	(3,957,192)	118,990	8,542,898
Other comprehensive income, net of tax	12				(79,924)		150	(79,774)
Results after tax for the period 1/1/2014 - 30/9/2014	25					(1,638,252)	543	(1,637,709)
Total recognised income for the period 1/1/2014-30/9/2014		0	0	0	(79,924)	(1,638,252)	693	(1,717,483)
Increase of share capital	24	308,824	1,384,581					1,693,405
Repurchase of preferred shares	24	(750,000)						(750,000)
(Purchases)/ sales of treasury shares	24, 25			110		(55)		55
Transfer between other reserves and retained earnings	25				6,075	(6,075)		0
Absorptions and movements in participating interest	25					(168)	168	0
Balance as at 30 September 2014		1,830,594	11,393,315	(3)	26,860	(5,601,742)	119,852	7,768,876

CONSOLIDATED INTERIM CASH FLOW STATEMENT	Note	Period from 1 January to	
		30 September 2014	30 September 2013
<i>Cash flows from operating activities from continuing operations</i>			
Profit/ (Loss) before tax		(2,453,872)	2,618,325
<i>Adjustments to profit/ loss before tax:</i>			
Add: provisions and impairment		3,345,251	1,683,727
Add: depreciation and amortisation charge		122,347	92,765
Add: retirement benefits		12,428	19,163
(Gains)/ losses from valuation of financial instruments at fair value through profit or loss		(124,662)	(35,269)
(Gains)/ losses from investing activities		(83,562)	(18,268)
Deduct: negative goodwill due to the acquisitions		-	(3,810,338)
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>		817,931	550,106
<i>Changes in operating assets and liabilities:</i>			
Net (increase)/ decrease in cash and balances with Central Banks		(198,740)	45,622
Net (increase)/ decrease in financial instruments at fair value through profit or loss		(59,586)	152,025
Net (increase)/ decrease in debt securities - receivables		1,184,872	(816,779)
Net (increase)/ decrease in loans and advances to credit institutions		(78,921)	9,989
Net (increase)/ decrease in loans and advances to customers		2,951,774	3,829,301
Net (increase)/ decrease in reverse repos with customers		(197,492)	11,934
Net (increase)/ decrease in other assets		(55,783)	458,558
Net increase/ (decrease) in amounts due to credit institutions		(6,162,485)	(7,964,752)
Net increase/ (decrease) in liabilities at fair value through profit or loss		(549)	(21,953)
Net increase/ (decrease) in amounts due to customers		545,156	(138,833)
Net increase/ (decrease) in other liabilities		197,674	(66,014)
<i>Net cash flow from operating activities before income tax payment</i>		(1,056,149)	(3,950,797)
Income tax paid		(13,436)	(5,801)
Net cash inflow/ (outflow) from continuing operating activities		(1,069,585)	(3,956,598)
<i>Cash flows from investing activities of continuing operations</i>			
Purchases of property, plant and equipment		(214,496)	(148,349)
Sales of property, plant and equipment		52,915	16,910
Purchases of intangible assets		(23,614)	(26,286)
Purchases of assets held for sale		(15,444)	(11,987)
Sales of assets held for sale		4,956	7,529
Purchases of investment securities		(4,630,609)	(5,962,225)
Disposals/ maturity of investment securities		4,672,118	9,039,542
Acquisition of subsidiaries excluding cash & cash equivalents acquired		-	172,140
Sales of subsidiaries excluding cash and balances sold		-	1,326
Sales of associates		-	4
Establishments and participation in share capital increases of associates	27	(1,132)	(9,764)
Dividends received		10,945	14,081
Net cash inflow/ (outflow) from continuing investing activities		(144,359)	3,092,921
<i>Cash flows from financing activities of continuing operations</i>			
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		404,744	(308,850)
Increase of share capital		1,673,519	1,180,322
Repurchase of preferred shares	24	(750,000)	-
Prior year dividends paid		-	(16)
Purchases/ sales of treasury shares and preemption rights		55	19
Other cashflows from financing activities		15,310	12,239
Net cash inflow/ (outflow) from continuing financing activities		1,343,628	883,713
Effect of exchange rate changes on cash and cash equivalents		60,262	(26,655)
Net increase/ (decrease) in cash and cash equivalents of the period from continuing activities (A)		189,946	(6,619)
<i>Net cash flows from discontinued operating activities</i>			
Net cash flows from discontinued operating activities		(10,673)	(34,839)
Net cash flows from discontinued investing activities		12,298	35,504
Net cash flows from discontinued financing activities		-	-
Exchange difference of cash and cash equivalents		62	(41)
Net increase/ (decrease) in cash and cash equivalents of the period from discontinued activities (B)		1,688	625
Cash and cash equivalents at the beginning of the period (C)		1,888,466	2,473,084
Cash and cash equivalents at the acquisition date of assets and liabilities of Cypriot banks' network in Greece (D)		-	11,696
Cash and cash equivalents at the end of the period (A)+(B)+(C)+(D)		2,080,100	2,478,786

1 General information about the Group

Piraeus Bank S.A. is a banking institute operating in accordance with the provisions of Law 2190/1920 on sociétés anonymes, Law 3601/2007 on credit institutions, and other relevant laws. According to article 2 of its Statute, the scope of the company is to execute, on its behalf or on behalf of third parties, any and every operation acknowledged or delegated by law to banks.

Piraeus Bank (parent company) is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis st., Athens. Piraeus Bank and its subsidiaries (hereinafter "the Group") provide services in the Southeastern Europe, Egypt, as well as Western Europe. The Group employs in total 22,465 people of which 206 people, refer to discontinued operations (ATE Insurance S.A. and ATE Insurance Romania S.A.).

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

2 General accounting policies, critical accounting estimates and judgements

a. General accounting policies

The same accounting policies and methods of computation as those in the annual consolidated financial statements for the year ended 31 December 2013 have been followed.

The following new IFRSs and amendments have been issued by the International Accounting Standards Board, have been endorsed by the E.U and they are effective from 1/1/2014.

- **IAS 27 (Amendment), "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).** Following the issue of IFRS 10 that replaced all the guidance on control and consolidation in IAS 27, IAS 27 was renamed "Separate Financial Statements" and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
 - **IAS 28 (Amendment), "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2014).** IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
 - **IFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).** IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities.
 - **IFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2014).** IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. Joint arrangements are either classified as joint operations or joint ventures. Equity accounting is mandatory for participants in joint ventures.
-

- **IFRS 12, "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014).** IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 requires entities to disclose information that enables users of financial statements to evaluate the nature and risks associated with the entity's interests in other entities and the effects of those interests in the entity's financial statements.
- **IFRS 10, IFRS 11 and IFRS 12 (Amendment), "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" (effective for annual periods beginning on or after 1 January 2014).** The amendment in IFRS 10, 11 and 12 clarifies the transition guidance in IFRS 10 and provides relief from the presentation or adjustment of comparative periods prior to the immediately preceding period.
- **IFRS 10, IFRS 12 and IAS 27 (Amendments), "Investment Entities" (effective for annual periods beginning on or after 1 January 2014).** The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities which are accounted for as investments in fair value through profit or loss, despite the existence of control. They also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The above group of standards and amendments has no significant impact in the consolidated financial statements.

- **IAS 32 (Amendment), "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).** The amendment was issued in December 2011 to provide application guidance in IAS 32 to clarify the meaning of the criterion "currently has a legally enforceable right to set off". The amendment is applied retrospectively. This amendment has no significant impact in the consolidated financial statements.
- **IAS 36 (Amendment), "Impairment of non Financial Assets" (effective for annual periods beginning on or after 1 January 2014).** The amendment requires the disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognised or reversed. This amendment has no significant impact in the consolidated financial statements.
- **IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement" (effective for annual periods beginning on or after 1 January 2014).** The amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations. This amendment has no impact in the consolidated financial statements.

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

For the preparation of consolidated financial statements, the Group proceeds to certain accounting estimates and judgements that affect the reported amounts of certain assets and liabilities within the next financial year. Accounting estimates and judgements are continually evaluated based on historical experience as well as on expectations of future events.

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

b.1. Impairment losses on loans and other receivables

The Group examines, at every reporting period, whether trigger for impairment exists for its loans or loan portfolios. If such triggers exist, the recoverable amount of the loan portfolio is calculated and the relevant provision for this impairment is raised. The provision is recorded in the income statement. The estimates, methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Changes of management's estimates regarding the level of impairment of the Group's loan portfolio

During the 3rd quarter of 2014, the management of the Bank taking into account new information and available evidence, revised some of its estimates regarding the determination of future cash flows of its loan portfolio, which are used as inputs in both the collective and the individual impairment assessment models. According to management, these revised estimates, reflect better the current market conditions, as they encompass more recent information for the macroeconomic environment, recent legislature, as well as the initiation of the management of the non performing loans by the newly formed Recovery Banking Unit (RBU).

The main information that management took into account when revising its estimates over certain inputs of the methodology applied for measuring the recoverability of its loan portfolio, are presented below:

Macroeconomic environment and real estate values

The macroeconomic environment and especially the ongoing decline in the real estate values in Greece, as well as in some other countries where the Bank operates, coupled with the expected continuance of the moratorium in auctions, have led the Bank's management to revise its estimates regarding the value of tangible collateral held and the estimated loss upon liquidation.

According to the recent estimates of the Bank of Greece (BoG), the prices of residential real estate properties have declined by 7% in the third quarter of 2014 on an annual basis (source Bank of Greece: Residential Property Price Index), as opposed to previous estimates made in early 2014. In addition to this, the foreseen extension of the auction moratorium contributes to the extension of the liquidation period for the properties and therefore to the decline in the present value of expected cash flows. Lastly, there is a continuing declining trend in the commercial real estate market in certain Eastern European countries where the Bank operates, for which the Group's strategy entails gradual reduction of credit risk exposure, in accordance with the restructuring plan that was approved in July 2014 by DGComp.

Recent legislature changes

Law 4307/2014 sets out the legal framework under which certain past due business loans will be restructured. This framework will, inter alia, provide incentives to both lenders and borrowers to work out solutions entailing restructuring and / or partial write off of past due capital and interest. Borrowers with past due corporate loans for more than 90 days as of 30 June 2014, will be eligible for consideration under the new law.

It is expected that the above mentioned law will have a significant impact on the estimated future cash flows of SBLs and of a significant number of the SMEs. The relevant banking units have assessed the provisions of this law and have made

an initial estimate of the eligible borrowers and have adjusted the relevant inputs of the collective assessment model. In addition, management has evaluated the possible effects of the aforementioned law on the rest of the portfolio.

The management has taken into account the above mentioned developments and changed its estimate regarding the expected loss from restructured loans, mainly to small businesses and professionals and has adjusted the relevant parameter of the collective impairment assessment model.

Organizational changes to optimize the management of non - performing loans

During 2014, the special Recovery Banking Unit was formed with main responsibility the management of non performing loans. This specialized internal unit has been developed in order to manage non-performing loans efficiently and effectively, by using a specific framework of actions that includes client - specific solutions, either through restructuring and / or partial debt relief.

The Management of the Bank, in the third quarter of 2014, evaluated evidence produced from the management of non-performing loans by the RBU. The assessment of these portfolios based on the past experience of the above mentioned unit, resulted to the revision of the Management's estimate regarding the financial ability of specific corporate clients to wholly or partially recover and therefore to meet their debt obligations.

More specifically, the revised estimates for the future cash flows have been based on enriched information and more detailed data processing, relating to cases for which the Bank will be required to proceed with collateral liquidation or borrowers where the successful restructuring of their debt obligation requires even the partial write off of loan balances. Finally and based on the updated information, the management of the Bank proceeded with the adjustment of the credit risk collective measurement methodologies, thus resulting to the change of the probability of default and the loss given default rate used in the context of the collective assessment of loans managed by the RBU.

The management of the Bank, evaluating the above data, estimates that this change qualifies as a "change in accounting estimates" under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as the measurement basis of loans has not changed but the Management's estimates regarding parameters which are part of the measurement methodology of the recoverable amount, have been updated based on new facts and events that took place during 2014. Consequently, the result of the above re - evaluation, only affects the financial statements of the current period, as defined by paragraph 5 of IAS 8.

Impact on impairment losses on loans and advances to customers

The above information has led to the change of the Bank's Management estimate in relation to the parameters of estimated collectability and the probability of default of the collective and individual impairment assessment models and as a result the impairment loss:

- on mortgage loans has increased to € 342 million in the third quarter of 2014 compared to € 22 million in the second quarter of 2014. As a result, the stock of provisions and adjustments for mortgage loans as at September 2014 has increased to € 1,120 million.

- on corporate loans has increased to € 1,808 million in the third quarter of 2014, compared to € 427 million in the second quarter of 2014. As a result, the stock of provisions and adjustments for corporate loans as at September 2014 has increased to € 12,486 million.

The change in management's estimates regarding the loan book has resulted to total loan loss provisions of € 2,242 million in the third quarter of 2014, compared to € 515 million in the second quarter of 2014 and stock of provisions and adjustments of € 16,414 million, of which the provisions amount to € 8.4 billion, while the adjustments amount to € 8.0 billion. The movement of the impairment losses on loans and advances to customers is presented in note 15.

b.2. Fair value of derivative financial instruments

The fair values of derivative financial instruments that are not quoted in active markets are determined by using valuation techniques. All models use observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require Management's estimates. Assumptions and estimates that affect the reported fair values of financial instruments are examined regularly.

b.3. Impairment of available for sale portfolio and associate companies

- Available for sale portfolio

The available for sale portfolio is recorded at fair value and any changes in fair value are recorded in the available for sale reserve. Impairment of available for sale investments in shares and bonds is accounted for when the decline in the fair value below cost is significant or prolonged in the case of shares or there are reasonable grounds for the issuer's inability to meet its future obligations in the case of bonds. Then, the available for sale reserve is recycled to the consolidated income statement of the period.

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

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

- Associate companies

The Group tests for impairment the investments in associate companies, comparing the recoverable amount of the investment (the higher of the value in use and the fair value less cost to sell) with its carrying amount.

In these cases, a similar methodology is used with that described above, for the shares of the available for sale portfolio, while taking into account the present value of the estimated future cash flows expected to be generated by

the associate company. The amount of the permanent impairment of the investment, which may arise from the assessment, is recorded to the income statement.

b.4. Investment property

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

Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific investment property. If this information is not available, valuation methods are used. The fair value of investment property reflects rental income from current leases as well as assumptions about future rentals, taking into consideration current market conditions.

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

b.5. Income taxes

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

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

The Management's estimates, according to the enacted business plan, for the future tax results of the Group are based on the assumptions related to the greek economy prospect, as well as on other actions or amendments already implemented, improving the evolution of the future profitability.

Moreover, the Group examines the nature of temporary differences and tax losses, the ability for their recovery in accordance with the tax regulations related to their offsetting with profits generated in future periods (e.g. five years), or other specific tax regulations. For example, an extended period has been set by the Greek tax legislation allowing the recoverability of deferred tax related to the amortized loss from the participation of the Greek entities in Private Sector Involvement (PSI).

b.6. Goodwill/ negative goodwill

The acquisition method is used by the Group to account for the acquisition of subsidiaries. The Group, for the estimation of the fair values of identifiable assets and liabilities and contingent liabilities of the newly acquired subsidiaries, uses the method of purchase price allocation (PPA), according to the requirements of IFRS 3 "Business Combination". For this purpose, the Group uses estimates to determine the fair value of the acquired net assets.

In case of goodwill, the Group proceeds to impairment test annually and whenever there is an indication of impairment, by comparing the carrying amount of the cash generating unit, including goodwill, with the respective recoverable amount. In the context of this procedure, the Group's estimates for the determination of the recoverable amount include key

assumptions of the Management for the period of the estimated cash flows, the cash flows, the growth rate and the discount rate. These estimates are disclosed in the consolidated financial statements, in case that the amount of goodwill allocated to each cash generating unit is significant compared to the total goodwill, according to IAS 36.

3 Basis of preparation of the consolidated interim condensed financial information

The consolidated interim condensed financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and it should be read along with the Group's annual consolidated financial statements for the year ended 31 December 2013.

The financial statements of Piraeus Bank Group are prepared in euro. The amounts of the attached consolidated financial statements are expressed in thousand euros (unless otherwise stated) and roundings are performed in the nearest thousand. It shall be noted that, the figures of the consolidated income statement for the period 1/1-30/9/2014 are not comparable with the relevant figures for the period 1/1-30/9/2013 as Piraeus Bank acquired a) the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank on 26/3/2013 and b) Millennium Bank Group on 19/6/2013.

Piraeus Bank Group is affected by the economic variability and the volatility of the global markets and is exposed to risks that could potentially arise mainly in peripheral Eurozone countries.

The economic situation in Greece, though improving significantly fiscally, in combination with the political developments, still remains the main risk factor for the Greek banking sector. In case of negative developments in these areas, the Bank's and as a consequence the Group's liquidity, the quality of its loan portfolio, its profitability, and ultimately, its capital adequacy may significantly be affected. Furthermore, Greece's public debt sustainability constitutes an additional risk factor for the Greek banking system.

In March 2014, Bank of Greece published the capital needs for each of the Greek banks. Namely to Piraeus Bank, the capital requirement has been assessed at € 425 million in the baseline scenario (binding) and € 757 million in the adverse scenario.

In April 2014, the Bank's share capital increase of amount € 1.75 billion was completed, with the aim to: a) meet the capital needs as determined by the Bank of Greece, b) acquire in full the preference shares of total nominal amount € 750 million and c) further strengthen the capital adequacy ratios of the Group.

In May 2014, Piraeus Bank fully redeemed to the Hellenic Republic the total amount of preference shares (Pillar I Law 3723/2008) of € 750 million, issued to the latter by the Bank. The redemption of the preference shares to the Hellenic Republic significantly improved the quality of the Bank's capital position and constitutes a necessary first step to regain flexibility for future dividend payments.

Piraeus Bank participated -as one of the 128 systemically important European banks- in the Comprehensive Assessment conducted by ECB, within the framework for the creation of the Single Supervisory Mechanism (SSM) for European Union banks. The assessment began in November 2013 and the announcement of the results took place on 26th October 2014. Relevant to the results of the Comprehensive Assessment is the note 30 of the consolidated interim condensed financial information for the period of 1/1-30/9/2014.

Based on the results of the Comprehensive Assessment conducted by ECB, no additional capital needs arise for Piraeus Bank.

In addition, the following factors provide support to the economy and the Greek banking sector and shall therefore be taken into consideration:

- The recapitalisation programme of systemic banks in 2013 and the share capital increase that took place in spring 2014 for these banks.
- The financial support from the International Monetary Fund as well as from the European Union, in the context of the second economic adjustment programme for Greece.
- The capability to raise liquidity through the Eurosystem and through the markets.
- The application of the economic adjustment programme and the observed recovery of the Greek economy (i.e. 1.4% increase of GDP in the 3rd quarter of 2014 in an annual base, 25.9% decrease of unemployment in August 2014, primary fiscal surplus and current account surplus for 2013).

Taking into consideration the above, Piraeus Bank's Management estimates that the Group will continue in operational existence for the foreseeable future. Accordingly, the consolidated interim condensed financial information has been prepared on a going concern basis.

4 Fair values of assets and liabilities

a) Assets and liabilities not measured at fair value

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

Assets	Carrying Value		Fair Value	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Loans and advances to credit institutions	284,277	293,035	284,277	293,035
Loans and advances to customers (net of provisions)	56,294,813	62,365,774	56,213,705	62,255,628
Debt securities - receivables	14,443,349	15,628,221	14,906,061	15,860,534
Reverse repos with customers	204,615	7,124	204,615	7,115
Held to maturity investment securities	28,264	58,041	28,264	58,041

Liabilities	Carrying Value		Fair Value	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Due to credit institutions	20,112,467	26,274,952	20,112,467	26,274,952
Due to customers	54,824,476	54,279,320	54,824,476	54,279,320
Debt securities in issue	748,276	305,361	650,053	175,825
Hybrid capital and other borrowed funds	243,769	256,004	219,162	137,559

The fair values as at 30/9/2014 of loans and advances to credit institutions, reverse repos with customers, due to credit institutions and due to customers which are measured at amortized cost, are not materially different from the respective carrying values since they are very short term in duration and priced at current market rates. These rates are often repriced and due to their short duration they are discounted with the risk free rate.

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

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

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

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

b) Assets and liabilities measured at fair value

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

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed shares and bonds on exchanges and exchanges traded derivatives like futures.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes OTC derivatives and bonds. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).
- Level 3 – Level 3 includes shares categorized in the available for sale portfolio and derivative financial instruments. Shares and derivative financial instruments within level 3 are not traded in an active market or for which there are not available prices from external traders in order to determine their fair value. Therefore, variables for the valuation of the asset or liability are not based on observable market data (unobservable inputs). For the determination of the fair value of the aforementioned shares, the Bank uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. The Group, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions. The fair value of the shares of the Group within level 3 is only taken into account in case that there is evidence of impairment, else these shares are recorded at cost.

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

Assets & Liabilities measured at fair value	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	450,713	28,038	478,751
Financial Assets at FV through PL				
- Trading bonds	79,642	155,804	-	235,446
- Trading treasury bills	9,923	5,029	-	14,952
- Shares & other variable income securities of trading portfolio	4,132	405	-	4,537
Available for Sale Securities				
- Bonds	494,194	99,315	-	593,509
- Shares & other variable income securities	222,611	3,510	188,251	414,372
- Treasury bills	232,041	101,591	-	333,632
Liabilities				
Derivative financial instruments - liabilities	4	493,044	-	493,048

During the period 1/1-30/9/2014, no amount was transferred from level 2 to level 1 and vice versa.

The embedded derivative, of the convertible bond issued by Marfin Investment Group ('MIG') and acquired by the Bank in the 2nd quarter of 2014, has been included in level 3 of derivative financial assets. The aforementioned derivative has been separated from the host contract (bond) according to the applicable IAS 39 rules and is being accounted for as a standalone derivative at fair value. The number of bonds of the Convertible Bond Loan (which originally were 251,835,900) is reduced, during 3rd quarter 2014, due to the exercise of 90 million convertible bonds as at 16/9/2014, under the original agreement between Piraeus Bank and MIG. The shares acquired correspond to 17.8% of MIG share capital.

The embedded derivative's fair value as at 30/9/2014 was determined according to the Black & Scholes valuation model, the main variables of which were a) the historical volatility of the MIG stock price and b) the variation of the MIG stock price as at 30/9/2014.

The following table presents the movement of derivative financial instruments - assets and shares of the available for share portfolio within level 3:

Reconciliation of level 3 items	Derivative financial instruments - assets	Shares & Other variable Income securities
Opening balance 1/1/2014	0	194,427
Profit/ (loss) for the period	11,998	-
Shares purchases	35,000	128
Impairment	-	(6,996)
Disposals	(18,960)	(147)
FX differences	-	657
Other income	-	(221)
Transfer to level 3	-	404
Transfer from level 3	-	-
Total 30/9/2014	28,038	188,251

The following table presents the sensitivity analysis of Level 3 available for sale securities and derivative financial instruments - assets :

in million euros :	Favourable changes	Unfavourable changes
Income Statement		
Shares & other variable Income securities	-	(26)
Derivative financial instruments - assets	33	(25)
Equity Statement		
Shares & other variable Income securities	13	(5)

In case that the historical volatility in the MIG stock price is between 20% and 60% and if also, in combination, the MIG stock price as at 30/9/2014 is changed by +/- 10%, then the change in the fair value of the embedded derivative as compared to its fair value as at 30/9/2014, will range between -90% and + 117% approximately.

The estimation of the change in the fair value of shares in level 3, has been approached by various methods, such as:

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

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

5 Business segments

Piraeus Bank Group has defined the following business segments:

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

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

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

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

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

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

The presentation of the business segments for the period 1/1-30/9/2014 is more detailed, with no changes in their structure. Furthermore, eliminations have been allocated to the relevant business segments of the Group and the analysis of the profit or loss for the Group relates to the continuing operations. The presentation of the disclosure for the comparative period of the period 1/1-30/9/2013 has been changed accordingly.

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

1/1-30/9/2014	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	1,015,466	552,351	809	82,604	(163,333)	1,487,897
Net fee and commission income	189,551	39,431	6,289	9,505	1,831	246,607
Other income	25,737	188,374	2,282	(50,298)	64,430	230,524
Net Income	1,230,754	780,155	9,380	41,811	(97,072)	1,965,027
Depreciation and amortisation	(69,138)	(4,664)	(285)	(393)	(47,867)	(122,347)
Impairment losses on loans and other receivables	(2,722,304)	(539,252)	(2,482)	-	(55,513)	(3,319,550)
Impairment on participation and investment securities	-	-	-	-	(16,660)	(16,660)
Other provisions and impairment	(2,164)	(1,080)	-	-	(5,797)	(9,042)
Share of profit of associates	-	-	-	-	11,364	11,364
Results before tax	(2,372,788)	157,059	(987)	2,064	(239,220)	(2,453,872)
Income tax						814,338
Results after tax from continuing operations						(1,639,534)
Results after income tax from discontinued operations						1,825
Results after tax for the period						(1,637,709)
As at 30 September 2014						
Total assets	44,853,949	14,171,468	54,453	17,403,361	9,935,389	86,418,619
Total liabilities	49,175,223	2,795,764	56,636	22,811,209	3,810,911	78,649,743
Capital expenditure	123,075	9,298	103	39,732	66,232	238,441

1/1-30/9/2013	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Group
Net interest income	728,351	505,724	458	107,640	(154,853)	1,187,321
Net fee and commission income	133,466	33,841	6,428	4,565	17,109	195,410
Other income	34,919	2,522	3,226	47,861	3,888,067	3,976,595
Net Income	896,736	542,087	10,112	160,066	3,750,324	5,359,325
Depreciation and amortisation	(42,418)	(6,378)	(274)	(1,004)	(42,691)	(92,765)
Impairment losses on loans and other receivables	(1,187,812)	(380,322)	-	-	(44,059)	(1,612,192)
Impairment on participation and investment securities	-	-	(13)	(83)	(32,494)	(32,591)
Other provisions and impairment	(1,573)	(278)	-	-	(37,092)	(38,943)
Share of profit of associates	-	-	-	-	(4,330)	(4,330)
Results before tax	(1,408,983)	107,796	(2,488)	141,665	3,780,335	2,618,325
Income tax						607,707
Results after tax from continuing operations						3,226,032
Results after income tax from discontinued operations						19,106
Results after tax for the period						3,245,138
As at 31 December 2013						
Total assets	47,484,571	17,669,581	72,248	18,602,766	8,180,427	92,009,592
Total liabilities	48,773,182	2,806,125	909,817	27,506,067	3,471,502	83,466,694
As at 30 September 2013						
Capital expenditure	106,947	6,483	113	573	60,956	175,072

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

During the period 1/1 - 30/9/2013, negative goodwill due to the acquisition of the Greek banking operations of the three Cypriot banks, of the acquired assets and liabilities of former ATEbank, of Geniki Bank S.A. and of Millennium Bank S.A. is included in lines "Other operating income", "Net Income" and "Results before tax" of other business segments.

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

The intercompany transactions among the business segments are realised under normal commercial terms.

6 Net income from financial instruments designated at fair value through profit or loss

Net income from financial instruments designated at fair value through profit or loss amounts to a loss of € 64.0 million for the period 1/1-30/9/2014, mainly due to the loss from derivatives and foreign exchange losses.

7 Results from investment securities

Results from investment securities amount to a gain of € 74.3 million for the period 1/1-30/9/2014, mainly due to the sale of listed shares of the available for sale portfolio.

8 Other operating income

In the period 1/1-30/9/2014, "Other operating income" was affected mainly by: a) the gain of €144 million resulting from the replacement of one of the two acquired loans of MIG companies, for a total consideration of € 165 million, with a convertible bond issued by MIG and b) the amount of € 39 million approximately, resulting from the recognition of an additional value on acquired loans due to additional collateral.

9 Profit/ (loss) and balance sheet from discontinued operations

Both periods 1/1-30/9/2014 and 1/1-30/9/2013 include the results of ATE Insurance S.A. and ATE Insurance Romania S.A., for which the sale process is in progress.

	1/1-30/9/2014	1/1-30/9/2013
Net interest income	1,353	1,371
Net fee and commission income	(47)	(33)
Dividend Income	55	64
Net income from financial instruments designated at fair value through profit or loss	1,325	5,488
Results from investment securities	44	-
Other operating income	23,415	51,369
Total net income	26,145	58,259
Staff costs	(9,778)	(22,729)
Administrative expenses	(7,963)	(8,350)
Depreciation and amortization	(1,130)	(1,395)
Total operating expenses before provisions	(18,870)	(32,474)
Other provisions and impairment	(2,017)	-
Profit/ (loss) before income tax	5,258	25,785
Income tax	(3,433)	(6,679)
Profit/ (loss) after income tax from discontinued operations	1,825	19,106

The following assets and liabilities as at 30/9/2014 and 31/12/2013 relate to the companies ATE Insurance S.A and ATE Insurance Romania S.A.:

	30 September 2014	31 December 2013
ASSETS		
Cash and balances with Central Banks	524	817
Loans and advances to credit institutions	3,959	1,989
Financial instruments at fair value through profit or loss	8,945	9,569
Available for sale securities	79,951	90,813
Held to maturity	21,187	19,976
Investment property	2,072	2,246
Property, plant and equipment	45,073	47,894
Intangible assets	899	898
Deferred tax assets	63,984	64,263
Other assets	97,263	119,192
Total Assets	323,858	357,657
LIABILITIES		
Deferred tax liabilities	19	17
Retirement benefit obligations	6,468	7,376
Other provisions	485,550	505,976
Other liabilities	28,174	43,205
Total Liabilities	520,212	556,574

10 Income tax

	1/1-30/9/2014	1/1-30/9/2013
Current Tax	(26,429)	(10,677)
Deferred tax	843,847	620,994
Provisions for tax differences	(3,081)	(2,610)
	814,338	607,707

In accordance with the provisions of the enacted Greek Tax Law (L.4172/2013), the income tax rate for Greek legal entities is set at 26% for the years from 1/1/2014 and thereon and at 10% for dividends distribution, which will be approved from 1/1/2014 and thereon.

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the years of 2013 and 2014 (Bulgaria: 10%, Romania: 16%, Egypt: 25% for 2014 and 20% for net income not exceeding 10,000,000 EGP and 25% for net income exceeding the above amount for 2013, Serbia: 15% , Ukraine: 18% for 2014 and 19% for 2013, Cyprus: 12.5%, Albania: 15% for 2014 and 10% for 2013 and United Kingdom: 21% from 01/04/2014 and 23% from 01/04/2013 until 31/03/2014 and 24% until 31/03/2013).

The income tax revenue as at 30/9/2014 amounts to € 814 million and was mainly affected from the additional provisions for loan impairments (€ 638 million) recorded to the financial statements according to the International Financial Reporting Standards, in relation to the respective amounts recognized for tax purposes, as well as, from the partial recognition of deferred tax asset (€ 232 million) on the Group's negative tax reserve in accordance with the provisions of article 72 of Law 4172/2013.

Deferred tax on the tax losses of the Bank and its subsidiaries is based on the best possible estimates of their Management for the future evolution of the tax results and on the Group's approved Restructuring plan.

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

For the fiscal years 2011, 2012 and 2013, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non qualified Tax Compliance Report has been issued. For the fiscal year 2013, Piraeus Bank has received a Tax Compliance report with an emphasis of matters on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other countries members of the European Union, according to which the abovementioned transactions are not subject to tax. It is noted that, for tax audit purposes, the fiscal year 2011 has been finalized. Namely to the subsidiaries and associates of Piraeus Bank Group that are incorporated in Greece and which must be audited according to the applicable law in force, the tax audit of these entities for the years 2011, 2012 and 2013 has been completed and the relevant Tax Compliance Reports have been issued.

The unaudited tax years of the Group's subsidiaries and associates, are included in Note 18 of the Consolidated Interim Condensed Financial Information and therefore their tax liabilities for these years have not been finalized.

According to Law 4303/2014 "Ratification of the Legislative Act " Emergency legislation to replenish the General Secretary of Revenue upon early termination of office" (A 136) and other provisions, deferred tax assets, on specific temporary differences, can be converted into directly enforceable claims against the Greek State, under certain conditions and terms.

As at 30/9/2014, deferred tax assets of the Group, meeting the provisions of Law, rise up to € 3.5 bn approximately, of which € 1.3 bn approximately regards the remaining unamortized amount of debit difference from the participation on the Private Sector Involvement program PSI and € 2.2 bn approximately regards accumulated provisions for loan impairments.

11 Earnings/ (losses) per share

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

Basic and diluted earnings/ (losses) per share from continuing operations	1/1-30/9/2014	1/1-30/9/2013	1/7-30/9/2014	1/7-30/9/2013
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	(1,640,079)	3,231,781	(1,557,736)	(277,142)
Weighted average number of ordinary shares in issue	5,768,287,122	2,008,004,117	6,101,968,350	5,223,164,929
Basic and diluted earnings/ (losses) per share (in euros) from continuing operations	(0.2843)	1.6094	(0.2553)	(0.0531)

Basic and diluted earnings/ (losses) per share from discontinued operations	1/1-30/9/2014	1/1-30/9/2013	1/7-30/9/2014	1/7-30/9/2013
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	1,827	19,106	2,390	(2,039)
Weighted average number of ordinary shares in issue	5,768,287,122	2,008,004,117	6,101,968,350	5,223,164,929
Basic and diluted earnings/ (losses) per share (in euros) from discontinued operations	0.0003	0.0095	0.0004	(0.0004)

According to the requirements of IAS 33, the weighted average number of shares for the comparative period from 1/1/2013 - 30/9/2013 has been adjusted by 1.0297 factor, in order to adjust earnings / (losses) per share for the discount price of the rights issue of the share capital increase that took place in April 2014.

12 Analysis of other comprehensive income

A. Continuing operations

1/1-30/9/2014	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	(117,518)	31,064	(86,455)
Change in currency translation reserve	2,062	-	2,062
Amounts that cannot be reclassified in the Income Statement			
Change in reserve of defined benefit obligations	404	(122)	282
Other comprehensive income from continuing operations	(115,052)	30,942	(84,110)

1/1-30/9/2013	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	78,970	(23,705)	55,265
Change in currency translation reserve	10,691	-	10,691
Other comprehensive income from continuing operations	89,661	(23,705)	65,956

B. Discontinued operations

1/1-30/9/2014	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	4,151	-	4,151
Change in currency translation reserve	185	-	185
Other comprehensive income from discontinued operations	4,336	0	4,336

1/1-30/9/2013	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Change in available for sale reserve	4,072	-	4,072
Change in currency translation reserve	(33)	-	(33)
Other comprehensive income from discontinued operations	4,039	0	4,039

13 Cash and balances with Central Banks

	30 September 2014	31 December 2013
Cash in hand	746,791	765,839
Nostros and sight accounts with other banks	410,025	416,691
Balances with Central Banks	524,897	246,221
Cheques clearing system - Central Banks	161,362	164,645
Blocked deposits	993,997	873,743
Mandatory reserves with Central Banks	486,118	407,633
	3,323,191	2,874,771

Mandatory reserves with the Central Banks and blocked deposits are not available for daily banking operations by the Group. The amount of blocked deposits mainly contains guarantees granted to credit institutions.

14 Financial assets at fair value through profit or loss

	30 September 2014	31 December 2013
Trading securities		
Greek government bonds	79,642	20,888
Foreign government bonds	155,804	163,083
Greek government treasury bills	899	5,360
Foreign government treasury bills	14,053	-
Total	250,398	189,330
Athens stock exchange listed shares	4,124	6,989
Foreign stock exchanges listed shares	8	5
Mutual funds	405	606
Total	4,537	7,599
Total trading securities (A)	254,935	196,930
Other financial assets at fair value through profit or loss (B)	0	17,183
Total (A) + (B)	254,935	214,113

15 Loans and advances to customers

	30 September 2014	31 December 2013
Mortgages	17,250,747	17,657,558
Consumer/ personal and other loans	4,786,796	5,102,862
Credit cards	1,187,981	1,248,952
Loans to individuals	23,225,525	24,009,372
Loans to corporate entities and Public sector	41,474,239	44,065,175
Total loans and advances to customers	64,699,764	68,074,546
Less: Allowance for impairment on loans and advances to customers	(8,404,951)	(5,708,773)
Total loans and advances to customers (net of provisions)	56,294,813	62,365,774

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

	Mortgages	Consumer/ personal and other loans	Credit cards	Total loans to individuals	Loans to corporate entities and Public sector	Total
Opening balance at 1/1/2013	190,168	789,796	190,795	1,170,760	2,662,203	3,832,963
Charge for the period	46,059	151,459	17,398	214,916	1,324,842	1,539,758
Loans written-off	(6,073)	(25,053)	(31,869)	(62,995)	(91,461)	(154,456)
Foreign exchange differences and other movements	8	(1,654)	(476)	(2,121)	(30,496)	(32,617)
Balance at 30/9/2013	230,162	914,549	175,849	1,320,560	3,865,089	5,185,649
Opening balance at 1/1/2013	230,162	914,549	175,849	1,320,560	3,865,089	5,185,649
Charge for the period	80,608	170,406	109,498	360,512	317,085	677,596
Loans written-off	(338)	(43,533)	(10,060)	(53,931)	(74,148)	(128,079)
Foreign exchange differences and other movements	(1,528)	(8,021)	(1,610)	(11,158)	(15,235)	(26,393)
Balance at 31/12/2013	308,904	1,033,401	273,677	1,615,982	4,092,790	5,708,772
Opening balance at 1/1/2014	308,904	1,033,401	273,677	1,615,982	4,092,790	5,708,772
Charge for the period	387,740	156,879	67,595	612,214	2,625,801	3,238,015
Loans written-off	(4,469)	(207,973)	(30,397)	(242,839)	(215,287)	(458,126)
Foreign exchange differences and other movements	932	4,724	215	5,871	(89,583)	(83,711)
Balance at 30/9/2014	693,108	987,032	311,090	1,991,229	6,413,722	8,404,951

"Impairment losses on loans and other receivables" in the Consolidated Interim Income Statement for the period 1/1 - 30/9/2014 includes an amount of € 81.5 million that relates to impairment losses on other receivables.

It is noted that the allowance for impairment of loans of the Group of former ATEbank, Geniki Bank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank) and Millennium Bank SA at their acquisition date by Piraeus Group, has decreased the gross balance of loans in the tables above, as under IFRS 3 it has been included in the adjustment of loans to fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the provision. The analysis of the adjustment that has taken place as at the acquisition date per loan category follows:

Loans and advances to customers	
Mortgages	(426,770)
Consumer/ personal loans	(1,160,754)
Credit cards	(349,280)
Loans to individuals	(1,936,803)
Corporate and Public sector loans	(6,102,277)
Total adjustment	(8,039,080)

16 Available for sale securities

	30 September 2014	31 December 2013
Greek government bonds	343,441	38,636
Foreign government bonds	248,721	320,091
Corporate entities bonds	835	41,608
Bank bonds	513	1,162
Greek government treasury bills	223,765	381,825
Foreign government treasury bills	109,867	111,916
Total bonds and other fixed income securities (A)	927,141	895,238
Athens stock exchange listed shares	114,354	196,461
Foreign stock exchange listed shares	26,315	26,162
Unlisted shares	164,171	150,813
Mutual funds	50,582	56,808
Other variable income securities	58,950	52,268
Total shares and other variable income securities (B)	414,372	482,512
Total available for sale securities (A) + (B)	1,341,514	1,377,750

17 Debt securities - receivables

	30 September 2014	31 December 2013
Corporate entities debt securities - receivables	4,858	4,535
Bank debt securities - receivables	23,846	23,846
Greek government bonds debt securities - receivables	-	1,272,203
Foreign government bonds debt securities - receivables and EFSF bonds	14,438,491	14,351,482
Total debt securities - receivables	14,467,195	15,652,066
Less: Allowance for impairment on debt securities - receivables	(23,846)	(23,846)
Debt securities - receivables (less allowances for losses)	14,443,349	15,628,221

The decrease of the debt securities-receivables issued by the Hellenic Republic during the period 1/1-30/9/2014, is mainly due: (a) to the full redemption by the Bank of the total preference shares (Pillar I L.3723/2008) in the amount of amount € 750 million, issued to the Hellenic Republic by the Bank, in exchange for the debt securities of the Hellenic Republic, which were initially transferred to Piraeus Bank in order to cover the issuance of the preference shares, and (b) due to the expiration of a bond of the Hellenic Republic with a nominal value of € 462 million.

Line "Foreign government bonds debt securities - receivables and EFSF bonds" includes bonds issued by the European Financial Stability Fund (EFSF) of nominal value € 7,295 million, which the Bank received under the transfer agreement of selected assets and liabilities of the former ATEbank. In the aforementioned category are also included bonds of the same issuer amounting to nominal value € 6,848 million, which the Bank received as a result of the participation of the Greek Financial Stability Fund in the share capital increase of Piraeus Bank. The book value of the above mentioned debt securities amounted to € 14,314 million as at 30/9/2014.

Bonds of book value € 124 million held by subsidiaries of the Group are also included in line "Foreign government bonds debt securities - receivables and EFSF bonds".

18 Investments in subsidiaries and associate companies

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

A) Subsidiaries companies (full consolidation method) from continuing operations

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
1.	Tirana Bank I.B.C. S.A.	Banking activities	98.83%	Albania	2012-2013
2.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2013
3.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2013
4.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2013
5.	Piraeus Bank Egypt S.A.E.	Banking activities	98.49%	Egypt	2005-2013
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2011-2013
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus	2007-2013
8.	Geniki Bank S.A.	Banking activities	99.94%	Greece	2005-2010, 2012-2013
9.	Piraeus Leasing Romania S.R.L.	Finance leases	100.00%	Romania	2003-2013
10.	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2012-2013
11.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2010,2012- 2013
12.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom	-
13.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria	2008-2013
14.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom	-
15.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010,2012- 2013
16.	Picar S.A.	City Link areas management	100.00%	Greece	2010,2012- 2013

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
17.	Bulfina S.A.	Property management	100.00%	Bulgaria	2008-2013
18.	General Construction and Development Co. S.A.	Property development/ holding company	66.67%	Greece	2010,2012-2013
19.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece	2010,2012-2013
20.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010,2012-2013
21.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2012-2013
22.	ND Development S.A.	Property management	100.00%	Greece	2010,2012-2013
23.	Property Horizon S.A.	Property management	100.00%	Greece	2010,2012-2013
24.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	65.00%	Greece	2010,2012-2013
25.	Piraeus Development S.A.	Property management	100.00%	Greece	2010,2012-2013
26.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010,2012-2013
27.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2013
28.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
29.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.89%	Cyprus	2006-2013
30.	Lakkos Mikelli Real Estate LTD	Property management	50.66%	Cyprus	2009-2013
31.	Philoktimatiki Public LTD	Land and property development	53.31%	Cyprus	2009-2013
32.	Philoktimatiki Ergoliptiki LTD	Construction company	53.31%	Cyprus	2008-2013
33.	IMITHEA S.A.(former New Evolution S.A.)	Organization, operation and management of hospital units	100.00%	Greece	2010,2012-2013
34.	EMF Investors Limited	Investment company	100.00%	Cyprus	2008-2013
35.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2012-2013
36.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2005-2010, 2012-2013
37.	Sunholdings Properties Company LTD	Land and property development	26.66%	Cyprus	2008-2013
38.	Polytropon Properties Limited	Land and property development	39.98%	Cyprus	2008-2013
39.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	-
40.	Vitria Investments S.A.	Investment company	100.00%	Panama	-
41.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2013
42.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	-
43.	Piraeus Egypt Leasing Co.	Finance leases	98.49%	Egypt	2007-2013
44.	Piraeus Egypt for Securities Brokerage Co.	Stock exchange operations	98.49%	Egypt	2007-2013
45.	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and reinsurance brokerage	100.00%	Romania	2009-2013
46.	Piraeus Real Estate Consultants S.R.L.	Construction company	100.00%	Romania	2007-2013
47.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2007-2010, 2012-2013
48.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2013

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
49.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases- Rent-a-Car and long term rental of vehicles	94.00%	Greece	2009-2010, 2012-2013
50.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2013
51.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	-	United Kingdom	-
52.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2013
53.	Piraeus Real Estate Consultants Doo	Construction company	100.00%	Serbia	2008-2013
54.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2013
55.	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2007-2013
56.	Piraeus Bank Egypt Investment Company	Investment company	98.47%	Egypt	2007-2013
57.	Piraeus Insurance Agency S.A.	Insurance - agency	100.00%	Greece	2010,2012-2013
58.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010,2012-2013
59.	Piraeus Insurance Brokerage Egypt	Insurance brokerage	96.51%	Egypt	2008-2013
60.	Integrated Services Systems Co.	Warehouse & mail distribution management	98.48%	Egypt	2004-2013
61.	Axia Finance PLC	SPE for securitization of corporate loans	-	United Kingdom	-
62.	Praxis I Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
63.	Axia Finance III PLC	SPE for securitization of corporate loans	-	United Kingdom	-
64.	Praxis II Finance PLC	SPE for securitization of consumer loans	-	United Kingdom	-
65.	Axia III APC LIMITED	SPE for securitization of corporate loans	-	United Kingdom	-
66.	Praxis II APC LIMITED	SPE for securitization of consumer loans	-	United Kingdom	-
67.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	-
68.	R.E Anodus LTD	Consultancy services for real estate development and investments	100.00%	Cyprus	2009-2013
69.	Pleiades Estate S.A.	Property management	100.00%	Greece	2010,2012-2013
70.	Solum Limited Liability Company	Property management	99.00%	Ukraine	2009-2013
71.	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2013
72.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2013
73.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010,2012-2013
74.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus	2011-2013
75.	Piraeus Equity Advisors Ltd.	Investment advise	100.00%	Cyprus	2009-2013
76.	Achaia Clauss Estate S.A.	Property management	74.76%	Greece	2010,2012-2013
77.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2013
78.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	-
79.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	-
80.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2009-2013

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
81.	Curdart Holding Ltd	Holding company	100.00%	Cyprus	2009-2013
82.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2013
83.	Piraeus Clean Energy Holdings LTD	Holding Company	100.00%	Cyprus	2010-2013
84.	Visa Rent A Car S.A.	Rent A Car company	94.00%	Greece	2010, 2012-2013
85.	Adflikton Investments LTD	Property Management	100.00%	Cyprus	2009-2013
86.	Costpleo Investments LTD	Property Management	100.00%	Cyprus	2010-2013
87.	Cutsofiar Enterprises LTD	Property Management	100.00%	Cyprus	2010-2013
88.	Gravieron Company LTD	Property Management	100.00%	Cyprus	2008-2013
89.	Kaihur Investments LTD	Property Management	100.00%	Cyprus	2007-2013
90.	Pertanam Enterprises LTD	Property Management	100.00%	Cyprus	2007-2013
91.	Rockory Enterprises LTD	Property Management	100.00%	Cyprus	2010-2013
92.	Topuni Investments LTD	Property Management	100.00%	Cyprus	2007-2013
93.	Albalate Company LTD	Property Management	100.00%	Cyprus	2011-2013
94.	Akimoria Enterprises LTD	Property Management	100.00%	Cyprus	2011-2013
95.	Alarconaco Enterprises LTD	Property Management	100.00%	Cyprus	2011-2013
96.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece	2010,2012-2013
97.	Parking Kosmopolis S.A.	Parking Management	100.00%	Greece	2010,2012-2013
98.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011-2013
99.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2013
100.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	83.00%	Greece	2013
101.	Asset Management Bulgaria EOOD	Travel - rental services and property management	100.00%	Bulgaria	2012-2013
102.	Arigeo Energy Holdings Ltd	Holding Company in Renewable Energy	100.00%	Cyprus	2012-2013
103.	Exus Software Ltd.	IT products Retailer	50.10%	United Kingdom	2013
104.	Proiect Season Residence SRL	Real Estate Development	100.00%	Romania	2012-2013
105.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of Venture Capital Fund	100.00%	Greece	2013
106.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	80.00%	Greece	2013
107.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	-
108.	Geniki Financial & Consulting Services S.A.	Financial & Consulting Services	99.94%	Greece	2010-2013
109.	Geniki Insurance Agency S.A.	Insurance Agency	99.94%	Greece	2010-2013
110.	Geniki Information S.A.	Assessment and collection of commercial debts	99.94%	Greece	2010-2013
111.	Solum Enterprise LLC	Property management	99.00%	Ukraine	2012-2013
112.	General Business Management Investitii S.R.L.	Development of Building Projects	100.00%	Romania	2013

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
113.	Centre of Sustainable Entrepreneurship Excelixi S.A. (former ATExcelixi S.A.)	Consulting Services - Hotel - Training & Seminars	100.00%	Greece	2010,2012-2013
114.	Piraeus Bank (Cyprus) Nominees Limited	Defunct	100.00%	Cyprus	2012-2013
115.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010,2012-2013
116.	Mille Fin S.A.	Vehicle Trading	100.00%	Greece	2010,2012-2013
117.	Geniki Asset Management A.E.D.A.K. (former Millennium A.E.D.A.K.)	Mutual funds management	99.94%	Greece	2010,2012-2013
118.	Kion Mortgage Finance Plc	SPE for securitization of mortgage loans	-	United Kingdom	-
119.	Kion Mortgage Finance No.3 Plc	SPE for securitization of mortgage loans	-	United Kingdom	-
120.	Kion CLO Finance No.1 Plc	SPE for securitization of mortgage loans	-	United Kingdom	-
121.	Re Anodus Two Ltd	Holding and Investment Company	99.09%	Cyprus	2013
122.	Sinitem Llc	Sale and Purchase of Real Estate	99.00%	Ukraine	2013
123.	Beta Asset Management Eood	Rent and Management of Real Estate	99.98%	Bulgaria	2013
124.	Linklife Food & Entertainment Hall S.A.	Operation of Food and Entertainment Halls	100.00%	Greece	2013
125.	R.E. Anodus SRL	Real Estate Development	99.09%	Romania	2013
126.	Entropia Ktimatiki S.A.	Property Management	66.70%	Greece	2010-2013
127.	Tellurion Ltd	Holding Company	100.00%	Cyprus	2013
128.	Tellurion Two Ltd	Holding Company	99.09%	Cyprus	2013
129.	Akinita LTD LLC	Real estate development	99.09%	Ukraine	-
130.	Daphne Real Estate Consultancy SRL	Real estate development	99.09%	Romania	-
131.	Rhesus Development Projects SRL	Real estate development	99.09%	Romania	-
132.	Varna Asset Management EOOD	Real estate development	99.98%	Bulgaria	-
133.	Piraeus Real Estate Tirana Sh.P.K.	Real estate development	100.00%	Albania	-
134.	Priam Business Consultancy SRL	Real estate development	99.18%	Romania	-

Companies numbered 28, 51, 61-66 and 118 - 120 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 37 and 38 although presenting less than 50% holding percentage, are included in the Group's subsidiaries' portfolio due to existence of control.

Also, as at 30/9/2014 the companies numbered 27, 39, 40, 44, 48, 53 and 119 - 120 were under liquidation.

The subsidiaries that are excluded from the consolidation are as follows: a) "Asbestos Mines S.A.", b) "Hellenic Industry of Aluminum", c) "ELSYF S.A.", d) "Blue Wings Ltd", e) "Piraeus Bank's Congress Centre", f) "Piraeus Bank Group Cultural Foundation", g) "Procas Holding Ltd", h) "Phoebe Investments SRL", i) "Core investments Project SRL", j) "Amaryllis Investments Consultancy SRL", k) "Torborg Maritime Inc.", l) "Isham Marine Corp.", m) "Cybele Management Company", n) "Alegre Shipping Ltd", o) "Maximus Chartering Co.", p) "Lantana Navigation Corp.", q) "Bayamo Shipping Co.", r) "Pallas Shipping SA", s) "Sybil Navigation Co.", t) "Zephyros Marine INC" and u) "Marathon 1 Greenvale Rd LLC".

The companies numbered (a)-(c) are fully depreciated, under liquidation status. The company numbered (d) is under idle status. The companies numbered (g)-(j) have not started operating yet. The companies numbered (k),(l) and (q)-(t) have been inactivated and will be set under dissolution. The companies numbered (m)-(p) have been dissolved and set under liquidation and the company numbered (u) has been excluded due to immaterial figures. The consolidation of the above mentioned companies does not affect the financial position and result of the Group.

B) Associate companies (equity accounting method) from continuing operations

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
1.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	30.45%	Greece	2010-2013
2.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2013
3.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2013
4.	Alexandria for Development & Investment	Investment company	21.67%	Egypt	2008-2013
5.	Nile Shoes Company	Footwear seller- manufacturer	38.74%	Egypt	2003-2013
6.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding Company	27.80%	Greece	2010,2012-2013
7.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	27.80%	Greece	2010,2012-2013
8.	Trieris Real Estate LTD	Property management	22.94%	British Virgin Islands	-
9.	European Reliance Gen. Insurance Co. S.A.	General and life insurance and reinsurance	30.23%	Greece	2012-2013
10.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece	2010,2012-2013
11.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010,2012-2013
12.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece	2010,2012-2013
13.	Euroterra S.A.	Property management	39.22%	Greece	2010-2013
14.	Rebikat S.A.	Property management	40.00%	Greece	2010-2013
15.	Abies S.A.	Property management	40.00%	Greece	2010-2013
16.	ACT Services S.A.	Accounting and tax consulting	49.00%	Greece	2012-2013
17.	Exus S.A.	Information technology & software	49.90%	Greece	2010,2012-2013
18.	Good Works Energy Photovoltaics S.A.	Construction & operation PV solar projects	33.15%	Greece	2006,2012-2013
19.	Piraeus - TANEQ Capital Fund	Close end Venture capital fund	50.01%	Greece	-
20.	AIK Banka	Banking activities	20.86%	Serbia	2013
21.	Teiresias S.A.	Inter banking company. Development, operation and management of information systems	23.53%	Greece	2010,2012-2013
22.	PJ Tech Catalyst Fund	Close end Venture capital fund	30.00%	Greece	-
23.	Pyrrichos S.A.	Property management	50.76%	Greece	2010,2012-2013
24.	Hellenic Seaways Maritime S.A.	Maritime transport - Coastal shipping	23.42%	Greece	2007-2013
25.	Euroak S.A. Real Estate	Real Estate Investment	32.81%	Greece	2010-2013

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
26.	Gaia S.A.	Software services	30.00%	Greece	-
27.	Olganos S.A.	Property management/Electricity Production from Hydropower Stations	32.27%	Greece	-

The company numbered 19 is included in the associate companies' portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investment committee of the fund, which takes the investment decisions. The company numbered 23 is included in the associate companies' portfolio since the Group has significant influence and not control. The company numbered 18 is under liquidation as at 30/9/2014.

The changes in the portfolio of subsidiaries and associates are included in note 27.

The associate company "Evrytania S.A. Agricultural Development Company" has been excluded from the consolidation under the equity method of accounting, since it is under idle status.

C) Subsidiaries from discontinued operations

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

s/n	Name of Company	Activity	% Holding	Country	Unaudited tax years
1.	ATE Insurance S.A.	Insurance	100.00%	Greece	2008-2010, 2012-2013
2.	ATE Insurance Romania S.A.	Insurance	99.47%	Romania	2007-2013

19 Due to credit institutions

"Due to credit institutions" includes refinancing operations through repo transactions within the eurosystem amounting to € 10 billion (31/12/2013: € 17.9 billion). The decrease in the refinancing raised from the eurosystem during the period 1/1-30/9/2014 is mainly due to the improvement of liquidity due to the share capital increase (€ 1.75 billion), interbank repo transactions, the repayment of loans to OPEKEPE (€ 1.9 billion) and the issue of a senior bond (€ 500 million).

20 Due to customers

	30 September 2014	31 December 2013
Corporate		
Current and sight deposits	6,531,236	6,681,967
Term deposits	6,079,516	5,575,333
Blocked deposits, guarantee deposits and other accounts	156,002	249,080
Repurchase agreements	23,777	14,411
Total (A)	12,790,531	12,520,790
Retail		
Current and sight deposits	2,392,661	2,281,624
Savings account	12,277,482	12,870,403
Term deposits	27,174,550	26,481,239
Blocked deposits, guarantee deposits and other accounts	24,059	23,783
Repurchase agreements	259	784
Total (B)	41,869,011	41,657,833
Cheques payable and remittances (C)	164,934	100,697
Total Due to Customers (A)+(B)+(C)	54,824,476	54,279,320

21 Debt securities in issue

	30 September 2014	31 December 2013
Euro Medium Term Note		
€ 60 m. floating rate notes due 2015	60,000	60,000
€ 500 m. fixed rate notes due 2017	496,328	-
Accrued interest and other expenses	13,053	1,197
Total (A)	569,380	61,197
Securitisation of mortgage loans		
€ 750 m. floating rate notes due 2040	48,929	56,665
€ 1,250 m. floating rate notes due 2054	94,880	116,098
€ 600 m. floating rate notes due 2051	35,087	71,400
Total (B)	178,896	244,163
Total debt securities in issue (A)+(B)	748,276	305,360

It should be noted that, apart from the debt securities in the table above, as at 30/9/2014 liabilities arising from securitisations of loans are retained by Piraeus Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively.

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

In February 2014, Piraeus Bank issued a € 1,750 million senior bond, due March 2015, with the unconditional and irrevocable guarantee of the Hellenic Republic, under Art. 2 of Law 3723/2008, through Piraeus Bank's EMTN programme. The bond pays a floating rate coupon of 3M Euribor plus 1200 bps and is retained by Piraeus Bank. In May 2014 and June 2014, bonds of € 2,370 million and € 2,206.5 million respectively, issued in 2013 by Piraeus Bank with the unconditional and irrevocable guarantee of the Hellenic Republic (art. 2 of Law 3723/2008) and were retained by Piraeus Bank, matured and have not been renewed.

In March 2014, Piraeus Bank issued a 3-year fixed rate senior bond in the amount of € 500 million through its subsidiary Piraeus Group Finance PLC under the EMTN programme in order to raise medium term funds. The new 3-year bond pays a 5.00% fixed coupon and is listed on the Luxembourg Stock Exchange.

Piraeus Bank, during the period 1/7/2014 – 30/9/2014, proceeded to the buy back of bonds of securitised loans of total amount after amortization € 6.6 million.

22 Hybrid capital and other borrowed funds

	30 September 2014	31 December 2013
Hybrid capital (Tier I)		
€ 200 m. floating rate notes due 2034	18,459	18,500
	18,459	18,500
Subordinated debt (Tier II)		
€ 400 m. floating rate notes due 2016	224,356	236,490
Accrued interest and other expenses	954	1,014
	225,310	237,504
Total hybrid capital and other borrowed funds	243,769	256,004

The Bank is not in default of any payments of principal and interest of the subordinated debt. In the third quarter of 2012, it has been decided that the interest return on hybrid capital will not be paid, taking into account the special terms and conditions that rule out the related payments.

Piraeus Bank, during the period 1/7/2014 – 30/9/2014, proceeded to the buy back of hybrid securities and subordinated securities of total amount € 2.9 million.

23 Contingent liabilities and commitments

A) Legal procedures

The legal proceedings outstanding against the Group as at 30/9/2014 are not expected to have any significant impact on the financial statements of the Group. The Group's provision for outstanding litigations amounts to € 14.6 million from continuing operations and € 4.0 million from discontinued operations.

B) Credit commitments

As at 30/9/2014 the Group had undertaken the following commitments:

	30 September 2014	31 December 2013
Letters of guarantee	3,178,795	3,339,169
Letters of credit	56,895	64,442
Commitments to extent credit	2,068,843	1,881,437
	5,304,534	5,285,048

C) Assets pledged

	30 September 2014	31 December 2013
Cash and balances with Central Banks	994,491	874,155
Financial instruments at fair value through profit or loss	143,467	126,983
Investment securities	641,631	416,638
Loans and advances to customers	4,153,308	2,513,325
Debt securities - receivables	5,463,544	8,005,582
	11,396,440	11,936,682

The above mentioned assets pledged are used for liquidity purposes. Apart from the aforementioned assets, the Group also pledges debt securities of own issue amounting to € 5,358 million as at 30/9/2014 (31/12/2013: € 16,419 million). The amount of € 5,358 million includes securities of equal amount that had been issued with the unconditional and irrevocable guarantee of the Hellenic Republic. The aforementioned securities are not included in Group's assets. Additionally, under interbank repurchase agreement (repo) transactions, EFSF debt securities amounting to € 8,851 million (31/12/2013: € 7,559 million) are also used for liquidity purposes.

It is also noted that the "Loans and advances to customers" include loans of € 3,199 million (31/12/2013: 1,426 million) which have been pledged under Pillar III (L.3723 / 2008) for liquidity purposes.

D) Operating lease commitments

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

	30 September 2014	31 December 2013
Up to 1 year	79,417	94,526
From 1 to 5 years	297,788	359,157
More than 5 years	494,504	594,168
	871,709	1,047,851

24 Share capital

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1 January 2013	1,092,998	2,953,355	(36)	4,046,317
Increase of share capital	1,487,471	6,746,680	-	8,234,151
Decrease of the nominal value of ordinary shares	(308,698)	308,698	-	-
Effect from sales and purchases of treasury shares	-	-	(77)	(77)
Balance at 31 December 2013	2,271,770	10,008,733	(113)	12,280,392
Opening balance at 1 January 2014	2,271,770	10,008,733	(113)	12,280,392
Increase of share capital	308,824	1,384,581	-	1,693,405
Repurchase of preferred shares	(750,000)	-	-	(750,000)
Effect from sales and purchases of treasury shares	-	-	110	110
Balance at 30 September 2014	1,830,594	11,393,315	(3)	13,223,905

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

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1 January 2013	2,487,561,364	(83,588)	2,487,477,776
Adjustment (decrease) in the number of ordinary shares due to reverse split (10:1)	(1,028,993,907)	75,229	(1,028,918,678)
Adjusted opening balance at 1 January 2013	1,458,567,457	(8,359)	1,458,559,098
Increase of share capital	4,958,235,294	-	4,958,235,294
Purchases of treasury shares	-	(1,144,131)	(1,144,131)
Sales of treasury shares	-	1,190,295	1,190,295
Treasury shares due to participation in share capital increase	-	(53,520)	(53,520)
Balance at 31 December 2013	6,416,802,751	(15,715)	6,416,787,036
Opening balance at 1 January 2014	6,416,802,751	(15,715)	6,416,787,036
Increase of share capital	1,029,411,764	-	1,029,411,764
Repurchase of preferred shares	(1,344,234,800)	-	(1,344,234,800)
Purchases of treasury shares	-	(989,998)	(989,998)
Sales of treasury shares	-	1,005,655	1,005,655
Balance at 30 September 2014	6,101,979,715	(58)	6,101,979,657

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

The Extraordinary General Meeting of the ordinary shareholders of the Bank which took place on 28/3/2014 (the decision of which was approved by the 28/3/2014 decision of the Extraordinary General Meeting of the preference shareholder of the Bank), decided the Bank's share capital increase in order to raise capital up to € 1.75 billion, through contribution in cash and the issuance of ordinary registered shares and the cancellation of the pre-emption rights of the existing shareholders. Specifically, it was decided a € 308,823,529.20 share capital increase of the Bank with the cancellation of the pre-emption rights of the existing shareholders and the issuance of 1,029,411,764 new ordinary registered voting shares with a nominal value of € 0.30 each and an offer price of € 1.70 per share.

Further to the said increase, the Bank's share capital amounted to € 2,580,593,913.48 divided into 6,101,979,715 ordinary registered voting shares of a nominal value of € 0.30 each and 77,568,134 preference non-voting shares of a nominal value of € 4.77 each, and 1,266,666,666 preference non-voting shares of a nominal value of €0.30 each.

The Share premium reserve increased by € 1,384,580,554.64 after the reduction of the expenses related to the share capital increase and the respective deferred tax. It is noted that the expenses on share capital increase at 30/9/2014 amounted to € 76,480,966.17 before tax and € 56,595,914.97 after tax.

On 21 May 2014, Piraeus Bank S.A. fully redeemed to the Hellenic Republic the total amount of preference shares (Pillar I Law 3723/2008) in the amount of € 750 million, issued to the latter by the Bank. Following the redemption of preference shares, the share capital of the Bank on 30/9/2014 amounts to € 1,830,593,914.50 divided to 6,101,979,715 ordinary registered shares, with a nominal value of € 0.30 each. Relevant amendment to the articles of association of the Bank has been resolved by the Bank's Extraordinary General Meeting of Shareholders dated 30/10/2014.

The Annual Ordinary General Meeting of Shareholders, held on 16/5/2014, decided not to distribute dividend for the fiscal year 2013, according to the established provisions of article 1 of Law 3723/2008, as amended is in force, for the credit institutions participating in the Economy reinforcement plan, combined with article 44a of C. Law 2190/1920.

According to article 28, Law 3756/2009 (Gov. Gazette A' 53/31.3.2009) the acquisition of treasury shares is not permitted for so long as the Bank participates in the reinforcement programmes, provided by the Law 3723/2008 (Gov. Gazette A' 250/9.12.2008). Furthermore, pursuant to par. 1, art. 16C of law 3864/2010 the acquisition of treasury shares by the Bank is not permitted for so long as the HFSF is a shareholder of the Bank. Treasury shares transactions are carried out by the Group subsidiary Piraeus Securities S.A. through its activities which are derived from its role as a market maker.

25 Other reserves and retained earnings

	30 September 2014	31 December 2013
Legal reserve	115,533	114,108
Extraordinary reserve	13,940	13,940
Available for sale reserve	8,067	94,491
Currency translation reserve	(163,770)	(165,664)
Other reserves	23,185	18,535
Reserve of defined benefit obligations	7,463	7,193
Other reserves from continuing operations (A)	4,419	82,604
Amounts recognized directly in equity relating to non-current assets from discontinued operations (B)	22,441	18,106
Total other reserves (A) + (B)	26,860	100,709

In the "Amounts recognized directly in equity relating to non-current assets from discontinued operations" category the "Available for sale reserve", the "Currency translation reserve" and the "Reserve of defined benefit obligations" from discontinued operations are included.

Other reserves movement	30 September 2014	31 December 2013
Opening balance for the period	100,709	4,646
Movement of available for sale reserve	(86,423)	52,294
Formation of legal reserve	1,425	6,469
Formation of other reserves	4,650	4,630
Change in reserve of defined benefit obligations	270	7,193
Amounts recognized directly in equity relating to non-current assets from discontinued operations	4,335	8,804
Foreign exchange differences and other adjustments	1,894	16,672
Closing balance for the period	26,860	100,709

Available for sale reserve movement	30 September 2014	31 December 2013
Opening balance for the period	94,490	42,196
Gains/ (losses) from the valuation of bonds and Greek Government Treasury Bills	(319)	58,409
Gains/ (losses) from the valuation of shares and mutual funds	(20,028)	61,611
Recycling to income statement of shares and mutual funds impairment	-	2,100
Recycling of the accumulated fair value adjustment of disposed securities	(100,376)	(48,291)
Deferred income taxes	31,064	(22,068)
Foreign exchange differences and adjustments	3,237	534
Closing balance for the period	8,067	94,490

Retained earnings movement	30 September 2014	31 December 2013
Opening balance for the period	(3,957,191)	(6,503,766)
Profit/ (loss) after tax attributable to the owners of the parent entity	(1,638,252)	2,562,089
Profit/ (loss) from sales of treasury shares	(55)	113
Share capital increase expenses	-	(1,625)
Transfer between other reserves and retained earnings	(6,075)	(11,099)
Acquisitions, disposals, absorption, liquidation and movements in participating interest	(168)	(2,903)
Closing balance for the period	(5,601,742)	(3,957,191)

26 Related parties transactions

Related parties include: a) Members of the Bank Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel, c) Companies having transactions with Piraeus Bank Group, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their dependants/ close family) exceeds cumulatively 20% and in any case companies on which the above mentioned persons have significant influence and d) HFSF, which in accordance with IAS 24 is related party of Piraeus Bank, after the recapitalization in the context of the law 3864/2010. There are no material transactions with companies related to HFSF.

The transactions with related parties are analysed as follows:

	30 September 2014	31 December 2013
Loans	141,477	150,717
Deposits	31,767	28,515

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 30/9/2014 are € 3.4 million (31/12/2013: € 3.5 million). The total income that relates to members of the Board of Directors and to key management personnel for the period from 1/1 - 30/9/2014 is € 2.8 million (1/1 - 30/9/2013: € 2.7 million). The total expense that relates to the prementioned related parties for the period 1/1 - 30/9/2014 is € 0.4 million (1/1 - 30/9/2013: € 0.6 million).

Loans and letters of guarantee issued to related parties represent an insignificant part of total loans and letters of guarantee issued by the Group, respectively. Loans and letters of guarantee have been issued to related parties in the normal course of business, within the approved credit policies and Group procedures, adequately collateralised. Loans to related parties are performing and no provision has been raised for their balances.

Directors' remuneration	1/1-30/9/2014	1/1-30/9/2013
Wages, salaries, employer's share of social contributions and charges	7,032	5,667
Provisions for compensation and retirement programs	707	583

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 27.5 million instead of € 26.6 million at 31/12/2013. The full amount of the above provisions has been included in the retirement benefit obligations.

	Associates	
	30 September 2014	31 December 2013
Deposits and other liabilities	46,666	35,657
Loans and other receivables	267,475	243,991

	1/1-30/9/2014	1/1-30/9/2013
Total expense & capital expenditure	(16,667)	(15,641)
Total income	9,060	8,366

27 Changes in the portfolio of subsidiaries and associates

During the period 1/1 - 30/9/2014, Piraeus Bank and its subsidiaries paid for the acquisition, establishment and participation in share capital increases of subsidiaries, a total amount of € 46,924 thousand. Additionally, Piraeus Bank and its subsidiaries paid for the establishment and participation in share capital increases of associates, a total amount of € 1,132 thousand. The analysis of changes of subsidiaries' and associates' portfolio is presented below:

a) Gain of control or significant influence:

On 27/1/2014, Tellurion Two Ltd, 99.09% Group's subsidiary, acquired 100% of the company Akinita Ltd LLC with the amount of € 7. As a result, the company is included in the subsidiaries' portfolio of the Group.

b) Establishments:

For the belowmentioned newly established companies the amount paid amounts to € 350.3 thousand.

On 21/1/2014, Centre of Sustainable Entrepreneurship Excelixi S.A., 100% subsidiary of Piraeus Bank S.A., participated in the establishment of the company Gaia S.A. acquiring 30% of the company, and as a result it is included in the associates' portfolio of the Group.

On 29/1/2014, the company Olganos Real Estate S.A. was established. Piraeus Bank S.A. acquired 32.27% of the company, and as a result it is included in the associates' portfolio.

On 21/2/2014, R.E. Anodus Two LTD and R.E. Anodus SRL, 99.09% Group's subsidiaries, established its 100% subsidiaries Daphne Real Estate Consultancy SRL and Rhesus Development Projects SRL.

On 11/4/2014, Piraeus Bank Bulgaria A.D., 99.98% subsidiary of Piraeus Bank S.A., established Varna Asset Management EOOD. The company is included in the subsidiaries' portfolio of the Group.

On 19/5/2014, Piraeus Real Estate S.A., 100% subsidiary of Piraeus Bank S.A. established its 100% subsidiary Piraeus Real Estate Tirana Sh.P.K.

On 30/6/2014, R.E. Anodus Two LTD, 99.09% subsidiary of Piraeus Bank S.A., and Tellurion LTD, 100% subsidiary of Piraeus Bank S.A., established Priam Business Consultancy SRL. The company has been included in the subsidiaries' portfolio of the Group in the 3rd quarter 2014.

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

On 22/1/2014, PJ Tech Catalyst Fund, 30% Group's associate company, increased its assets with the amount of € 96.7 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio, without altering its shareholding percentage.

On 12/3/2014, Piraeus-TANEO Capital Fund, 50.01% associate of Piraeus Bank S.A, increased its assets with the amount of € 335 thousand. Piraeus Bank S.A. covered its shareholding ratio without altering its shareholding percentage.

On 26/3/2014, Piraeus Bank Beograd A.D., 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 25 million through the capitalization of subordinated debt. Following the share capital increase, the shareholding percentage of Piraeus Bank S.A. did not alter.

During the 1st quarter of 2014, Piraeus FI Holding Ltd, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the total amount of € 181.25 thousand, without altering its shareholding percentage in the company.

On 24/4/2014, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiaries Piraeus Master GP Holding Ltd, Piraeus Equity Advisors Ltd and Piraeus Equity Investment Management Ltd with the amounts of € 30 thousand, € 50 thousand and € 25 thousand respectively, without altering its shareholding percentage in each company.

On 28/4/2014 and 30/6/2014, Piraeus - TANE0 Capital Fund, 50.01% associate participation of Piraeus Bank S.A., increased its assets by the amount of € 222 thousand. Piraeus Bank S.A. covered its shareholding ratio with the amount of € 111 thousand, without altering its shareholding percentage.

On 29/4/2014, Piraeus Clean Energy LP, 100% subsidiary participation of the Group, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy Holdings Ltd, with the amount of € 60 thousand, without altering its shareholding percentage in the company.

On 30/4/2014, Piraeus Clean Energy Holdings Ltd, 100% subsidiary of the Group, fully covered the share capital increase of its 100% subsidiary Arigeo Energy Holdings Ltd, with the amount of € 25 thousand, without altering its shareholding percentage.

During June 2014, Piraeus Bank Egypt S.A.E., subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 18.4 million, which was fully covered by Piraeus Bank S.A. As a result, the shareholding percentage of Piraeus Bank S.A. in the company increased to 98.49% from 98.30%. The aforementioned increase is subject to regulatory approvals.

On 27/6/2014 Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Picar S.A., with the amount of € 20 million, without altering its shareholding percentage in the company.

During the 1st half of 2014, PJ Tech Catalyst Fund, 30% associate of the Group, increased its assets by the amount of € 833 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio with the amount of € 249.9 thousand.

During the 1st half of 2014, Piraeus FI Holding Ltd, 100% subsidiary of the Group, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the amount of € 241.3 thousand, without altering its shareholding percentage in the company.

During the 1st half of 2014, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Piraeus FI Holding LTD, with the amount of € 422.5 thousand, without altering its shareholding percentage in the company.

In August 2014, Piraeus Bank S.A fully covered the share capital increase of its subsidiary JSC Piraeus Bank ICB with the amount of € 25.51 million (UAH 449.48 million). As a result the shareholding percentage of Piraeus Bank S.A in the company is 99.99%.

On 9/9/2014, Piraeus Bank Egypt Investment Company, 98.47% subsidiary of the Group, decreased its share capital with the amount of EGP 23.13 million by returning cash to its shareholders.

During the 3rd quarter of 2014, PJ Tech Catalyst Fund, 30% associate of Piraeus Group, increased its assets by the amount of € 810.75 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A, covered its shareholding ratio with the amount of € 243.23 thousand, without altering its shareholding percentage.

During the 3rd quarter of 2014, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A, fully covered the share capital increase of its 100% subsidiary Piraeus FI Holding LTD with the amount of € 181.25 thousand, without altering its shareholding percentage in the company.

During the 3rd quarter of 2014, Piraeus FI Holding Ltd, 100% subsidiary of the Group, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the amount of € 181.25 thousand, without altering its shareholding percentage in the company.

d) Liquidation and disposal:

Piraeus – Egypt For Securities Brokerage Co., 98.49% Group's subsidiary, is set under liquidation.

e) Further changes – Transfers:

Exodus S.A., 49.90% associate of Piraeus Bank S.A., changed its distinctive title to Exus S.A.

During the 1st half of 2014, Millennium AEDAK, 100% subsidiary of Piraeus Bank S.A., was renamed to Geniki Asset Management AEDAK, with the distinctive title Geniki AEDAK.

On 4/4/2014, Piraeus Bank S.A. transferred 100% of Geniki Asset Management A.E.D.A.K. to Geniki Bank S.A. with the amount of € 2.1 million.

On 17/6/2014, Piraeus Bank S.A. merged through absorption its 100% subsidiary Piraeus Wealth Management A.E.P.E.Y.

On 15/9/2014, New Evolution S.A, 100% subsidiary of Piraeus Bank S.A, transferred its 100% subsidiary Prospect N.E.P.A. to New Updating Development Real Estate & Tourism S.A., 100% subsidiary of the Group.

On 22/9/2014, New Evolution S.A, 100% subsidiary of Piraeus Bank S.A, was renamed to IMITHEA S.A Organization ,Operation and Management of Hospital Units with distinctive title IMITHEA S.A.

28 Capital adequacy

Piraeus Bank Group has been compliant from January 2014 with the new regulatory framework of Capital adequacy of credit institutions, under the standards of Basel III which came into force with the Directive 2013/36/EU and Regulation 575/2013.

Bank of Greece requires from each Banking Institution to maintain a minimum level of regulatory capital related to the undertaken risks.

The minimum Capital Adequacy Ratios that Banking Institutions are required to keep from 1/1/2014 according to the new regulatory framework are:

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

The main Piraeus Bank Group objectives related to the capital adequacy management are the following:

To comply with the regulatory requirements against the undertaken risks according to the regulatory framework.

Preserve the Group's ability to continue unhindered its operations, thus to continue providing returns and benefits to its shareholders, and ensure the confidence of its customers

To retain a sound and stable capital base in order to support the Group's management business plans.

For the calculation of regulatory capital there have been applied the regulatory adjustments as defined in the scheme of the transitional period in Regulation 575/2013.

Capital adequacy ratios as of 31/12/2013, according to the Basel II rules and as of 30/9/2014, based on the new rules of Basel III, are the following:

	30 September 2014	31 December 2013
Common Equity Tier 1 Capital (CET1)	7,370,454	8,209,898
Tier 2 Capital (T2)	90,124	82,452
Total Capital (TC)	7,460,578	8,292,350
Total risk weighted assets (on and off-balance sheet items)	56,451,938	59,035,671
Common Equity Tier 1 ratio	13.1%	13.9%
Tier 1 ratio	13.1%	13.9%
Total Capital ratio	13.2%	14.0%

As of 30th September 2014, the abovementioned ratios are fully complying with the regulatory demands showing the strong capital base of the Group.

29 Changes in presentation of financial information for the comparative period

In the consolidated interim statement of financial position as at 30/9/2014, "Trading securities" are included in the "Financial instruments at fair value through profit or loss". Therefore, in the consolidated interim statement of financial position of 31/12/2013, the presentation of the "Trading securities" of amount € 196.9 million has been changed and it has been included in the "Financial instruments at fair value through profit or loss".

In the consolidated interim income statement of the period 1/1-30/9/2014, "Net trading income" is included in the "Net income from financial instruments designated at fair value through profit or loss". Therefore, in the consolidated interim income statement of the period 1/1-30/9/2013, the presentation of the "Net trading income" of amount € 80.5 million has been changed and it has been included in the "Net income from financial instruments designated at fair value through profit or loss".

30 Events subsequent to the end of the interim period

- On October 26, 2014, ECB announced the results of the Comprehensive Assessment which was conducted by the European Central Bank ("ECB") in cooperation with the European Banking Authority ("EBA") and the Central Bank of Greece.

The assessment was conducted by reference to a balance sheet as of 31 December 2013 ("Static Balance Sheet"), and Piraeus' restructuring plan ("Dynamic Balance Sheet"). Both balance sheets were stressed under a "baseline" and "adverse" scenario.

In the Dynamic Balance Sheet approach, Piraeus Bank resulted with a Common Equity Tier 1 capital ratio ("CET1 ratio") of 11.4% under the "baseline" scenario and 6.7% under the "adverse" scenario, against minimum threshold requirements of 8.0% and 5.5% respectively.

The Static Balance Sheet approach, combined with the impact of the Euro 1.75 billion capital increase that took place in April 2014 and the Euro 750 million repayment of the State preference shares in May 2014, leads to a CET1 ratio of the Bank of 10.7% and 6.1% in the "baseline" and "adverse" scenarios respectively. These ratios do not take into account the benefit of the potential conversion of deferred tax assets to deferred tax credit (L.4302/2014 as amended on 16 October 2014).

- Following the October 7, 2014 decision of the Board of Directors, an Extraordinary General Meeting of Shareholders (EGM) was held on October 30, 2014, which approved the merger of the Bank with its subsidiary "GENIKI BANK S.A." according to the provisions of the article 79 of Codified Law 2190/1920, articles 1-5 of Law 2166/1993 and article 16 of Law 2515/1997, as currently in force and authorized the appropriate members of the Board to carry out any action, in order to complete the merger.

Furthermore the EGM also approved the redemption and cancellation of the Greek State preference shares of Law 3723/2008 issued by the Bank in favour of the Greek State. Additionally, it approved the reduction of the Bank's share capital by the amount corresponding to the redeemed preference shares of Law N. 3723/2008, which were owned by the Greek State, and will be cancelled, i.e. by the amount of € 749,999,998.98.

- On November 4, 2014 the European Central Bank (ECB) assumed responsibility for the supervision of euro area banks. The ECB will directly supervise 120 significant banking groups, including Piraeus Bank Group, which represent 82% (by assets) of the euro area banking sector. The Single Supervisory Mechanism (SSM) is a new system of banking supervision, comprising the ECB and the national competent authorities of the participating countries. Its main aims are to contribute to the safety and soundness of credit institutions and the stability of the European financial system and to ensure consistent supervision.

- On November 20, 2014, the General Electronic Commercial Registry (G.E.MI) registered the decision No. 61164/20-11-2014 of the Ministry of Development & Competitiveness regarding the approval of the merger of Piraeus Bank and Geniki Bank S.A., by acquisition of the latter by the former. Furthermore, on November 23, 2014, Piraeus Bank completed successfully the systemic integration of Geniki Bank in the IT systems unified environment.

Athens, November 25th, 2014

CHAIRMAN
OF THE BOARD OF DIRECTORS

MICHALIS G. SALLAS

MANAGING DIRECTOR
& C.E.O.

STAVROS M. LEKKAKOS

CHIEF FINANCIAL
OFFICER

GEORGE I. POULOPOULOS

DEPUTY
CHIEF FINANCIAL
OFFICER

KONSTANTINOS S. PASCHALIS